

Orion constellation

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What Makes YOU So Special?

by Ralph Smith



Why do customers do business with you?

It's a critical question for a business to be able to answer; companies need to know what it is that makes them unique. Many years ago I had the opportunity to facilitate a series of conferences with insurance brokers. The intent of the conferences was twofold: to build strong relationships between the brokers and my insurance carrier client, and to gather data for a strategic assessment. The above question was asked to five different brokerage firms and each one gave the same response: "because our people are the best in the industry."

The implications of this statement are far-reaching. If the brokers are competing for a new customer and every single one of them trumpets the fact that they have the most talented people in the industry, then how is the customer supposed to intelligently make a "buy" decision? Everything would come down to feel as opposed to substance. And what would happen if a brokerage firm could legitimately differentiate itself to a prospect by focusing on bringing value that the others did not bring? In this article we will first examine how a company needs to determine what makes it unique, and then introduce a tool that will help communicate this value to customers.

With regard to the determination of what makes a company unique, Treacy and Weirisma wrote in *The Discipline of Market Leaders* that there are three mechanisms for differentiation: customer intimacy, operational excellence, and product leadership.

None of these areas of emphasis is the universal "best" approach to differentiation. Each organization must examine its offering, strengths and weaknesses, and market conditions to determine which makes the most sense in each company situation. The objective is to be good at everything... and great at the key differentiating factor.

Once an organization has established its chosen path, the presentation to prospective customers is crucial. A tool that can help with this exercise is called a value curve. The value curve examines which features define value in the eyes of your organization, your competitors, and your customers. Once the value-defining elements are understood, the tool can help you think through which features are:

- a) over-valued by the company but not valued by the customer; these can / should be de-emphasized
- b) not emphasized by the company but highly valued by the customer; these need to be reinforced
- c) emphasized equally by the competition, thereby not a differentiator
- d) underemphasized by the competition, thereby an opportunity for differentiation

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Navigating Your Organization's Future

What Makes You So Special?

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To establish a value curve, the first step is to think about the features that your organization focuses on when trying to gain a new customer. This can be done via brainstorming, interviews with salespeople, customer focus groups, market research, etc. Try to determine the top half dozen or so characteristics of your sales pitch. Repeat the process for a few of your major competitors to determine their main areas of focus. Discuss the results and try to narrow the list down to the top factors that your industry focuses on when trying to illustrate the value proposition to a prospective customer.

For example, at Orion we examined our approach and that of our competitors and settled on the following key characteristics:

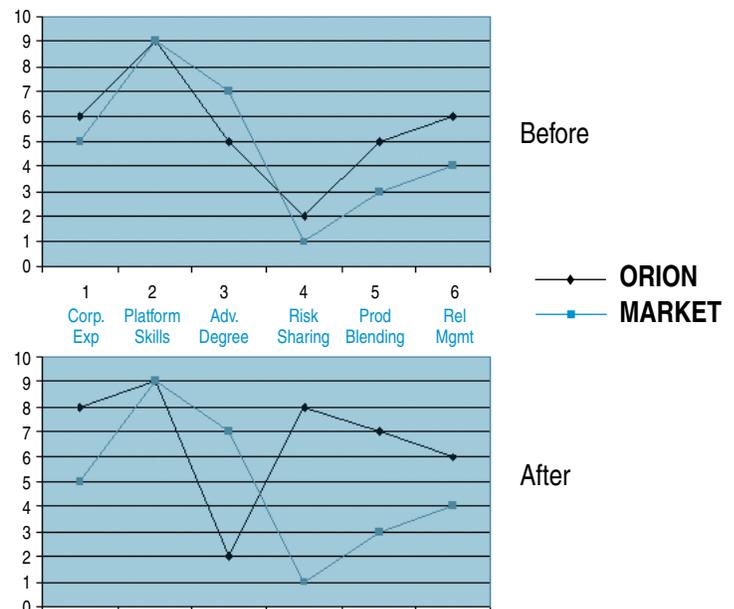
1. Corporate experience- consultants that have performed the work in real world situations
2. Platform Skills- good teaching skills with an engaging communication style
3. Advanced Degrees- impressive academic credentials; MBAs and PhDs
4. Risk Sharing- consultants who are willing to guarantee their performance
5. Product / Methodology Blending- Ability to integrate services to provide more comprehensive solutions
6. Relationship Management- Ability to relate to key customer personnel on all levels and provide clear communication and progress assessment throughout the engagement

In Figure One below, the data are divided into “Before” (when initial analysis was performed and prior to any changes in approach) and “After” (the reflection of how Orion changed its sales approach to leverage differentiation opportunities in light of what we learned). Note that the key characteristics have been listed in between the graphs to enable simple analysis.

In the “before” version of the curve, the black line represents the collective opinion of Orion personnel regarding the emphasis we place on the given characteristics when presenting Orion to a prospective customer, each ranked on a scale from 0 (no emphasis) to 10 (heavy emphasis). The blue line represents how much we felt our competitors / market emphasized the given characteristics. Note the similarities between the two lines; we became convinced that no matter how special we thought we were, our presentation to prospects would not differentiate us from our competition.

Figure One:
The Orion Value Curve

So we analyzed the situation from a customer perspective and tried to determine which features truly added value. We recognized two main opportunities. The most significant was risk sharing. Many prospects had been burned by consulting companies that would promise the moon and fail to deliver. Prospects had also been burned by a lack of cost certainty; consultants charging per diem rates would often significantly underestimate the work involved to complete a project, and by the time a client discovered the impending cost overruns it was too late to pull the plug.



In the “after” graph note how the blue line reflects a significantly increased emphasis placed on risk sharing. We determined that we could offer project-based pricing to give the customer cost-certainty, so they wouldn’t need to worry about additional daily costs. We also determined that there were certain conditions under which we would guarantee results, refunding the customers fees if the project was not completed to their satisfaction. This is a great example of how the value curve led us to an approach in which we could truly differentiate ourselves.

An equal but opposite example of the usefulness of the value curve centered around the treatment of advanced degrees. In the “before” version of the graph we placed great emphasis on this... but our discussion called this practice into question. After serious thought we could not even remember the last time a prospective customer made our educational background a key factor in the decision to place business. Real world experience trumped academic background in practically every case. So we de-emphasized this feature in the “after” graph. We have all the degrees and honors to trot out to customers if they ask, but we didn’t lead with this type of information otherwise. This enabled us to focus on the things customers perceived as truly value added: cost certainty and delivering results.

Moral of the story: the value curve helps articulate why your organization is unique and why customers should do business with you. Orion prides itself on having a customer intimacy value proposition. But when customers ask us why they should select us versus our competition, we don’t have to say”

“Because our people are the best in the industry.”

Instead, we’re able to say:

“Because our people are so good at needs assessment and service delivery that we can give you a firm price and guaranteed results... and we know we can deliver because our people are the best in the industry.”

That is what helps us create differentiation and inspire customer confidence, which makes us unique.

So what makes you so special?

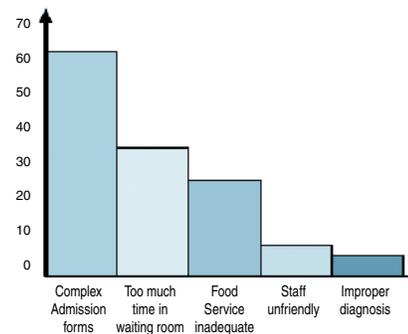
Blue Ocean Strategy

Orion is pleased to announce that Vice President and partner Susan Williams is among the first group of American consultants to be certified as a Blue Ocean Strategy instructor. This certification is through Blue Ocean Partners, which was founded by W. Chan Kim and Renee Mauborgne, the authors of the business best-seller. Blue Ocean Strategy is a set of strategic methodologies that aim to create new market space or a blue ocean, thereby making the competition irrelevant. The value curve (a.k.a. strategy canvas) is a Blue Ocean tool.

Tool Corner: The Pareto Chart

The Pareto Chart is a familiar quality improvement tool. It is used to identify the “critical few” issues / problems that are the most significant / merit immediate attention. The Pareto:

- Ranks categories from highest to lowest
- Provides a picture of relative magnitudes that simplifies interpretation of data
- Enables the user to determine which problem / category to work on first



Here are some tips that will help you make best use of this tool:

Tip Make sure you have clearly distinct and independent categories. It should be easy to determine which occurrence fits into which category. If data collectors are forced to make judgment calls then interpretation of the chart will be suspect.

Tip Don’t feel like it is necessary to have a category for any possible occurrence that could ever happen. It is fine to have an “Other” category that groups together the rare items.

Tip Do not include a cumulative percent line (ogive curve), as it adds little value and significant complexity to both construction and interpretation. Purists expect an ogive curve but the additional work creating and explaining the graph more than negates any value it might have.

Tip Remember that occurrences may not tell the whole story. For example, the number of complaints in the given example could paint one picture, but the severity of the complaints could tell another. Admissions form complexity might be a minor irritant, while complaints for improper diagnosis might have far more significant implications. So discuss the best way to collect data to answer the question you need to answer.

ORION'S Expanding Universe

Orion prides itself on the long-term relationships we have with respected institutions from coast to coast. We are very pleased to announce the establishment of partnerships with four new universities:

University of California – Berkeley
Ohio State University
University of Minnesota
San Diego State University

This spring, SDSU is sponsoring a three-seminar version of Orion's Process Management series; University of Minnesota follows suit with a five-seminar certificate program in the fall. Ohio State University will join in with a three-seminar Business Analysis (BA) series this fall. UC Berkeley will sponsor both a BA and Process Innovation series in 2009. For specific scheduling information, please consult Orion's web site (<http://odgroup.com/seminars.asp#univ>).

These relationships greatly improve Orion's ability to serve clients in both the West and Midwest. We are pleased to be selected as strategic partners of these top-tier universities and look forward to working with them for years to come.

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