



The Search For Competitive Advantage

What is it that makes your company different from your competitors? Is it the same as it was five years ago, and will it be the same in five years time? Clearly I am not in a position to answer the first question, but I would place an odds on bet that the answers to the second one are no and no.

Competitive advantage is transient. Price, innovation, route to market, time to market, brand, quality and reputation are clear differentiators but they are not sustainable. The best price today may not be tomorrow, ask Asda; the best brand and quality is similar, just ask Marks and Spencer, and it doesn't take long to lose reputation. Gerald Ratner, and the Administrators of Andersen's will confirm that.

The fact that these attributes come and go is the perfect reason to find something which is sustainable. I would contend that in a business to business environment, value selling has this sustainability property. Value selling also helps companies to sell more, sell better and sell faster. The best place to start is with a quote from Warren Buffet, the famed US investor. He said "Price is what you pay, value is what you get". This does not necessarily mean that the lowest price is the best value, although it may. Rather it associates the return (value) with the investment (price).

This is one of the keys to good selling, maximise the customer benefits for the profit the seller will accept. The only real way that this can be achieved is to have an intimate understanding of the customer's business, and to proactively sell products and services. This is good selling. Set the agenda rather than responding to customer's requirements, as in many cases someone else has set the basis of decision.

Value selling can be achieved in a number of ways but the most common method is Key Account Management (KAM). KAM is about deploying sales resources in the areas that will deliver the best return on a sales investment. Key Account Managers are much closer to business consultants and managers than they are sales people. They are the ones who will translate their customer's challenges into the products and services their company has to deliver, and if their company cannot deliver, they will identify the strategic partnerships needed to meet their customer's needs. This extends their company's portfolio and enhances their relation with their customer.

The seller's organisation must be aligned in the same way so that your key (most valuable) customers receive the level of service that drives customer satisfaction and loyalty. The chart below identifies the stages of a business relationship. The objective of KAM is to move rapidly to the right hand side of the table, and this can only be achieved by selling and delivering value.

Commodity	Enhanced	Collaborative	Partner
Price differentiator	Value Add	Mutual benefit	Joint Venture
Simple service(s)	Specific service(s)	Shared Service(s)	New service(s)

Just take a second or two to position your company with your most valuable customers. If you are at the left hand side you are vulnerable to competitive threat, whereas towards the right hand side of the table you have little or no competition. This facilitates

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more sales, higher margins and improved cash flow through good selling which is, and will always remain a source of competitive advantage.

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