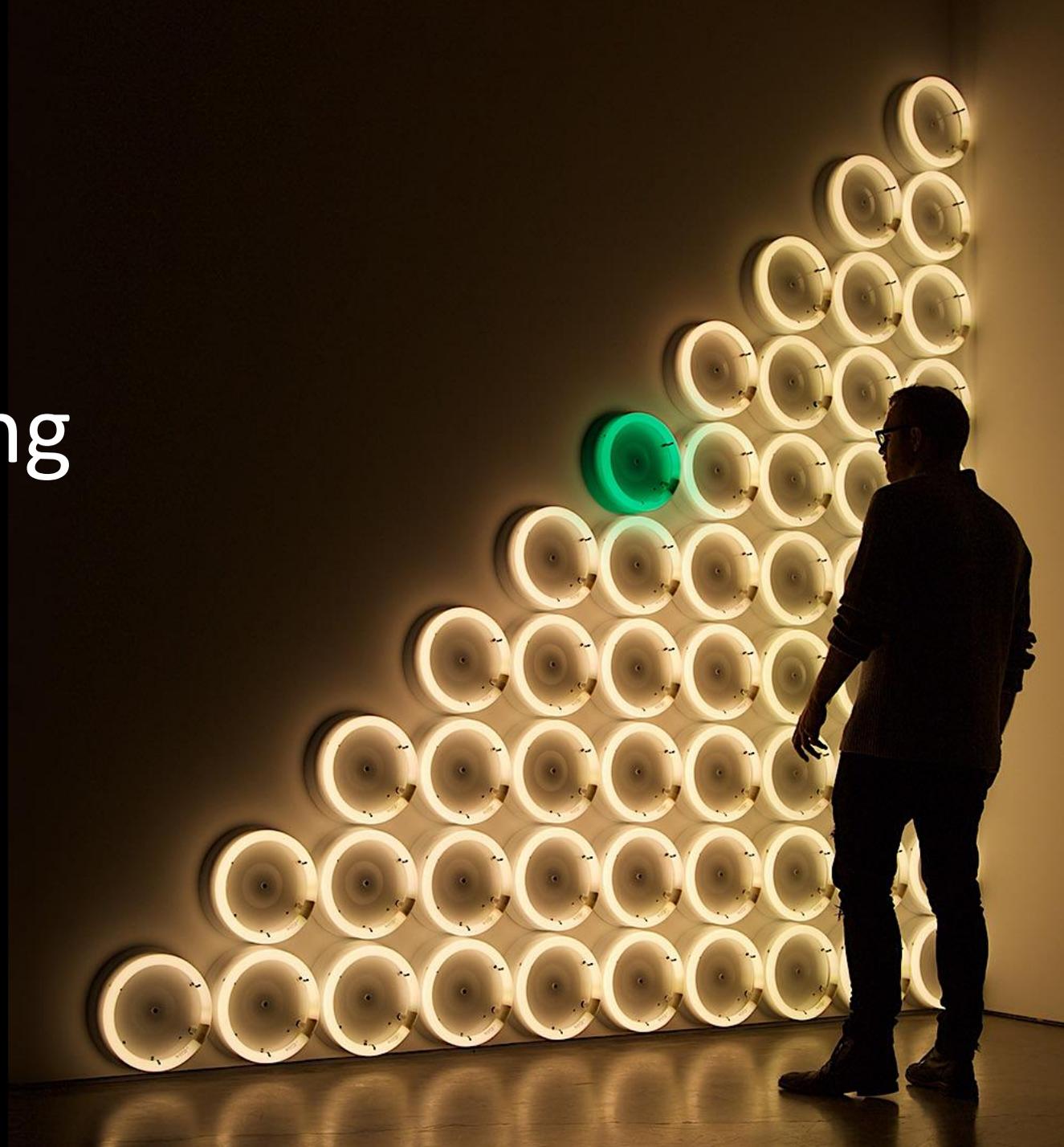


PROPHET

Building Brands During Challenging Times

PREPARED FOR MASB

AUGUST 13, 2025



The Uncommon Growth Company

From insights to impact, we work with clients to find and deliver “uncommon” ways to grow. Powerful growth that is:

- faster
- more sustainable
- more human
- more actionable

Every client. Every project. Every time.

From our work with leading brands –
across categories and around the world...



...what we're hearing and seeing

Economic uncertainty

- ▶ **Inflation, softening growth, and budget constraints are pressuring performance**

Geopolitical volatility

- ▶ **Global conflicts and instability are reshaping markets and supply chains**

AI & Tech disruption

- ▶ **Rapid acceleration in AI is rewriting rules for relevance, content, and customer expectations**

Complex customer journeys

- ▶ **Audiences move unpredictably across platforms, making it harder to plan and measure**

Boardroom pressure

- ▶ **CMOs must prove brand ROI in real-time, and link spend to business impact**

Uncommon growth in uncommon times

Our recent research identified those companies that delivered “uncommon growth” since 2019 and – more importantly – revealed how they produced it.

PROPHET Delivering Uncommon Growth 2025



PROPHET REPORT
179 companies identified
who deliver exceptional,
sustainable growth

PROPHET

Uncommon Gro

Delivering Uncommon Growth 2025

Delivering Uncommon Growth

ort

What is uncommon growth?

Uncommon growth is about exceptional growth that endures.

Sustainable growth – 2x industry average over a five-year period – through innovative and human-centered strategies that drive meaningful impact.

UCG Companies exhibit growth...

2x

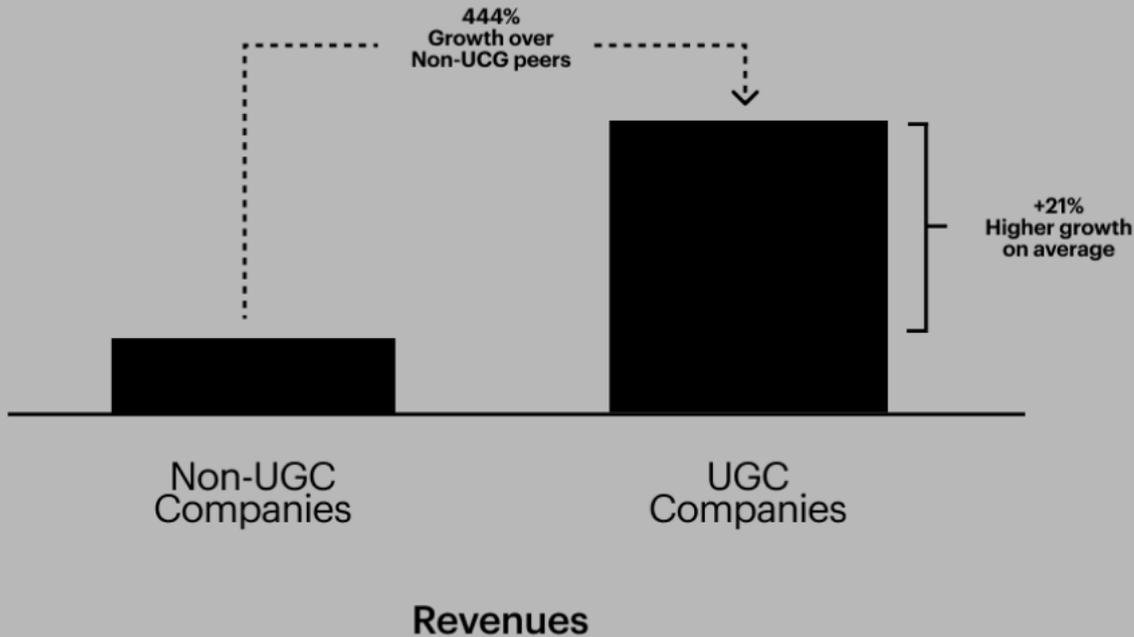
Their Industry average over a five-year period, and more than...

170+

Companies created uncommon growth since 2019

Uncommon Growth Brands: 5-Year Growth Above Peers Among S&P 500 & S&P 1000

5-Year Growth



NOTE: Based on financials for the S&P 500 and S&P 1000, for all publicly traded brands representing uncommon growth.

Across the S&P Composite 1500 the results are clear:

Uncommon Growth Brands See Outsized Growth Above their Peers



21%

Higher growth on average for Uncommon Growth Brands

The Three Drivers of Uncommon Growth

01

Customer
Obsession.



02

Pervasive
Innovation.



03

Culture as
Catalyst.



Driver 01: Customer Obsession.

A deep understanding of, and engagement with customers is the starting place for uncommon growth.



OUR KEY FINDINGS

Between 2019-2024, **UGC companies invested +5pp more of their revenue on insights, sales and marketing than non-UGC companies (12% vs 7%)** and expanded these investments at 3x the rate of non-UGC companies (20% vs 6%).



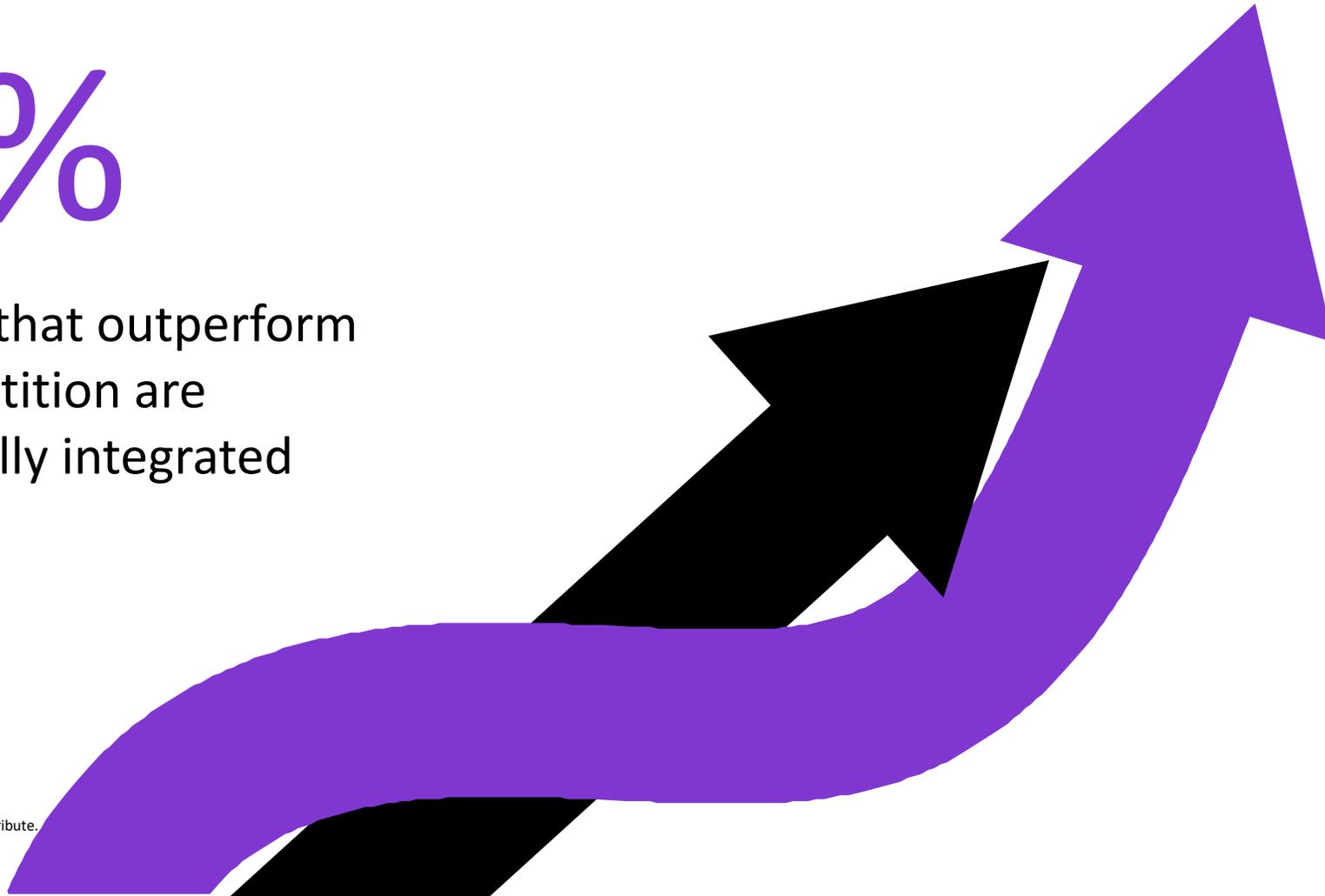
3X

Higher insights, sales and marketing investment for UGC companies

The leading brands are the ones that succeed at connecting brand and demand

90%

of business that outperform their competition are mostly or fully integrated



What integration looks like:

Enabling brand and demand to play complementary roles at every point along a connected customer journey.

Bd Brand-led; Demand Secondary Benefit

Db Demand-led; Brand Secondary Benefit

BRAND BUILDING LEADS

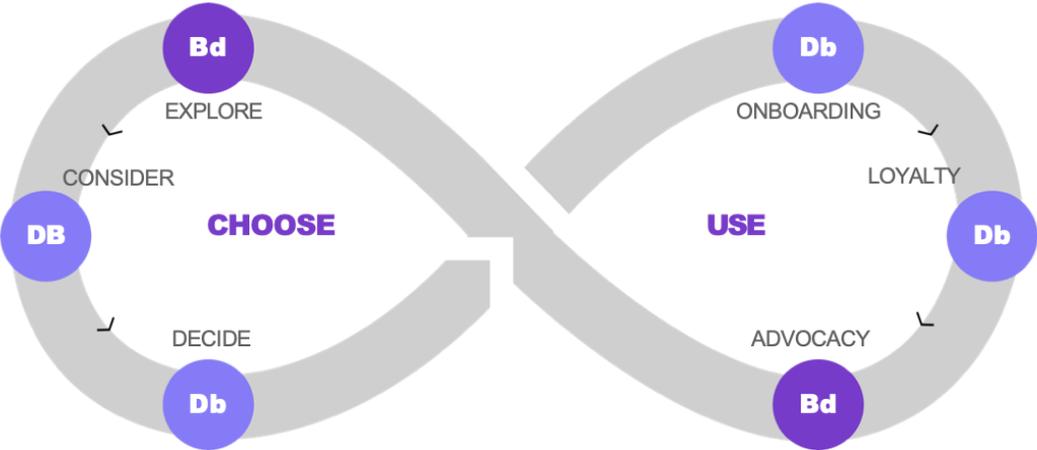
Creating the strongest possible long terms relationship between a company’s brands & all possible customers

DEMAND MARKETING LEADS

Help customers and consumers understand how to utilize products and services fully, keeping brand voice and promise front and center

INTEGRATED

Targeting findable growth audiences with the most relevant brand and product value propositions for their current needs



INTEGRATED

Usage as the ultimate expression of brand promise Ongoing efforts to generate, track and amplify high satisfaction & brand affinity

DEMAND MARKETING LEADS

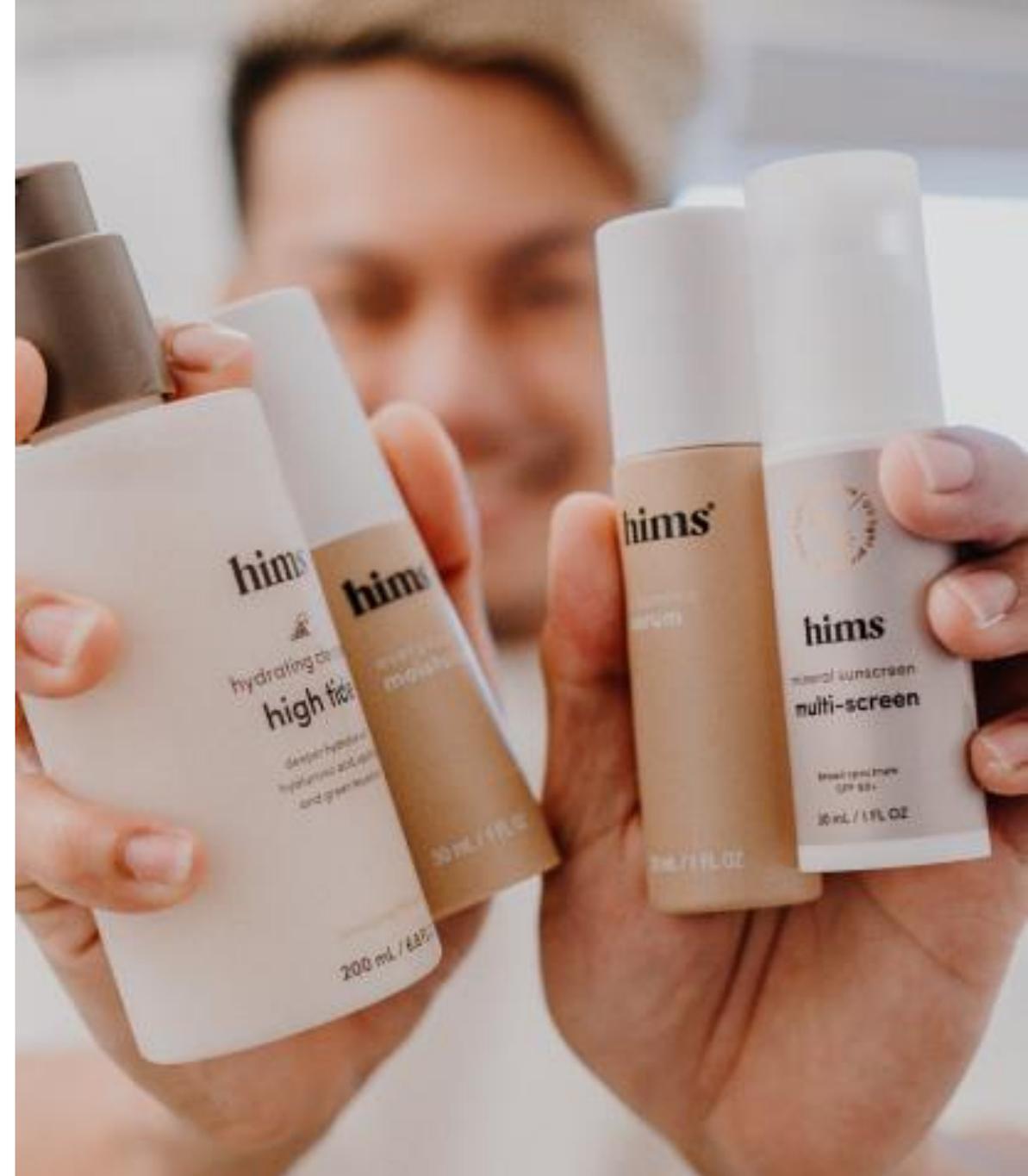
Nudging towards conversion, with owned and third party channels and experiences, highly targeted and data led- but always with a cohesive brand story

ADVOCACY

Make sellers out of engaged, happy customers

Hims & Hers uses its customer obsession to better understand its target and address key pain points in the personal health market.

- **Healthcare Built for Gen Z**— rewriting the playbook for an entire industry.
- **From Stigma to Mainstream** — turning taboo health topics into everyday conversations.
- **Killing the Pain Points** — no long waits, no awkward consults, no hidden prices.
- **Trendspotting on Turbo** — tech + creativity powering rapid market pivots.
- **Innovation on a Feedback Loop** — customers shape the next big thing.
- **Retail Vibes, Not Pharma Vibes** — Glossier-worthy design meets frictionless UX.



Customer Obsession - Actions

Shaping strategies and plans around customer needs and goals

PERSONAS & SEGMENTS

Create clear customer personas and segments, know them intimately, and determine how, when and where to target them most effectively

NEEDS FOCUSED

Understand customer needs through deep listening or survey-based research to create a unified understanding of what the customer needs

CUSTOMER LED PROPOSITIONS

Build brands and value propositions backed by insight, balancing broad universal truths and specific persona needs

TIE INSIGHTS TO OUTCOMES

Tie customer insights to measurable outcomes, setting shared, quantifiable goals around changing customer behavior

Owning, investing, and championing customer centricity

ACCOUNTABLE FOR INSIGHTS

Find ways for the whole organization to be accountable for customer insight —marketing should lead by example

HARDWIRE DATA

Hardwire data into all marketing activities, as well as strategy formation and planning, creative processes and decision making

Driver 02:

Pervasive Innovation.

Innovation embedded into the culture and operations of a company fuels uncommon growth.



Innovation can be a growth multiplier in both existing and adjacent markets. Uniquely rich experiences and targeted solutions unlock untapped value when they meet customer needs in surprising and powerful ways.



Speed matters, too. Developing new offerings with agility and getting them to market faster are hallmarks of uncommon growth. That's why innovation should be viewed not as magic, but rather as a repeatable and scalable capability.

23%

R&D investment growth vs. 6% for non-UCG companies between 2019 and 2024



NVIDIA is a poster child for innovation, with a surging market capitalization that attests to the payoff for its risk-taking innovation.

- **Institutionalized Innovation** - Innovation isn't occasional; it's a core competency baked into NVIDIA's DNA.
- **Massive R&D Muscle** - Consistently invests heavily in R&D, powering breakthroughs in GPUs, software, and platforms.
- **Strategic Foresight** - Pivoted GPU focus from gaming to AI as early as 2006
- **Ecosystem & Partnership Strategy** - Builds partnerships, acquires strategic companies (e.g. Bright Computing), and invests via VC arms to strengthen its AI and HPC platform



Pervasive Innovation - Actions

Fostering innovation through actionable tactics:

SYSTEMIC LEARNING

Make systemic learning a priority through leadership coaching and alignment, and the introduction of AI/ML in operations

EVOLUTION FOCUSED

Evolve business model to increase responsiveness to competitors and the market through rapid prototyping and iteration

CUSTOMER LED PROPOSITIONS

Connect customer insights to service, product development and innovation – fuelling customer-centric innovation

INCUBATOR APPROACH

Create pod-like structures and decentralized teams through formal innovation incubation programs

SCENARIO PLANNING

Strategically create scenario plans, evolve budgets for innovation investment and create incentives that reward innovation

FUEL AGILE DEVELOPMENT

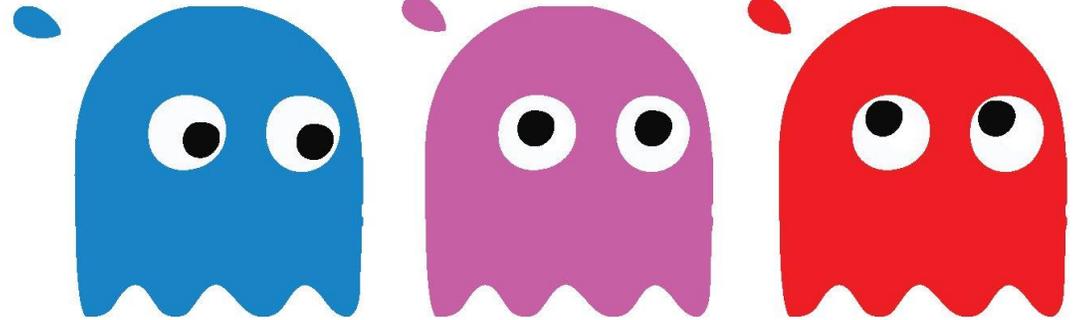
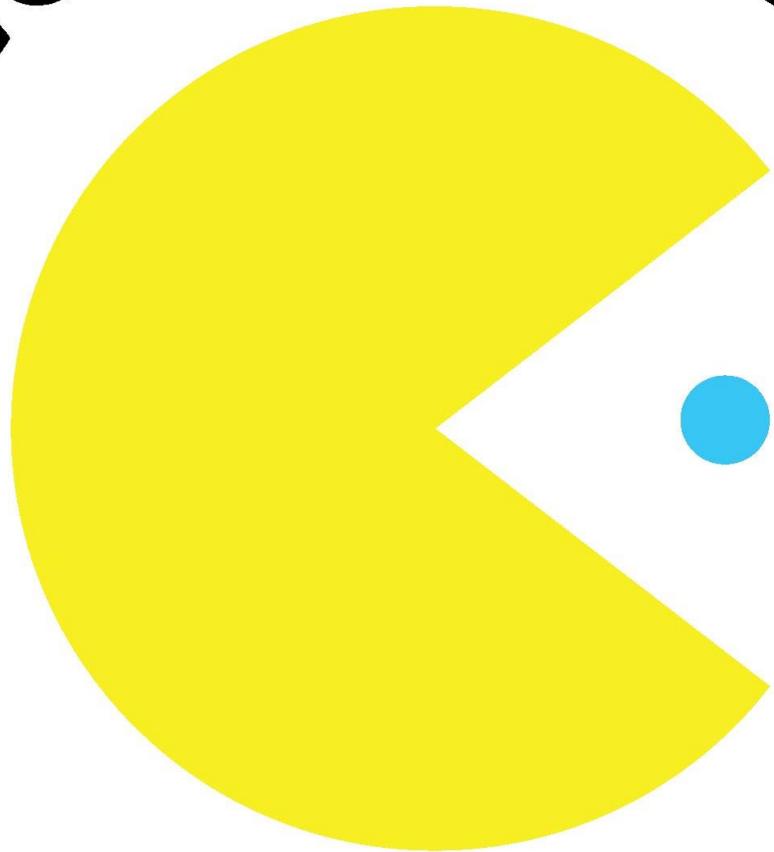
Implement product creation methodologies and structures that fuel agility and innovative development

Driver 03:

Culture as Catalyst.

Culture as more than an enabler of strategy, but as a driver for transformational growth.

CULTURE!



STRATEGY!!!

Uncommon Growth companies actively align culture with growth strategies.

Their leadership styles and decision-making processes directly account for employee engagement and customer needs.

Workers are encouraged to be creative, experiment, contribute ideas, and learn from mistakes.



It's not about top-down mandates or one-size-fits-all frameworks, but about nurturing the soul of an organization so that every decision and every interaction reflects its unique identity.

That's how to create a culture where transformation not only takes root but thrives.

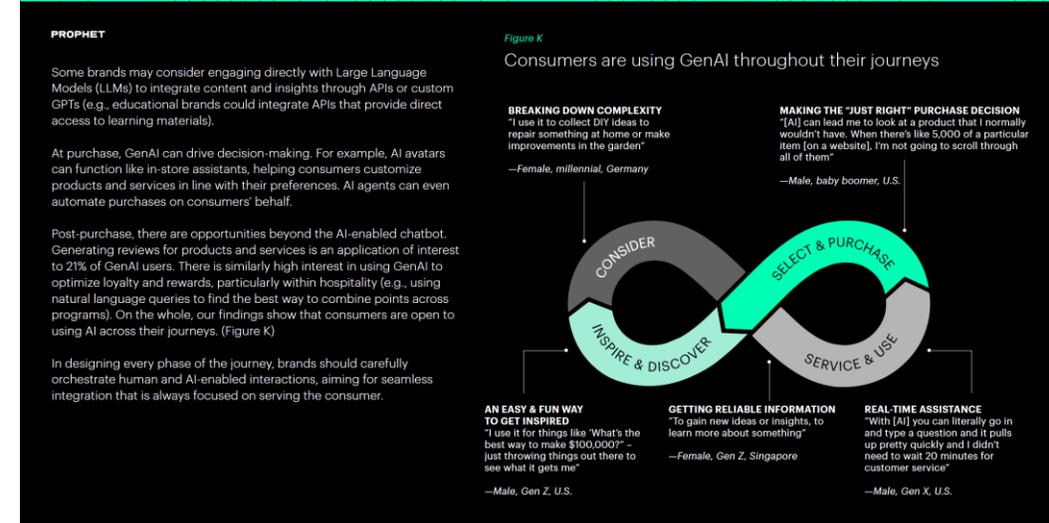
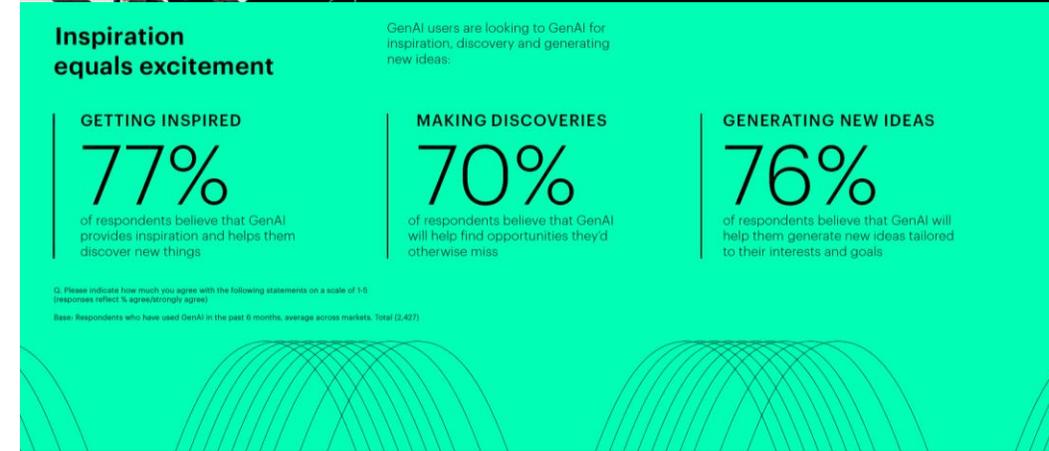
60%

of Uncommon Growth companies have been recognized for cultures that attract and retain top talent via development programs and ethical practices.

The shift to AI is consumer-powered – and it’s reshaping expectations everywhere

Our research in *The Rise of the AI-Powered Consumer* indicates that GenAI is already reshaping how people **discover, decide, and connect**. As consumers grow more fluent with AI, they bring those same expectations into the workplace.

We meet people where they are – both as consumers and employees in an AI-powered world.



The human **edge**

There's no doubt that the future is AI driven, but the organizations that thrive will be the ones that adopt a human-centered approach

Paylocity's culture isn't just a soft asset; it's a scalable system that powers innovation, retention, differentiation, and loyalty.

- **Culture as a Growth Engine** – Drives innovation, retention, and loyalty, amplified by AI.
- **AI-Infused Operations** – Integrates AI into internal processes, employee experience, and product design.
- **Values in Action** – Transparency, inclusion, and empowerment reinforced by human + AI collaboration.
- **Faster, Smarter Decisions** – Trust and efficiency power cross-functional execution.
- **Culture as a Differentiator** – AI-powered HCM platform mirrors Paylocity's own collaborative, connected culture.



grounded in our values

Paylocity's Culture



Culture as Catalyst - Actions

Placing employees at the center of organizational transformation

DEFINE VALUES & BEHAVIORS

Define organizational values, and behaviors to activate cultural change that fuels growth

TALENT STRATEGY

Develop a talent strategy that aligns with uncommon growth objectives to provide the organization with the right capabilities

EXPERIENCE & EVENT DESIGN

Ignite engagement by designing experiences and events aimed at sparking uncommon growth

EVP & EMPLOYER BRAND

Create employee value propositions and employer branding; design signature experiences to bring this to life

CHANGE MANAGEMENT

Execute change management for uncommon growth with communications that guide the organizational changes

FUEL AGILE DEVELOPMENT

Recalibrate systems (structures, roles, processes) for customer-centricity and innovation

The Three Drivers of Uncommon Growth

01

Customer
Obsession.



02

Pervasive
Innovation.



03

Culture as
Catalyst.



PROPHET

Thank you!

For more information, please contact:

JAY MILLIKEN
Senior Partner
jmilliken@prophet.com