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## The Profit Parfait: Exploring the deeper layers of corporate profitability

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Five years ago, Deloitte Consulting LLP launched *The Persistence Project* to identify the management practices that contribute most to sustained, superior corporate performance. Preliminary results have been published in the *Harvard Business Review* and in the peer-reviewed academic journals *Annals of Applied Statistics* and *Strategic Management Journal*. This article is the seventh and last in the series, providing a preview of the project's findings. See [www.deloitte.com/us/persistence](http://www.deloitte.com/us/persistence) for more and to join the conversation.

# The Profit Parfait: Exploring the deeper layers of corporate profitability

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The hero Shrek, in the 2001 movie of the same name, observes to his companion Donkey that there is more to ogres than people think. “Ogres are like onions!” he asserts in a burly brogue, “... Ogres have layers.” In an attempt to find a more appetizing simile, Donkey suggests a few other things that have layers, including cake and parfaits. Donkey should have added the pursuit of sustained, superior corporate profitability to his list; it has layers, too.

In previous articles, we have explored the importance of retaining a differentiated, nonprice position in the market as a determining element of superior performance, as measured by Return on Assets (ROA).<sup>1</sup> We have also demonstrated that exceptional companies face a trade-off between increasing ROA through return on sales (ROS) or through total asset turnover (TAT), and that the very best performers systematically choose higher ROS to drive their results.<sup>2</sup> But there are at least two layers yet to explore.

In this article we further decompose the primary driver of superior profitability, ROS, and focus on its determinants: revenue and cost. Again, we will see that very often exceptional companies recognize that they face a trade-off and cannot be better on both dimensions. Further, the very best performers tend to emphasize revenue expansion over cost reduction. Going down yet another layer, we will see that exceptional performers typically emphasize unit price rather than unit volume to drive revenue. In the end, we hope the insight we add will be more redolent of parfait than of onion.

#### THE STRUCTURE OF PROFITABILITY

Figure 1 provides a complete decomposition of ROA. Note that ROA is first a function of income, revenue, and total assets. Income is the difference between revenue and cost, and revenue is in turn a function of unit price and unit volume. Managers have these four levers—price, volume, cost, and total assets—at their disposal in the pursuit of superior profitability.

**Figure 1. Decomposition of ROA into price, volume, cost, and total assets**

$$\begin{aligned} \text{Return on Assets} &= \frac{\text{Income}}{\text{Revenue}} \times \frac{\text{Revenue}}{\text{Total Assets}} \\ \text{Return on Assets} &= \frac{\text{Revenue} - \text{Cost}}{\text{Revenue}} \times \frac{\text{Revenue}}{\text{Total Assets}} \\ \text{Return on Assets} &= \frac{(\text{Price} \times \text{Volume}) - \text{Cost}}{(\text{Price} \times \text{Volume})} \times \frac{(\text{Price} \times \text{Volume})}{\text{Total Assets}} \end{aligned}$$

The best possible outcome results from maximizing price and volume while simultaneously minimizing cost and total assets. Unfortunately, this is often impossible thanks to trade-offs among these variables. For example, price and volume tend to be negatively correlated (i.e., volume goes down when price goes up, and vice versa), making it difficult to increase both at the same time. Volume may also be positively correlated with total assets, as the higher production levels that generate

higher revenue, thereby increasing ROA, can force a company to increase its investments of inventory, plant, and equipment, which depresses ROA.

These trade-offs impose choices: Since a manager can pull any of the levers, which one should she choose? The ROA equation is indifferent, and there is no way to theorize one's way to an answer. To provide substantive guidance, it would help to know how the best-performing companies deal with this choice.

#### GROSS MARGIN, OTHER COSTS, AND ASSET TURNOVER

Our database contains detailed performance data on every US-based company listed on a US stock exchange between 1966 and 2010. We divide these companies into three categories—Miracle Workers (MW), Long Runners (LR), and Average Joes (AJ)—based on a comparison of the ROA they generated over their lifetimes.<sup>3</sup> Miracle Workers are those companies that delivered statistically significant streaks of ninth decile ROA. Long Runners represent a next tier of strong, but not elite, performers who delivered streaks in the sixth to eighth deciles. Average Joes represent a third class of less distinguished performers that serve as our basis for comparison.

Having identified the entire population of exceptional companies, we isolated pairs of comparable firms based on industry and other relevant characteristics. This yielded 96 Miracle Worker/Long Runner pairs, 109 Long Runner/Average Joe pairs, and 156 Miracle Worker/Average Joe pairs.

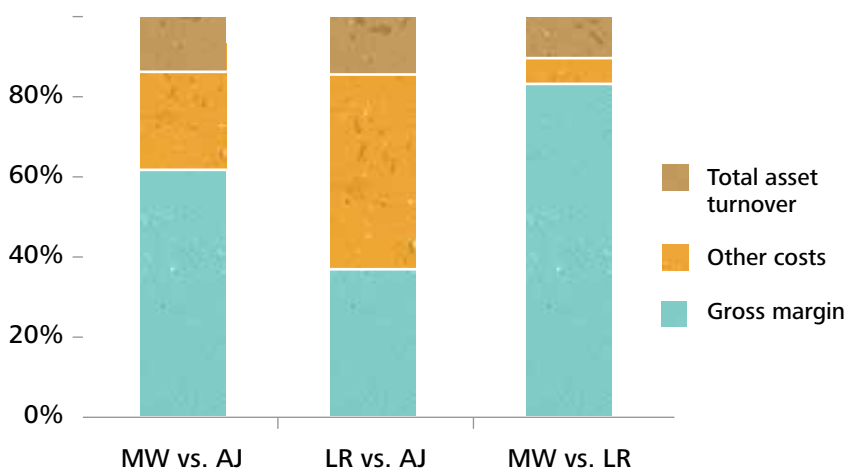
For each pairwise comparison we decomposed the structure of the difference in ROA and determined what fraction of the higher-performing company's profitability advantage stemmed from each of three key drivers: gross margin, other costs (e.g., non-COGS costs falling below the gross margin line such as SG&A, R&D, and depreciation), and total asset turnover. The results are presented in figure 2 below.

Exceptional companies—MWs and LRs—have both significantly lower non-COGS costs (hereafter referred to simply as “costs”) and significantly higher gross margins than AJs. However, the structure of the advantage of each type of exceptional company over AJs is quite different. A quarter of the profitability advantage enjoyed by MWs is due to lower costs, while LRs rely on a cost advantage for more than half of their advantage.

It is perhaps not surprising that average companies have a cost disadvantage compared to exceptional ones. More counterintuitive is what it takes to be the very best. This is revealed, in part, in how MWs get the better of LRs. Here we see a startling 83 percent of the profit advantage coming from higher gross margin and only six percent, on average, coming from lower costs.

More intriguing still is the frequency with which MWs and LRs actually have gross margin or cost disadvantages compared to their lower-performing

**Figure 2. Average portion of profitability advantage accounted for by specified drivers for each of the three types of pairwise comparisons**



Source: Compustat; Authors' analysis

counterparts (see figure 3). Eighty-three percent of the time MWs have a gross margin advantage over AJs. That figure rises to 86 percent when comparing MWs to LRs. And when MWs outperform LRs in gross margin, more often than not (55 percent of the time) they enjoy an overall ROA advantage despite having higher costs.<sup>4</sup>

**Figure 3: Frequency of different structures of ROS advantage by pairwise comparison**

| Gross Margin<br>Other Costs    | Advantage |              | Disadvantage |              | Count |
|--------------------------------|-----------|--------------|--------------|--------------|-------|
|                                | Advantage | Disadvantage | Advantage    | Disadvantage |       |
| Miracle Worker vs. Average Joe | 46%       | 37%          | 17%          | 0%           | 153   |
| Miracle Worker vs. Long Runner | 39%       | 47%          | 14%          | 1%           | 96    |
| Long Runner vs. Average Joe    | 25%       | 42%          | 34%          | 0%           | 106   |

Source: Authors' analysis

Note that because these frequencies are based on the full population, all differences are statistically significant. It is for the reader to determine whether these differences are material. Most of them seem so to us.

REVENUE VS. COST

Although suggestive, these data do not indicate whether it is revenue or COGS that is driving the gross margin advantage we see. To determine whether there is any pattern in the drivers of superior profitability we must conduct a finer-grained analysis of individual companies.





Beyond determining that revenue is the best bet for superior performance, our case analyses allowed us to peer into a deeper layer of firm performance to discover that of the two drivers of revenue—unit price and unit volume—unit price superiority is more frequently the primary driver of these results.

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To this end, we identified trios consisting of a Miracle Worker, a Long Runner and an Average Joe from nine different industries. For each company, we developed an in-depth case study. This allowed us to complete 27 unique pairwise comparisons (three within each trio) to support our population-based quantitative analysis. Among other things, our case comparison allowed us to explore the role of revenue and COGS in the generation of superior gross margin. Our finding was clear in this regard: In 93 percent of our case comparisons, the Miracle Workers drove their advantage with higher revenue rather than lower cost.

Beyond determining that revenue is the best bet for superior performance, our case analyses allowed us to peer into a deeper layer of firm performance to discover that of the two drivers of revenue—unit price and unit volume—unit price superiority is more frequently the primary driver of these results. Among the case-based comparisons we performed, the price component of revenue was revealed as the primary driver of gross margin advantage 71 percent of the time. COGS drove gross margin advantage a scant 7 percent of the time, with the remaining 22 percent of cases being attributable to volume-driven benefits.

These frequencies are highly suggestive and imply that, given a choice, it makes the most sense to seek superior profitability through higher revenue rather than lower COGS and, within that revenue-driven model, to focus on generating a price premium.

Nevertheless, all three approaches—price, volume, and cost—are viable. To further explore and illustrate the ways in which each of these levers drives superior performance we offer the examples of three MWs, each pursuing one of these three paths.

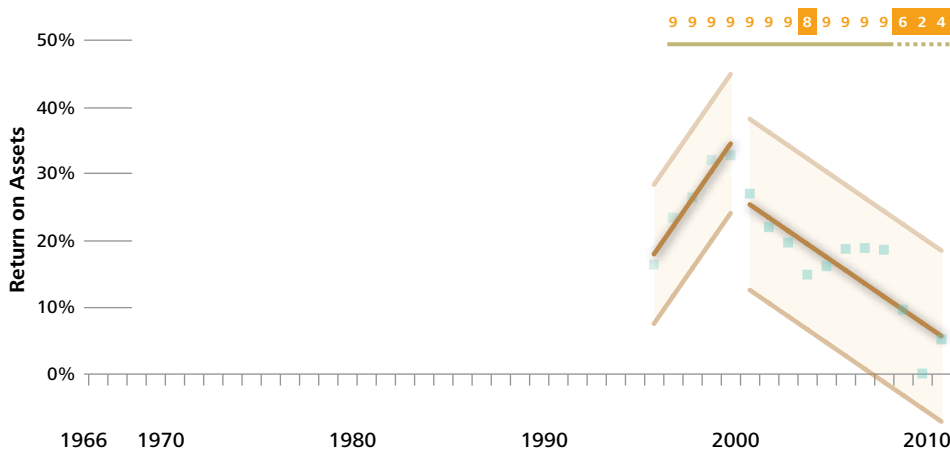
Abercrombie & Fitch exemplifies the most common path to success, having achieved it through superior price position. Wrigley’s exemplifies the second, volume-oriented, revenue approach. Weis Markets typifies the third, rarest breed of superior performer that achieves its success through lower cost.

ABERCROMBIE & FITCH—WINNING WITH PRICE

Abercrombie & Fitch (A&F) ranks among the better-known retail apparel brands. Figure 4 illustrates the company’s ROA performance, a nearly unbroken string of ninth deciles from 1995 through the 2008 financial crisis.

The company has long been in the public eye, thanks largely to its high-profile advertising campaigns featuring scantily clad, young, highly attractive models. It is easy, however, to make too much of this feature of the company’s public image: Everyone knows that sex sells. What truly set A&F apart is a weave of mutually reinforcing choices, with a common thread running from design to manufacturing through to distribution and the in-store experience.

Figure 4. Abercrombie & Fitch’s performance profile



Source: Compustat; Authors’ analysis.

A&F and its close competitors exploited two prominent features of their industry. First, they targeted a rapidly growing demographic category of 18 to 22 year olds, endowed with relatively high levels of disposable income, and for whom clothing was the single largest spending category.<sup>5, 6</sup> Second, they adopted a focus on the development of their own premium store brands, allowing them to “own the customer relationship” and to exploit the cost savings that accrue from eliminating costly steps in the apparel supply chain.



A&F backed these table stakes with two other critical differentiators. First, even within this narrow demographic, the company had a focus that allowed it to achieve a superior position in the market. With a focused message, the company tended to spend relatively little on national advertising, instead pioneering more targeted approaches such as its “magalog,” carefully managed “word-of-mouth,” viral campaigns, and social media.<sup>7,8</sup> At the store level, dim lighting, youth-oriented music, in-store scents, and chic sales “models” made its locations attractive to the narrow demographic the company targeted. Location, too, was critical. Although typically located in high-rent fashion malls, flagship locations were also important for the halo effect they created for A&F stores across the country. These positioning choices manifested themselves in a strong price premium over close competitors. As illustrated in figure 5, A&F was often able to charge significantly more than its competition for a similar basket of goods.<sup>9</sup>

**Figure 5: Percentage of A&F’s retail price realized by similar retailers on comparable goods**

|                  | The Gap | American Eagle | Aeropostale |
|------------------|---------|----------------|-------------|
| Men’s clothing   | 63%     | 60%            | 62%         |
| Women’s clothing | 58%     | 52%            | 61%         |
| Other            | 73%     | 78%            | 53%         |
| Total basket     | 65%     | 63%            | 60%         |

Source: William Blair & Company, LLC; Author’s analysis

In support of its focus on satisfying the needs of a well-heeled, yet fickle, segment, A&F chose to buck the industry’s outsourcing production trend. It did so, at least in part, by sourcing approximately 29 percent of its merchandise through a wholly owned subsidiary of its major shareholder, The Limited. This sourcing strategy, while potentially more expensive, yielded significant benefits in terms of market responsiveness. The ability to speed hot-selling items to market supported both the pricing premium sought by the company and the avoidance of product markdowns that can kill revenue.<sup>10</sup>

That decline would come was, perhaps, a certainty. Newness can be a powerful differentiator in fashion, and one that the passage of time inevitably erodes. The change for A&F came in 1999 with the start of an era of performance decline that extended over the next several years, stabilizing and/or rebounding in 2003–2007, then dropping again at the start of 2008’s financial crisis. What is interesting is not that the decline occurs, but that A&F continued to maintain its relative performance superiority when compared with the rest of the industry. Here again, the company demonstrated the virtue of focus and the value of premium pricing.

A&F’s response to declining profitability was not a desperate attempt to put



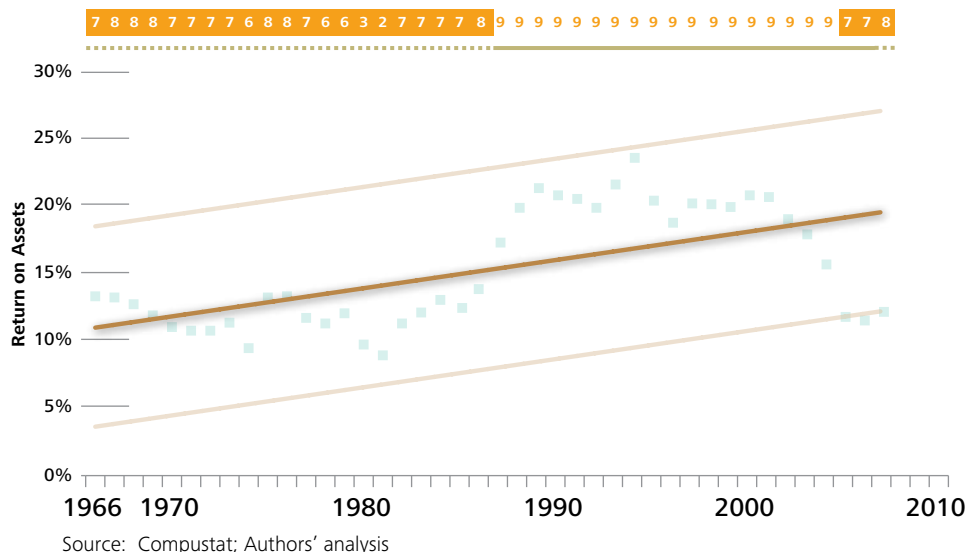
Brand expansion could only increase the complexity of A&F's overall operations. These increases are not, however, necessarily a sign of inefficiency. They are instead more likely a consequence of having to fund multiple advertising campaigns, expanding design capabilities, and the unavoidable increase in corporate overhead of all types that comes with increased operational scope.

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lightning back in a bottle. Instead, it seems to have more fully accepted a trade-off between revenue and cost. Accepting that the A&F brand might no longer be able to sustain superior performance on its own, the company moved to launch supporting brands before real distress set in. First came “abercrombie” in 1997 targeting grade schoolers (i.e., ages 7–14), then Hollister Co. in 2000 aimed at the 14–18-year-old group, Ruehl No. 925 in 2004 courting the postcollegiate crowd (22–34), and finally Gilly Hicks in 2008, which focused on women's lingerie and accessories. Among these, the Hollister launch was a notable hit among its target demographic.

As ROA performance stabilized in 2003, the SG&A advantage that the company held over its competitors disappeared. Brand expansion could only increase the complexity of A&F's overall operations. These increases are not, however, necessarily a sign of inefficiency. They are instead more likely a consequence of having to fund multiple advertising campaigns, expanding design capabilities, and the unavoidable increase in corporate overhead of all types that comes with increased operational scope.

Thus, while we acknowledge that the company continues to wrestle with the impact of 2008 on its ongoing performance, we see in the dozen years that preceded the crisis the drivers of its exceptional profitability. In the case of A&F, a premium price strategy begat an extended reign at the top of the retail clothing heap.

**Figure 6. Wrigley's performance profile****WRIGLEY—WINNING WITH VOLUME**

The second revenue-driven path to exceptional profitability lies with higher unit volume. Here we turn to William Wrigley Jr. Co. (Wrigley), the Chicago-based confectionary company known largely for its chewing gum, to better understand how volume rather than price can be used to capture value. As illustrated in figure 6, 1986 saw the beginning of an impressive 18-year run of ninth decile performance, earning it Miracle Worker status over the 43 years for which we have reliable data.

Wrigley has a long history of position-based competition. Beginning shortly after its founding in 1897, the company maintained a constant advertising presence in its markets. Recent years have seen Wrigley spend approximately 15 percent of revenue on advertising. Furthermore, the company is a recognized leader in working with its marketing channels, helping distributors and retailers understand how best to organize and display candy for maximum sales turnover.<sup>11</sup> Wrigley's efforts have contributed to making it, at times, one of the most valuable brands in the world.<sup>12</sup>

A strong brand has contributed to the company's ability to maintain good control over its pricing, with one analyst recently estimating that Wrigley's products are 6 percent more expensive than direct category competitors.<sup>13</sup> In this sense, Wrigley tends toward the A&F example of a price-based MW.

Despite its brand and pricing power, Wrigley was historically a strong, but not exceptional, performer. Wrigley's gross margin advantage through 1985 was made possible only through higher marketing expenditures, which showed up in an SG&A (i.e., cost) disadvantage. In short, Wrigley was spending money to

make money. It is from 1986 onward that Wrigley separates itself from its competitors, tripling its average annual ROA advantage. The shift in the structure of Wrigley's advantage helps us pin down the specific behavioral differences that drove Wrigley's improved absolute and relative performance.

Our analysis showed that Wrigley's gross margin advantage over its competitors persisted, but shrank in the years following 1986. The narrowing was sufficient to allow higher relative SG&A spend to overwhelm it. This net disadvantage seems to have been driven largely by a push to develop new brands. The costs of developing, launching, and sustaining an increasing stable of new products, all of which were highly dependent on the same advertising-heavy strategy, ultimately left Wrigley with a net ROS disadvantage compared to some of its top competitors. And so, although we might like to have seen Wrigley's sustained commitment to product development and innovation be a driver of superior profitability, we cannot make that connection.

Instead, Wrigley's nonprice position and higher prices were necessary but insufficient conditions of its MW status. We find the rest of our explanation in the way the company was able to generate increased volume through, in this case, international expansion.

Beginning in 1986, the onset of Wrigley's higher performance streak, Wrigley's sales from non-US markets increased steadily and, in 2006, accounted for 63 percent of total revenue. From its much larger base, Wrigley grew at over 10 percent per year, with organic revenue growth making up 8.7 percent of that figure (i.e., Wrigley did very little in terms of acquisition activity during this period).

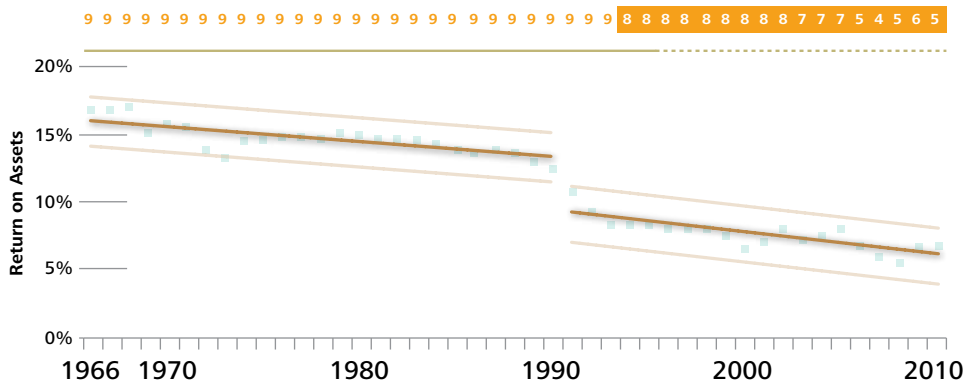
The international expansion strategy had all the hallmarks of Wrigley's domestic operations. For example, the company's entry into China was preceded by significant advertising campaigns on radio, television and outdoor media. In addition, a large sales force was deployed to ensure extensive retail distribution.<sup>14</sup> Wrigley's efforts were singularly successful. By 1999, sales in China were second only to those in the United States. By 2005, Wrigley had 60 percent market share and had driven its largest Chinese competitor to close.<sup>15</sup>

From this analysis emerges a compelling example of volume-driven revenue growth. Wrigley grew much more rapidly, and from a larger base, primarily through organic international expansion. This strategy was expensive, as it required spending on brand-building and assets globally. But it paid off: Overall ROA rose as higher volume-driven revenue more than compensated for the company's rising asset base.

**WEIS—WINNING WITH COST**

Weis Markets is the third of our trio of MWs. The success story of this Pennsylvania grocery store chain is simply told, yet strikingly rare: It achieved MW status built on cost leadership. In doing so the company also achieved the longest and most consistent streak of ninth decile performance of any company in our database, clocking in at 28 consecutive years (see figure 7). Unfortunately for Weis, the company’s amazing streak came to an end in the early 1990s, and the company has since slumped to middling status.

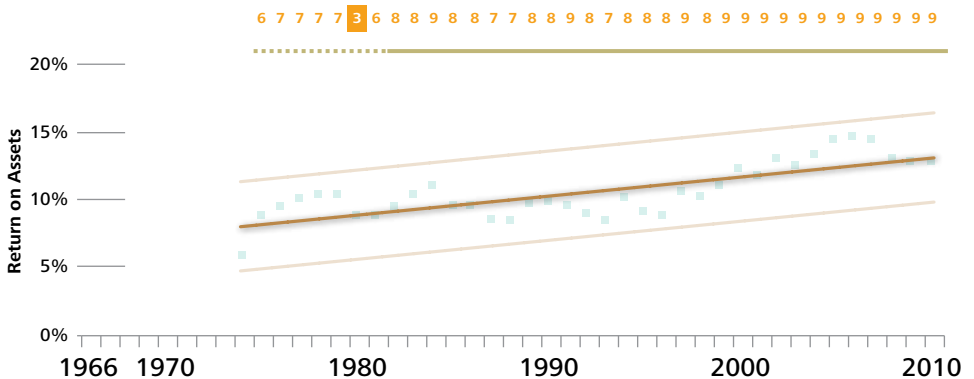
**Figure 7. Weis's performance profile**



Source: Compustat; Authors’ analysis

We think the story of Weis is best understood in comparison to one of its key competitors, Publix Super Markets Inc. Expanding from its base in Florida, Publix has steadily increased its ROA in both absolute and relative terms: From 1999 to 2010 the company has delivered nothing but 9s and may be approaching MW status in its own right (see figure 8).

**Figure 8. Publix's performance profile**



Source: Compustat; Authors’ analysis

Figure 9 succinctly tells the tale of Weis and Publix. Throughout the glory days of Weis, the two companies were well matched in terms of sales per square foot (a key measure of retail productivity), with both companies posting identical revenue figures in 1974 and 1980. Publix began to exceed Weis in revenue starting in 1990 and by 2006 had more than double the productivity on this measure.

Despite equal revenue productivity in the 1970s and 1980s, and even in spite of an emerging revenue gap as the two firms entered the 1990s, Weis showed superior profit per square foot throughout the entire period. Profit productivity for Weis was at least 300 percent higher in 1974 and 1980, and more than double that of Publix in 1990.

**Figure 9: Sales and income per square foot comparisons for selected years**

|      | Sales per square foot |        | Net Income per square foot |        |
|------|-----------------------|--------|----------------------------|--------|
|      | Weis                  | Publix | Weis                       | Publix |
| 1974 | \$130                 | \$130  | \$6                        | \$2    |
| 1980 | \$250                 | \$250  | \$13                       | \$4    |
| 1990 | \$260                 | \$375  | \$22                       | \$10   |
| 1997 | \$260                 | \$415  | \$13                       | \$13   |
| 2006 | \$260                 | \$520  | \$8                        | \$27   |

Source: Compustat; Company documents; Authors' analysis

Where revenue is equal and income differs, the source of that difference must come from cost, a dimension of performance that Weis had pursued more aggressively than its competitors throughout its history.

The source of Weis's cost advantage is also easy to spot. The chain was an early leader in the use of store brands. As described earlier in our discussion of A&F, store brands are traditionally seen by retailers as a means for reducing COGS by eliminating supply chain intermediaries. In contrast to A&F's store brand success in the 1990s (when Weis was losing its MW status), store brands in the 1960s and 1970s were viewed as lower cost, potentially lower quality, but certainly higher margin products. Where Weis began introducing store brands in the early 1960s, and offered 809 generic products by 1969, Publix (and most of the rest of the grocery industry) did not demonstrate any real commitment to the category until the late 1970s. Figure 10 reveals that, as a percentage of total sales, store brands did not comprise a comparable portion of revenue until the late 1990s.

Unfortunately, nothing lasts forever. As the 1990s unfolded, factors emerged to blunt the cost advantages that Weis enjoyed. In particular, competitors moved more aggressively toward the development of their own store brands, achieving not just



**Figure 10: Percentage of total sales generated by private label products**

|      | Weis | Publix |
|------|------|--------|
| 1975 | 14%  | —      |
| 1980 | 14%  | 2%     |
| 1985 | 15%  | 6%     |
| 1990 | 15%  | 10%    |
| 1995 | 16%  | 14%    |
| 2000 | 17%  | 16%    |

Source: Company documents; Authors' analysis

higher margins, but also moving the basis for competition in that category toward higher quality offerings that allowed greater ownership of the customer relationship (as A&F did in apparel).

At the same time, discount supercenters got into grocery retail. Walmart, for example, opened its first supercenter offering meats, produce, dairy products, and baked goods in 1988. By 2010, supercenters had collectively increased their share of the retail grocery business to just over 16 percent, and almost all of that growth came at the expense of traditional grocery retailers.<sup>16</sup> These new competitors tended to take share through price-based competition and typically enjoyed lower costs due to greater scale, more efficient distribution, and more intense investment in technology. Grocery chains typically fought fire with fire by bulking up through acquisition in the pursuit of economies of scale and expanding the range of merchandise they offered in order to create a more profitable product mix.<sup>17</sup>

This shift in competitive forces eroded Weis's price leadership, while the company's inability to maintain cost leadership has compressed its gross margins to the point that its overall ROA is now scarcely better than the industry average.

#### PRESCRIPTIONS FOR SUPERIOR PERFORMANCE

Our findings from the Persistence Project demonstrate that there is no single recipe for achieving sustained competitive success against rivals. The analyses presented here and in other articles in this series recognize that companies can choose and succeed using a variety of different strategies. We can therefore conclude that, when it comes to recipes for success, the realm of the possible is wide.

But that is not the same as concluding that one direction is no better than any other.

The evidence presented in previous articles clearly argues for a *better before cheaper* strategy when it comes to positioning the company. Firms that offer

a differentiated product or service to their markets systematically generate higher return on assets than those that compete for customers on the basis of low price.

Previous articles also observe that maximizing return on assets often invites a trade-off between the two elements that comprise it—return on sales and total asset turnover. The evidence clearly identifies the precedence of a return on sales-based strategy. Firms that pursue return on sales, even at the cost of total asset turnover, tend to do better.

Here we have probed the return on sales phenomena at deeper levels, having decomposed ROS to its revenue and cost components and demonstrated that superior performing firms most often choose revenue over cost. Such a finding does not obviate the potential benefits of a cost-based strategy, but it does suggest a higher probability path for managers to follow.

Finally, we have further analyzed revenue to explore the relative merits of unit price vs. unit volume as key drivers. Here again we find that either alternative may offer a path to superior performance. However, price clearly dominates volume in terms of the proportion of superior performers using it as a strategy.

Our advice to managers seeking to dominate their competitors is to pursue differentiated, high-ROS strategies that invest in the generation of pricing power in the market, even at the expense of volume, cost, and asset turnover. No easy feat, but at a minimum our findings set a direction for managers and offer focus on the critical drivers of success.

Donkey: Pass the parfait. [DR](#)

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*The Persistence Project will culminate in the May 2013 publication of The Three Rules: How Exceptional Companies Beat the Odds, by Raynor and Ahmed, by Portfolio, the business imprint of Penguin Group (USA).*

## Endnotes

1. See “To Thine Own Self Be True,” *Deloitte Review*, Issue 10, 2012.
2. See “Pulling Ahead vs. Catching Up: Tradeoffs and the quest for exceptional profitability” *Deloitte Review*, Issue 11, 2012.
3. See “A Random Search for Excellence” at <[www.deloitte.com/us/persistence](http://www.deloitte.com/us/persistence)> for a complete description of the data and process used to identify Miracle Workers, Long Runners, and Average Joes.
4. The insight provided by our count data is important because counts are not susceptible to outlier or extreme values as averages (presented in figure 3) are. The data from figure 3 show us that MWs derive little advantage on average from superior SGA positions. The data from figure 4 tell us that, more often than not, a gross margin advantage comes at the cost of an SGA disadvantage but that the disadvantage is not enough to wipe out overall superior performance.
5. Ellen Schlossberg. William Blair & Company, (July 28, 1999). Schlossberg is citing the U.S. Bureau of the Census (1990).
6. Michael T. Glover. Raymond James & Associates, Inc. (August 3, 1999).
7. Janet Rovenpor. “Abercrombie & Fitch: An upscale sporting goods retailer becomes a leader in trendy apparel,” in Michael Hitt, et al. (2008) *Strategic Management: Competitiveness and globalization*.
8. “Magalog” is a portmanteau of “magazine” and “catalog” that blurred (further?) the line between journalism and advertising. It included stories, recipes, and travel essays but featured the company’s clothing and new product introductions.
9. Ellen Schlossberg. (1999), *Ibid*.
10. Eliot S. Laurence. Abercrombie & Fitch. Jefferies & Company, Inc. Equity Research. (November, 2000.)
11. Interview with Jim and Lisbeth Echeandias of the American Consulting Corporation, December 17, 2008
12. “The Top 100 Brands,” *BusinessWeek*, (August 6, 2001).
13. “Wm. Wrigley Jr. Co.: All Gummed Up,” Bear Stearns Equity Research, (January 11, 2007).
14. Harvard Business School (2009). “Wrigley in China: Capturing Confectionary (D)” Case study publication.
15. A billion jaws chewing,” *Asia Times*, (August 13, 2005).
16. U.S. Department of Agriculture, Economic Research Service website. <<http://www.ers.usda.gov/data-products/food-expenditures.aspx>>.
17. According to the Thomson M&A database, deal activity peaked in 2000 with over 60 transactions, while an analysis of the US Census Bureau’s “Monthly Retail Trade Survey” reveals that the share of total grocery retail controlled by the four largest grocery retailers grew from under 20 percent in 1987 to over 30 percent by 2005.