



# How to be **better** than the competition

*Do you really know why your customers choose you over the competition?*

## What does “better” mean?

Customers and suppliers are the judges of what makes one company better than another. Only they can assess what actions or processes add some form of value to their business.

They must either be prepared to “pay” for this added value or confirm that it would make the difference when choosing between two companies who they regard as similar. Once identified these decision factors can be capitalised on across the business making you better than your competition and helping to ease pricing pressures.

## Don't start by asking customers

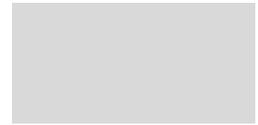
The obvious start point to finding out how you are better than your competitors is to ask your customers and your suppliers. Resist the temptation because there is another step to be completed before you talk with customers. There needs to be agreement inside your organisation about the objectives of surveying customers and what you are going to do with the results. What you discover could touch any, or all, parts of the business not just Sales and Marketing so all customer touching departments need to be involved and feel ownership of outcomes.

If you are a very small company consider involving everyone.

## The internal brain storm

Start by inviting representatives from each function to a one hour brainstorming meeting. If you have them include: Finance, Services, HR, Training, Purchasing, Commercial, Call Centre and Distribution as well as Sales & Marketing. If you outsource some of these services decide if your outsourcer could add value too.

The task for each person is to write down on Post-Its what they think makes the company better than the competition from a customer's perspective. The objective is to capture free thinking and not to discuss everyone's ideas in detail or the meeting will go on for many hours.



## Refining the results

The output of the brainstorming session is then refined into a series of statements and sent to all attendees in advance of a two hour facilitated meeting. The meeting follows a tight process for each statement to agree:

- ***What core actions/processes are strong differentiators?***
- ***Who would value the action or process: customers, suppliers or both?***
- ***If competitors match the action and processes or if they really are unique.***

It's not uncommon to arrive at only one or two statements where attendees believe their company is uniquely better than the competition. In many cases they can't think of any - but that's OK because they'll discover the differentiators later - from their customers.

The second part of the meeting is devoted to getting each represented function to suggest areas where their customer impacting processes might be regarded by customers as better or worse than the competition.

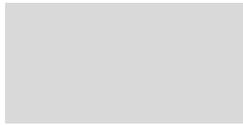
In facilitating quite a number of sessions like this I've found that issues or processes which need to be improved are also often identified. This is particularly true of processes or actions in one function which cause a negative customer impact that is only seen by a different function. This process can capture these issues and how they are going to be addressed.

## Using the data collected

All of the output from the meeting is then refined and becomes base data for discussions with customers and questions to ask them. Of course you need make sure that you don't just ask customers if they agree with you and make sure they can express their own views.

The most effective technique to talk with customers and suppliers is through structured face to face interviews carried out by either a senior manager, (not in Sales/Marketing), or an external consultant. The more the interviewer is regarded as independent the more open the discussion will be. If you can't do many face to face or telephone interviews also use electronic surveys. Be very careful how questions are worded to avoid bias and ensure that the answers will help to achieve the objectives of the project. It's often helpful to get outside advice to get this right.

In interviews and electronic surveys always start by asking customers and suppliers for their help to improve the value that you give to them. Also point out that you want to avoid inadvertently stopping or changing an activity that they highly value. The interview must be clearly positioned as different from the regular customer surveys and interviewees need to know that answers can be anonymous.



## Question for customers

Here are some examples of the type of questions to ask.

- *What do we do well?*
- *What do competitors do better?*
- *What processes or ways of doing things mustn't we change?*
- *If you could get us to change one thing what would it be?*
- *How much time/effort is saved by us having specific actions or processes that are better than our competitors?*

When the customer/supplier has answered the questions check to see if they have covered the key areas identified in the brainstorming sessions. Most importantly check if they agree with the internal opinions.

## Feedback and action

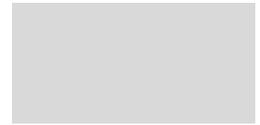
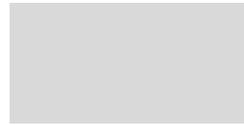
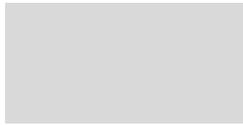
When the interviews and surveys have been completed and the data analysed the results need to be presented to representatives from the functions who attended the brainstorming meetings. They need to understand what customers and suppliers believe their company does better than the competition and to agree a set of recommendations and actions that they will implement. The next step is to decide how their decisions will be communicated internally and externally to customers and who will be responsible for each action.

The last but most important action is to set a date when progress on implementing actions will be reported back to the cross functional team and ultimately customers and the rest of the business.

## What have other companies discovered?

*Frequently what employees thought was important to customers - wasn't.*

In one IT company this resulted in a saving of over £100,000 when they stopped a checking process that customers not only didn't value but it actually annoyed them! Investment priorities have changed at most companies that went through this process.



***Departments inside the companies had different and often conflicting views about what customers valued.***

In some cases this resulted in actions being taken that actually limited the ability to capitalise on an important difference. More than one company stated that the top benefit of this project was to make departments talk to one another more.

***Customers often thought that a company was far better than its competitors for reasons that no one in the business had ever considered.***

A good example was the customer who only purchased from a specific company because the detailed way that invoices were laid out made it easier to fit with their internal systems. (*Guess who was thinking about simplifying the way they did invoicing!*).

## **Conclusions**

When you know what customers and suppliers really value, and don't value, it becomes much easier to focus on the things that make you better than your competition and set investment priorities. This will give you a clear competitive advantage and also shifts the focus from only competing on price.

I would be happy to tell you more. Just email me with a good time for us to talk or give me a call.

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