



Chaos Marketing Theory: Thriving in a Chaotic environment

Chaos is a Mathematical framework for understanding irregular and erratic fluctuations in economic cycles, financial markets, weather, other complex phenomenon, or non-linear systems with many variables. It suggests that small changes in the starting conditions produce outcomes totally out of proportion to their magnitude, making the phenomenon or system inherently unpredictable in the long term. To remain excellent, an organisation must cherish impermanence – and thrive on chaos. As your company responds to change, or even restructures, do not consider only today's known circumstances. Probe what may happen tomorrow. Be ready for the unexpected. This flexibility is necessary because so much has become unpredictable. Even the prices of energy and money change daily.

Executives wonder whether to make their companies bigger or smaller, to form alliances or go it alone. Leaders aren't sure who their partners will be from day to day. Excellent reforms of

tomorrow will cherish impermanence and thrive on chaos. If the world is becoming a place which is forever changing, and organizations find that they cannot plan for the long run or predict the market forces which they will inevitably be subjected to, then they are heading for disaster. In other words, one approach is to treat chaos as a positive force, a situation of opportunity to not only survive but to evolve and thrive as an organization.

The recipe for success in a chaotic environment can be broken into several key areas of an organisation which all need to be addressed. These include:

Marketing

Focus on differentiation and be innovative. The aim is to be disruptive and segment your market. A classic example of this has been Telstra's marketing of its newest mobile network, "Next G". We live in a 3G mobile world with faster mobile data and ever-increasing mobile applications, but Telstra has successfully differentiated its 3G offering making people believe that it is even better than 3G. This is clever differentiation through

marketing. You can do this in your own market by determining what differentiates you from your competitors and focusing on this.

Sales and service

Create an atmosphere of absolute obsession for customer service. Be a 'hero' with every customer. Listen to your salespeople and use them as a source of new products and services. They are in front of potential customers every day, listen to them. Service is a major component of adding value and differentiation. Arguably this is the most important of the key areas. Survey your customers every year and don't rationalise the results, accept them and see it as an opportunity to improve.

Innovation

Constant improvements driven by a desire to make small and noticeable improvements to the customer experience. Innovation can be in process or product. The key

here is “value innovation”, that is, it adds value to the customer and reduces costs for the organisation.

People

People are the backbone of success. They will drive differentiation and innovation. Listen to them and act. You can never train or involve them too much. Be open and share the financials with them. Give them a financial stake in the outcome of the business every year, for example profit share. Involve them in decision making and you will be surprised at the outcome. Getting the right people in the right seat on the bus is the key rather than just loading a whole lot of people on the bus. Be prepared to pay more for truly great people, it will pay dividends.

Structure

The flatter the better. This will make the business more dynamic and faster to act

Leadership

If it's your business or you are a manager of people, start falling in love with change (thrive on chaos), share your value and vision with the business. Be consultative and listen. One of the keys to great leadership relates to point four above; employ great people and get them in the right seat on the bus. They will help you steer the bus in the right direction. The secret to managing people is to create the boundaries for them to operate within and let them do their job. Mistakes will be made but good people will learn from them.

Financial management and control

Every key area of the business should have its own management profit and loss and should be shared and presented by the people to the business every month. Be prepared to share the good with the bad, you will be surprised with the positive response. Also ensure that your management accounts are detailed and allows great reporting and analysis of the key drivers of your business.

Learn to love change.

To master operating a business in a chaotic environment you must be prepared to embrace change and thrive on chaos. In fact, it may be wise to set some parameters for what would constitute inspiration and guidance. Guidance, in the context of management theory, can be thought of as a theory or set of ideas which provide direction or advice as to a decision or course of action. Inspiration, therefore, could be where these ideas compel us to a particular emotion or action.

The presentation is supporting the notion that Chaos Marketing is very practical if the following guidelines are taken into consideration.

1.Creating Total Customer Responsiveness:

That is, those organisations which will survive are the ones which are successful in creating new markets through the development of new products or by constantly transforming current products. This is to be done with knowing the customers' needs, preferences, tastes and wants, and can only be achieved by being continuously in harmony with the customer.

How to Create Total Customer Responsiveness

Take several concrete measures to become more responsive to your customers. The guiding premise is that you will add value by developing “customized products or services that create new market niches.” In other words, specialize, give customers what they want and find ways to differentiate what you offer. To achieve these objectives, follow positive basic value-adding strategies. Look for ways to:

- Provide top quality to your customer, however the customer defines it.
- Provide superior service, with an emphasis on intangibles, such as your employees’
- Become extremely responsive to what the customer wants.
- Become internationalist in your approach.
- Find ways to make your products or services unique.

1. Pursuing fast Paced Innovation:

Constant and continuous, fast paced, innovation is required to adapt to the ever changing, and chaotic environment. Peters does stress, however, that tolerance of expected failure is required. It may seem that in the business world failure implies financial loss. A huge loss, however, may not be acceptable, and so, failure may in fact lead to a situation where "no further experiments will be made".

How to Pursue Fast-Paced Innovation

To become a fast-paced innovator, encourage internal creativity and be willing to test ideas on a smaller scale. Strip away non-essentials so you have the flexibility and the budget to set up an applications-oriented "small start" program. The four strategies for developing innovation are:

- Set up a small team to work on developing a new product or service.
- Encourage pilot projects where you start small.

- Practice “creative swiping,” that is, gather new ideas from everywhere, not only within the organisation, but from competitors.
- To gain broad support for new ideas, involve everyone in the company in “word-of-mouth marketing.” To encourage the implementation of these strategies, throw your support behind “committed champions” – individuals who spearhead new development efforts. “Model innovation” in the way you act. For example, advocate trying new things. Support projects that fail by treating them as

2. Achieving Flexibility by Empowering People:

For organisations to become more competitive, and innovative, a shift of more control in the hands of lower-level management and employees is required. Through training and incentives, employees should be empowered to excel in small self- managed teams. This is meant to contribute in a greater way to the success of the whole organisation. The reform needed is radical. Possibly, it will mean doing away

with bureaucratic, pyramid style, management control structures, and trusting the individual parts of an organisation to loyally serve the whole.

How to Expand Participation by Empowering People

Create a more flexible company by empowering the people in it. The first guiding premise is to “involve everyone in everything,” based on the assumption that average people can accomplish more if they are involved more intensely in the organization. Listen to people, celebrate their participation, and recognize and reward them for good work.

- Spend time recruiting the right people. Seek new employees who are very skilled and self-motivated, and who will fit well into your organization.
- Spend the necessary resources to train everyone – and keep training and retraining people as needed.

- Implement an incentive pay program so people are more motivated to accomplish your goals.
- Assure employees that they will still have jobs even if their project or product fails, so they don't feel that they are working to put themselves out of business. Get rid of the three major inhibitors that keep employees from accomplishing what you want: structural barriers, hierarchal barriers and bureaucratic rules.

3.Learning to Love Change:

The onus here is on the leader to "oversee the dismantling of dysfunctional old truths and to prepare people and organizations to deal with - to love, to develop affection for -change

The adherence to loving change is essential for Peters' theory to be effective in practice. That if organisations want to become more customer responsive, to introduce fast paced innovation, and to empower its employees, then change must be welcomed and embraced, 'loved' and not feared, by all members of the organisation.

How to Become a Leader Who Loves Change

To meet this goal, you will need to find yourself challenging “conventional wisdom,” such as traditional management views about cause and effect. Be open to experiments that test new principles throughout your company and in the market. Three tools can help you establish a fresh, better direction:

- Develop a vision of the company and its future that can inspire others.
- Become an example of this new approach. “Manage by example” through “living the vision” in how you spend your time.
- Practice “visible management,” which means staying in touch with the front lines and communicating with them directly about your vision.

4. Building Systems for a World Turned Upside Down or Measure the Right Things:

It is prescribed here that systems should be designed to measure things like "quality, flexibility, innovation". Simplicity becomes the theme. Simple systems can lead to greater flexibility, less bureaucracy, and improving efficiency on all levels. By implementing systems which measure flexibility, the ability to innovate, and quality of output an organisation can benefit in several ways.

How to measure the right things:

These strategies suggest setting up an effective control system to give your company some guiding data in an environment that is changing so rapidly it could feel like "a world turned upside down." The concept is to "measure what's important," which means that you will generally measure more by measuring less. Accomplish this by simplifying your systems so you measure the "right stuff:" quality, innovation, flexibility and even effective bureaucracy-bashing. To this end,

- Revamp or change your major measuring tools.

- Decentralize the way you share information and authority, and the methods you use for strategic planning.
- Use simplified, relevant and non-bureaucratic “bottom-up” methods.
- Set conservative, achievable financial and non-financial goals.
- Focus on having total integrity in your measurements

Conclusion

All thriving industries and services are inherently chaotic, everything around us is forever changing peoples' tastes due to growing affluence and double incomes, there is far more information and products available to us which lead to more choices, and without fail, more complexity. For a business to 'thrive' in this constant flux of change every business must become obsessed with being responsive to customers and without fail, constantly innovative. This means the people at the

helm of any business today, large or small, must love change and be nimble to operate in a state of constant chaos.

If organisations are to succeed, they need to:

- Flat organisational structure
- Faster and more responsive
- Quality focused
- Constant improvements by challenging the norm
- Dynamic and fun workplace
- Smaller even if within a bigger organisation
- Add value through people and innovation

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