

# The Review

INSIGHTS, IDEAS & INFORMATION

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White Maple is a strategy consulting firm. We aim to deliver results for clients that produce lasting improvements to performance through facilitating alignment between strategy, the market and brand, and the organisation's people, structure and processes.



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# CHARISMA!

BY GARTH SPIERS

**Charisma: nature or nurture? This is just one of the issues about charisma that Garth Spiers discusses in this illuminating article. Read on to learn more about its importance in business and its ingredients, and also the dark side!**

## WHAT IS CHARISMA?

Charisma is the largely non-verbal aspect of our ability to influence others. Charisma is originally a Greek word meaning grace or a divine gift bestowed upon a chosen few. To say someone had charisma meant they had a



mysterious power to attract good things and accomplish great feats of healing, prophecy or oratory. The word was later used by sociologist Max Weber to denote a type of authority inherent within the individual. Some people seem to have, according to Weber, "a certain quality that sets them apart from ordinary men and women, by virtue of which they are treated as if endowed with supernatural or exceptional powers". It has now come to mean personal magnetism, charm, star quality and personal magic that attracts, empowers and inspires others.

## IMPORTANCE OF CHARISMA

Everyone needs more of it because there is always someone in our life that we can influence more powerfully or in a more skilful or caring way. If you are in business it is exceedingly important because with charisma you are able to get on with people, win huge contracts, handle conflict, inspire people, create an atmosphere of trust and call forth the highest in yourself and others.

So often, brilliant technical experts know everything about their subject but cannot put it across. They don't know that what is said and how it is said are two aspects of the complex business of communication. Job knowledge and being good at your job is not enough. Your ability to lead, have a positive impact in meetings or with customers, empower others, collaborate in teams, inspire an audience and release their confidence and creativity is more important the more senior a person becomes. All this is achieved by developing your charisma.

## ARE WE BORN WITH IT OR NOT?

While it is indeed an inborn "gift from the gods", it is only so in the sense that we all are born with it. You and I are each a unique DNA wonder of the universe - just like everyone else. We all have moments of it when we speak about something we are passionate about. All the self-concerns that frighten us vanish and we speak with authority, belief and confidence. It's just that normally, we don't speak up. Or if we do, it can lack zest and appeal. We keep our light under the bushel. As Marianne Williamson said (and Nelson Mandela took as his inaugural speech): "Our deepest fear is not that we are inadequate. Our deepest fear is that we are powerful beyond measure... We ask ourselves 'who am I to be brilliant, gorgeous, talented and fabulous?'" As beautiful, bouncing babies, we all start off with oodles of it - natural, genuine and attractive. The bad news

## "WE CAN ALL DEVELOP OUR CHARISMA..."

### REFERENCES

Here are some interesting references about charisma and related issues.

#### The Intention Experiment

For readers who are unconvinced about the "intentional level" of communication, this is a well-researched book on the new science of consciousness. Drawing on the findings of leading scientists from around the world, it demonstrates that thought affects other things. Thought generates its own palpable energy that you can use to improve your life, to help others around you, and to change the world.

By Lynne McTaggart

Free Press, 2008.

#### The Charisma Quotient

For research on the social psychology of charisma.

By Ronald Riggio

Dodd Mead, 1988.

#### Type-A Behaviour, Non-Verbal Expressive Style and Health

For research into the connection between heart disease and charisma.

The conclusion is that Type-As (the hard working, multi-tasking, go-getters) avoid heart attacks if they also develop their charisma.

By Friedman Hall Harris

Journal of Personality and Social Psychology, 48, 1985.

#### The Way of the Actor

For an overview of great performers' ideas and feelings about their art.

By Brian Bates

Shambhala Publications, 1987.



is that most of us lose it. We think it will be enough to know the subject; we hold back on our joy and excitement because it's 'not cool' to be too positive. And so we appear mediocre. But at least we avoid being wrong. Or we do the opposite and work on our style in the vain hope that tricks of the trade will be enough to convince others. So we then come across as false, nervous or pompous.

Everyone can learn the art and science of charisma. Mostly the journey is about 'unlearning' bad habits. You discover that commitment to excellence in communications builds the talent of individuals, improves relationships and generates better business results. But it does involve looking at what we really want out of life. Do we want to simply be 'ok', to get by? Or do we truly want to be excellent? The amount of change that each person is willing to go through in letting go of outmoded styles of communicating may prove too much for some, but for those who truly want it, the journey is very rewarding, personally and professionally.

### THE INGREDIENTS OF CHARISMA

I have researched over ten years a model of charisma and a method for measuring the 'Charisma Quotient'. At the root of all relationships is the ability to communicate. Transmitting the message is only the first part. Communication is successful when the message understood is the same as the message intended to be understood. This involves three communication skills which I call the ABC of charisma:

**Awareness:** the ability to pick up the return verbal and non-verbal messages from the person you are talking to as well as the internal awareness of subjective states that are either empowering or disempowering.

**Behaviour:** the ability to 'put yourself across' ie your expressiveness.

**Control:** the ability to adapt to the situation and make changes in words, behaviours and emotional states: ie your flexibility.

These three abilities are communicated at four different levels of information:

**Linguistic:** the focus is on WHAT is said - the substantive, verbal component as well as the structures of sentences, and the way words are put together.

**Contextual:** the focus is on WHERE, WHEN and to WHOM it is said because contexts have embedded information usually in terms of territory, protocols and status symbols.

**Emotional:** the focus is on HOW you say it, which reveals itself as body language or physiology.

**Intentional:** the focus is on WHY it is said. This reveals itself as a physical field of electromagnetic energy. Researchers believe the heart, which generates about

2.5 watts of power, creates this field. While there are machines which have been designed to directly measure this field, I measure it using software that plots Heart Rate Variability and this is correlated to confidence and positive intention.

### THE DARK SIDE OF CHARISMA

Hitler is the most infamous example. He had enormous linguistic and emotional power but the contextual symbols and protocols he used to motivate were based on fear. And, of course, his intention and overall purpose was evil and corrupt. There are other less evil but common negative sides of charisma:

**The 'Steam Roller'.** These are people who have high expressiveness but very little flexibility and not much awareness (or care) of the impact they have on others.

**The 'Star'.** These are people who can have lots of charisma but whose intention and overall life purpose is self-aggrandisement. They foster dependency and have little interest in the empowerment of others. Some big names in business suffer from this.

**The 'Celeb'.** The modern adulation of celebrities is similar to the 'Star' type. The difference is that 'Celebs' are almost entirely dependent on the context and marketing for their charisma. There are many bosses who depend on their position in the hierarchy (contextual charisma) for their authority. Outside this context they are very ordinary.

**The 'Shark'.** The shark uses his or her power and position in the hierarchy to strike fear in the hearts of others. These people do not empower others, they get compliance through a culture of intimidation.

### CONCLUSION

We can all develop our charisma, but this is not just some fancy trick of the trade: it involves delving down to the core of our being. Charisma is about developing the whole person, to reconnect each of us with our power, excitement and vitality. We are then able to meet and inspire others at deep levels because we have first touched the depths in ourselves.

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# A forceful analysis... BY BOB EMPSON

This article continues an occasional series of articles which presents models and frameworks which can help with market and business analysis. This article provides an overview of Michael Porter's so-called 5-forces framework.

Successful business is not only about satisfying customers: it is also about beating the competition. Yet, in my 27 years in business and as a consultant to c.150 organisations, it has become apparent that relatively few organisations systematically monitor their competitors and sources of competition. And, if a business does monitor its competitors, this analysis is usually confined to existing direct competitors. This article describes a framework which should help organisations to structure a more complete analysis of competitors and of the factors which influence competition in their market.

## THE 5-FORCES MODEL

The 5-forces model was first proposed by Michael Porter, a professor at Harvard Business School, in 1979. The model can be used to identify the current and potential sources of competition in a market. It also helps to understand the attractiveness of a market, usually defined as its long term profitability. The five components are:

### BARGAINING POWER OF BUYERS

This will tend to be high when, for example, there is a large number of small suppliers, there is a concentration of buyers (eg food retailers in the UK), and costs of switching suppliers are low.

### BARGAINING POWER OF SUPPLIERS

Suppliers will tend to be strong, with high bargaining power, when, for example, there are few suppliers, the costs of switching suppliers is high, a supplier has a very strong brand (which means that customers have to stock or use it) and suppliers have lots of customers.

### THREAT OF NEW ENTRANTS

This threat is largely dependent on the existence of factors ("barriers to entry") which potential new entrants will need to overcome in order to successfully enter the market. Barriers to entry can be diverse and include, for example: the cost of setting up the business (ie how much investment or capital is needed); regulatory hurdles; market protection provided by governments in terms of tariffs and/or legislation; access to channels of distribution (if these are controlled directly or indirectly by existing competitors, potential new entrants can be seriously constrained); and threat of retaliation by existing businesses (eg by predatory pricing).

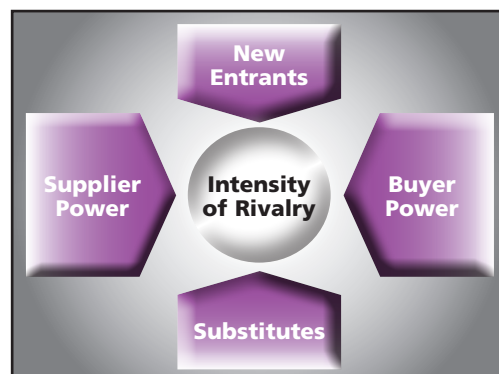
### THREAT OF SUBSTITUTES

This is the threat of customers choosing alternative ways of obtaining the benefits they are seeking. Substitution can entail, for example: spending their money on something

else ("generic substitution"). A close substitute can constrain the ability of a business to raise prices.

## INTENSITY OF COMPETITIVE RIVALRY

Markets where the level of rivalry between competitors is high will tend, at least in theory, to reduce margins and profits. It is important for a useful analysis that the competitors considered have similar products/services intended for the same customers. Factors which can



contribute to high levels of rivalry can include, for example: the maturity of the market and growth rates (ie if a market is mature with low or even declining growth rates, rivalry can be very intensive as competitors compete for customers and market share); if an industry has high fixed costs competition can be intense because of competition to win share to use capacity; when the cost of exiting a market is high there can be long term excess in capacity resulting, once again, in competition to achieve high utilization; and commodity markets (ie where there is a low level of product/service differentiation) can also lead to intensive competition.

## IT'S NOT SO SIMPLE...

The 5-forces model is a simple yet powerful way of structuring an analysis of the competitive nature of a market. It should help to ensure that an organisation takes a more sophisticated view of its competition and the factors influencing the extent and direction of competition. However, as with any model used to help analyse complex situations, it can have its limitations. Some of the issues which you should consider when using the model include:

**Market dynamism.** Markets are dynamic: the forces will change as the market changes and is influenced by external factors (eg see macro-environment below). Thus your analysis should try to anticipate how the forces might change so that your strategies take into account future potential threats and opportunities, not only how the market is now.

**Interdependence of the forces.** The five forces, and elements within them, are unlikely to be independent of each other. Thus you will need to consider the extent that future changes in one force, or element of it, might affect other forces and/or behaviour of competitors.

**Macro-environment changes.** Changes in the macro-environment (eg political, social, economic, technological and natural environment) can have significant impacts on the competitive forces. The 5-forces model should ideally be completed in the context of an analysis of the macro-environment and how future trends and changes might affect the five forces.

**Market discontinuities.** These involve sudden, rather than evolutionary, changes in the market structure. They are usually brought about by a sudden and dramatic change in the macro-environment (eg a new technology or new regulations). Your analysis should try to anticipate the likelihood of future discontinuities, and the resulting threats and opportunities.

**Deliberate structural change.** Players in the market (whether these be other competitors, buyers, suppliers, governments or other stakeholders) could work to change the structure of the market. For example, potential new foreign entrants might lobby to have tariffs removed, or existing competitors could strive to have mandatory technical standards imposed to create barriers of entry. Thus your analysis should not only seek to understand the current forces but also to reveal where there is existing or potential activity to change the structure of the market.

Porter's 5-forces model is still a core component of most MBA programmes and is used extensively by consulting firms to frame the analysis of clients' markets. It is also a model which organisations can use themselves to help understand the competitive structure of their markets and potential future threats and opportunities. However, beware producing a purely descriptive and static analysis which does not recognise the dynamism of the macro-environment, the interdependence of the forces and the potential for competitors and other stakeholders to influence the structure of the market in ways that benefit them.

This article has drawn on a number of references, not least the work of Michael Porter! A list of references is available on request.

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WEB SITES

The global financial situation has been the top news story in 2008. Here is a selection of useful web sites.

**Ernst & Young ITEM Club**  
[www.ey.com/global/content.nsf/UK/Economic\\_Outlook](http://www.ey.com/global/content.nsf/UK/Economic_Outlook)

The ITEM Club uses HM Treasury's model of the UK economy. This authoritative, independent and impartial source provides quarterly reports on the economy as well as reports and commentary on specialist topics.



**Federal Reserve Board**  
[www.federalreserve.gov](http://www.federalreserve.gov)

Find out first-hand what the Fed is saying and doing about the financial crisis. Also a wide variety of other information about economic conditions in the USA, some of it displayed very creatively (eg dynamic maps of sub-prime mortgage conditions).



**HM Treasury**  
[www.hm-treasury.gov.uk](http://www.hm-treasury.gov.uk)

Go to the Economic Data & Tools section. Amongst other things, HMT provides monthly forecasts of the UK economy; and lots of numbers and graphs, if you have the time and inclination to do your own analysis and interpretation. This site is probably for professional economists.



**International Monetary Fund**  
[www.imf.org](http://www.imf.org)

Good articles, speeches and data on every member country of the IMF. Also access to the regular World Economic Outlook.



**Royal Bank of Scotland**  
[www.rbs.com](http://www.rbs.com)

Go to the Economic Insight section and you will find economic updates and forecasts for the UK and world economies. It also offers economic reports for each English region as well as Scotland, Wales and Northern Ireland.



# Book Reviews

This time we review two excellent books that both start with negative themes about marketing today. One argues that "normal" marketing has failed; it reveals some commonsense basics for effective marketing. The other claims that "traditional tools are growing rusty" and explores the "third period of marketing, the era of the social web."

## Bright Marketing

By Robert Craven

"Normal marketing" has failed, states Craven, due to: lack of commitment; lack of clear benefit (too much focus on selling features, not benefits); poor positioning (eg looking exactly the same as your competitors); KISS (Keep it Simple Stupid); and "paralysis combined with dull thinking" (because people have been on too many "inappropriate" marketing courses).

Bright Marketing gives a lot of commonsense advice and some inevitable, but helpful, "tools". The best section is "What Works" with its practical advice on a variety of topics, including for example:

The one-minute brand test. A simple technique to discover the perceptions created by your marketing materials.

Asking for business. Why are so many of us shy about this? I commonly come across this problem; for example, the architect who had been investing in entertaining prospects but complained to me that they never gave him work; when I probed if he had asked any of them for work, there was a thoughtful silence; he overcame his embarrassment and asked... hey presto! Craven suggests three ways of asking for business.

Put up prices. You don't have to be an accountant to understand the numbers in this section. "Raising prices means you lose the pond life and become more profitable": Craven makes a simple and strong case for increasing prices rather than competing by reducing them.

An excellent book: practical and an easy and often fun read (eg think about clients as lovers!). For everyone, but it will be particularly valuable to providers of professional services.

OVERALL RATING

Crimson Publishing, 2007. £12.95

## Marketing To The Social Web

By Larry Weber

The social web (or Web 3.0) is "the online place where people with a common interest can gather to share thoughts, comments, and opinions" and "a new world of unpaid media created by individuals or enterprises." It includes not only well-known sites such as MySpace, Facebook and LinkedIn but also, for example, blogs, business sites (eg eBay) and "e-communities" provided by publications and academic institutions, amongst others.

Weber argues that "marketing's traditional tools are growing rusty" and that a new approach is needed. Marketing's role has changed from being a broadcaster (pushing messages and materials) to being an aggregator who "brings together content, enables collaboration, and builds and participates in communities". Very useful is the discussion about old and new marketing mindsets, comparing twelve facets of marketing such as:

Segmentation: old marketing groups customers by demographics; new marketing does it by behaviour, attitudes and interests.

Brand equity: with old, "brand recall is the holy grail"; new has brand determined by customers (ie the likelihood of recommending the product or service).

Strategy: old is top-down; new is bottom-up building on "winning ideas culled from constant testing and customer input."

Weber also describes a coherent set of steps for building digital customer communities and strategies for success online. And he offers an insight to the future with the emergence of Web 4.0, the "emotive web".

You might believe that the social web is just for young people or for so-called geeks in marketing. Big mistake. Think again. Buy this enlightening book!

OVERALL RATING

Wiley, 2007. £15.99

## WHITE MAPLE NEWS

- 1 Percentage of net profits that we give to charity each year. We also give free and/or discounted time to selected charities.
- 6 Years that White Maple Consulting has been serving clients.
- 15 Issues of The Review which are available to download from our website.
- 18 Countries in which we have worked in the last two years.
- 21 Examples of client feedback that can be found on our website.

- 23 Years White Maple's Principal has worked as a consultant.
- 56 Clients we have worked with since being established.
- 2,502 The amount raised by us for The Stroke Association in the 2008 London Marathon.

### ONLINE RESOURCE

All issues of The Review are available on our website. This now includes a new indexing system so that you can find more easily articles and books on topics that interest you.