

Identifying and Sustaining Competitive Advantage

EPITA

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Ground Rules

- Punctuality
- Share your experiences / your questions
- Participation
- Only one person speaks at a time
- Responsibility 49/51
- No judgment
- Turn on your cell phones when you leave the room
- Have fun!

Competitive Advantage - Introduction

Why are you in business?

- Some people think that making money is the MAIN reason they are in business.

Competitive Advantage - Introduction

- *Identifying and sustaining competitive advantage is the reason you're in business.*

Competitive Advantage...

...Why?

- The Ability to Attract and Keep Talent
- Leadership and Creative Teams
- Competitive Advantage(s)
- Results and Company Image

CA- The flaw

- The biggest marketing flaw in most companies is their failure to fully identify and reap the benefits of their competitive advantage.

CA- The flaw

- Either:
 - They think they have a competitive advantage and they don't.
 - They have a competitive advantage and they don't realize it
 - They have a strong competitive advantage but they fail to promote it adequately to their customers and their prospects
- Each one of these scenarios leads you to a loss of revenue, potential customers and increased competition, in addition to an inability to attract and keep talent.

Competitive Advantage

- *Competitive advantage is the reason customers choose to buy from you instead of the other guy.*
- Almost every customer asks the following question:
« Why should I do business with you? What are you offering that the other guy isn't? »

The biggest threat...

- *As a business manager, consultant or owner, the biggest threat you face is losing sight of your most important target – your customer.*

CA- our main objectives

- Influence customer decisions
- Re-prioritize the skills needed to influence customer buying

CA- the goal

- Learn the process and skills to articulate a relationship strategy

People buy from people who understand them....

To effectively communicate a CA, you need to know how your client or customer:

- Works with others
- Perceives time
- Prioritizes a project
- Prefers to make a decision (his/her process
- Deals with conflict

As product or service providers, we need
to be aware of...

- What you can give the client that no one else can
- How you can communicate those advantages
- How you connect those advantages to what he/she is living – everyday

CA s are not just strengths...

- CA s are the foundation of everything you do, every decision you make
- CA s are the foundation of every position you support regarding your client
- CA s need to be communicated - often.

CA- it goes by many names

- Unique selling position
- Distinguishing features
- Competitive edge
- Discriminators
- Differentiators

CA - different strategies

- Price
 - Marketing
 - Technical
 - Distribution
 - Culture / People
- 60 days
 - 90 days
 - 1 year (shrinking)
 - 3 years
 - 7 years (shrinking)

Compete on Price?

- **When you compete on price, you're accepting commodity status.**
- *There are many ways to help your clients cut costs, save time and gain market share that have nothing to do with cost-cutting*

Remaining competitive

- You have to become more conscious about why you are in business in the first place
- You have to know what is unique about what you are delivering
- You must identify and maximize your competitive advantage if you want your place in this competitive business environment

CA - positioning within the industry

- A central question in competitive strategy is a firm's relative position within its industry.
- Positioning determines whether a firm's profitability is above or below the industry average.

CA- performance within the industry

- The fundamental basis of above average performance in the long run is sustainable competitive advantage.
- There are three basic types of competitive advantage a firm can possess:
 - low cost
 - differentiation
 - focus.

CA- cost and differentiation

- You know what happens when you base your competitiveness on cost alone.
- Differentiation is different.
 - a firm seeks to be unique in the industry along some dimensions that are widely valued by buyers (customers).

CA- differentiation

- A company selects one or more attributes that many buyers in an industry perceive as important, and then uniquely positions itself to meet those needs.

**It is rewarded for its uniqueness
with a premium price.**

CA- the logic of differentiation

- a firm choose attributes that are different from its rivals.

CA- Focus

- ...different from differentiation because the focuser selects a segment or group of segments within an industry and then tailors its strategy to serving them to the exclusion of the others.

CA- a proven concept

- COMPETITIVE ADVANTAGE will dramatically increase the number of deals you close.
- **...and it will certainly force you to rethink the way you compete.**

CA- the choice of direction is yours

- Each generic strategy is a fundamentally different.
- A firm has to make a choice among them, or it will become stuck in the middle.
- A generic strategy does not lead to above-average performance unless it is sustainable, vis-à-vis the competitors.

Creating Competitive Advantage

- Mastering a set of skills (including communication skills) that leaves very little motivation for clients to spend their precious time listening to and interacting with the competition

“ *Nothing we do is more important than staying competitive – keeping that winning / leading edge – nothing* ”

- Jack Welch in Jack Welch Speaks, Jane Lowe, Wiley

Case Study – Hewlett Packard

- In subgroups read the case created by Accenture
- Determine what HP's CA is? And how they are reinforcing it within the company and also environmentally and with its clients and potential clients

Case Study – Hewlett Packard

- What do high performance businesses do?
- How many employees work for HP and in how many countries?
- How important are green initiatives to HP?

Case Study – Hewlett Packard

- What is every business unit required to embrace in its global citizenship program?
- What are the pillars of HP's global citizenship agenda?
- How does HP use its CA to win new clients and keep existing ones?

Case Study – Hewlett Packard

- How is HP increasing its profitability through it's CA?
- What eco-friendly changes is HP making to its products?
- How is HP rethinking its business travel as a function of its CA?
- How is HP positioning for the future?