



# BEHAVIORAL DIFFERENTIATION

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The so-called knowledge advantage is a fallacy—even though companies pour billions of dollars into training programs, consultants, and executive education. The reason is not that knowledge isn't important. It's that most companies know, or can know the same things. Moreover, even as companies talk about the importance of learning they frequently fail to take the next vital step of transforming knowledge into action.

From the book – *The Knowing-Doing Gap*

## Your Price Is Too High

- “We say we award business based strictly on price. The truth is the lowest bidder rarely wins the business.”
- “Telling a supplier that they lost because their pricing was out of line is the easiest way to avoid telling them that we liked the other people better.”
- “They all looked and acted the same so we tied their tails together and let them fight it out, in this case the lowest price got the business.”
- “I’ve been the senior buyer for this department for the past eleven years, I can only recall low price winning the business on two occasions.”
- “Their price was ‘slightly’ higher [8% on a 4.2 m bid]! We went with them because they really understood our business and they seemed to work well together.”
- “There isn’t a nickel’s worth of difference between any of them, they all say the same thing, make big claims and promises but when it comes down to it, I really can’t tell one from the other.”
- “I can’t really put my finger on it but I trust and believe those people. They’re not perfect, they’ve let us down a time or two but all in all they make good on their promises, they do what they say they’re going to do.”

Every year for the past eight years I have participated in a procurement managers’ workshop. I’m already signed up for one this year. I do this because I want to stay in touch with the buying community. I want to know how they think, learn what’s new with them. In 2004 my ears perked up when the facilitator asked a high-level group of buyers to rank price as a “deal-breaker.” There were twenty-six participants in the seminar and only two ranked price as the most critical decision making criteria. The preceding bullet point quotes came from notes I took from the subsequent price discussion that resulted after the price question was asked. Take a close look at the buyer comments, I believe they clearly substantiate the potential power of Behavioral Differentiation.

This is not to insinuate in any way that price is not important and that BD will overcome non-competitive pricing. Its purpose is to remind you of what you probably already know...

**You must justify your price through differentiation that has meaning to the customer.**

## The Four Types Of Meaningful Behavioral Differentiation.

One of the primary ways you create meaningful BD is to demonstrate [through your behavior] that you care about the customer. This is best exemplified by truly understanding the customer’s business goals, the problems hindering goal achievement, and the value of the goals when achieved. Additionally it is important to understand the personal and business implications if the goals are not achieved. Knowledge in these areas gives you the big picture and serves as the catalyst for determining and delivering the behaviors that will have meaning to the recipient. This is the overall concept of BD. As we “drill down” on this concept we learn that there are four types of Behavioral Differentiation.

## Type #1. Operational BD.

Operational BD includes things such as: customer service policies and procedures, employee education and training, responding to out-of-the ordinary customer requests, communicating with customers [sending cards and thank-you notes for instance], and other standard operating procedures for interacting with customers.

Operational BDs are the most tactical of the four types because they are deliberate choices about how to interact with customers and they can occur at most of your customer touch points. They reflect the moment-by-moment ways in which customers experience your company and its people. If they are consistent and sustained-if customers experience these behaviors with the majority of your employees the majority of the time-then they form the foundation of the customer's experience of you.

The most direct and sustained experience customers have with your organization occurs with the day-to-day operational behaviors that are evident at most customer touch points, so...

**Operational BDs are the foundation of Behavioral Differentiation.**

### Operational BD Examples.

- From your CEO on down, your executives are committed to having frequent face-to-face contact with key customer executives. Your account managers [BDMs] participate in these regular interactions and act as advocates for the customers' interests.
- Your salespeople send personal, hand written notes after every meeting with customers.
- Instead of bringing standard brochures and product / service descriptions to meetings with customers and prospects, it's your policy to develop high-quality, customized executive summaries that are focused on your customer's needs, key issues, and concerns.
- You know what your customers are interested in – hobbies and personal interests as well as business interests. You look for and send them things that you know they'd enjoy seeing: newspaper clippings, journal or magazine articles, Web site addresses, books, videotapes, etc. What you send never has "strings attached." Instead, you do it as a courtesy because you know they have these interests.
- You regularly meet with your customer's consumers to learn more about what they want and expect from your customer's products and services. Twice a year you strat

egize with your customer about how they can better serve their customers and how you can better serve them.

## Type #2. Interpersonal BD.

The second form of BD arises from an employees' individual skill and attitudes. As customers we have all encountered people we're buying from who listened well; showed genuine interest in us [as people, not just buyers]; were patient and responsive; and cared whether our needs were satisfied. These kinds of behaviors cannot be operationalized genuinely. To be sure, managers can ask their employees to behave this way. They can train them in good interpersonal skills and set the right expectations about how they should behave toward customers. But...

**Genuine interpersonal skill arises from the heart, not from policy.**

The employees who can differentiate themselves and their companies interpersonally are able to do it because it is genuinely part of who they are as people. You can't fake authentic caring. You can try, but today's customers are savvy enough to see through the guise.

It is remarkable that many people in business don't behave effectively with customers, including those whose jobs place them on the front lines of customer sales and service. There is a growing body of evidence that interpersonal BD is a form of intelligence and that those who develop more of it create a personal advantage. In his book Emotional Intelligence, Daniel Goleman makes a convincing point that interpersonal BD is a distinguishing factor in success.

Significant evidence points to the fact that...

**People who develop exceptional interpersonal skill, that is, the ability to manage their own feelings, and who read and deal effectively with other people's feelings – are at a major advantage in any domain in life.**

Make no doubt about it, effective interpersonal behaviors are vital to business success at all customer touch points.

### Interpersonal BD Examples.

- Listening carefully to not only the words but also the emotions of the other person. Picking up on, and dealing with the subtle nuances that indicate dissatisfaction or concern.
- Suppressing your ego, especially when you are in disagreement with the other person.

- Consistently maintaining a friendly pleasant attitude and demeanor.
- Probing to REALLY understand the other person's point of view.
- Allowing the other person to "save face," when it's obvious they made a mistake.
- Seeking to collaborate on decisions.

### Type #3. Exceptional BD.

The third form of BD is exceptional. It occurs whenever employees go out of their way to help a customer. Exceptional treatment of customers is usually memorable to them because it exceeds their expectations in such positive ways that they recall it, long after the event occurred. Exceptional BDs are just that – the rare exceptions – even by behaviorally differentiated standards. They generally involve real or apparent deviation from standard procedures, so they can be an outgrowth of operational BDs.

**Exceptional BD has the kind of impact that can cause intense and vocal customer loyalty and turn customers into advocates.**

Exceptional behaviors generally depend on the initiative of individual employees, but companies can encourage and support those initiatives by trusting them to make sensible decisions and giving them latitude and responsibility to exercise their judgment.

#### Exceptional BD Examples.

- Refunding the customers money even though you don't have to.
- Following up to make certain everything went okay.
- Pull some strings for a customer – getting tickets that are hard to come by, helping his child get an inter view, going out of your way to introduce her to some one important.
- Sharing a level of talent or expertise that doesn't pertain directly to your business relationship - such as carpentry, gardening, writing. I once wrote a proposal for a client at no charge and with no strings attached, it helped his firm win a large account. He's hired me to speak at his company's annual meeting every year for the past ten, and recommended my services to countless prospects.
- Helping your customer look good to "higher-ups" in her organization.

### Type #4. Symbolic BD.

This is the most subtle and interesting of the four – and sometimes the hardest to effect. These kinds of behaviors reflect your key product, service or company messages and values. They symbolize what you are offering to provide to your customers or how your customers view themselves. When you create symbolic BD, you are aligning your messages with your behaviors – or your messages with the customer's values and messages. For instance, if you claim in your messages that you do things fast, and fast is a key message of your customer you may have established symbolic alignment.

Symbolic BD is fundamentally about alignment – the internal alignment of your messages with your behavior or the external alignment of your company's behavior with your customers' values, products, or image.

**In the simplest of terms Symbolic BD means walking your talk – behaving in ways that reflect and reinforce your messages.**

Your messages set expectations of what's to come, and your behavior is often the first concrete evidence customers have of whether or not you'll meet the expectations.

Symbolic BD is the most intellectually challenging of the four types because it requires a great deal of thoughtfulness about what messages the company is sending and how to ensure that the company's behaviors matches its messages.

Because they operate on such a broad scale, Symbolic BDs are the most strategic of the four types. They can build trust and credibility very rapidly if customers judge them to be authentic.

#### Symbolic BD Examples.

- You claim to excel at project management – and your presentations begin and end on time. You demonstrate good project management in everything you do with the customer. You never miss deadlines.
- You emphasize the safety of your operations. Every thing on your project sites is safe, and your people emphasize safety in everything they do.
- In your proposals, you claim to be state of the art, you have the latest technology and are aware of how they compare to those of your competitors.
- You profess to have excellent service and you exemplify that claim at every customer touch point.
- You claim to be customer focused so you strive to be

knowledgeable of the customers business and their aspirations within the business.

## Building The Foundation For BD.

Operational Behavioral Differentiation is the key because without it the other forms will not have enough sustained impact to convince customers that your company consistently behaves in ways superior to your competitors. As previously stated, Operational BDs represent the most direct and continued experience customers have with your organization. For that reason alone it should be obvious that it is the foundation for all BDs.

**By differentiating yourself in your standard operating practices, you will create the impression that your organization is more satisfying and attractive to do business with.**

Consequently, your first order of BD business is to operationalize behaviors that distinguish your company, your department, or yourself from its rivals.

Almost without exception, the other three BDs spawn from Operational BDs – they are extraordinary extensions of policy or authorized exceptions that individual employees take to solve a customer's problem or meet a customer's needs.

## A Look In The Mirror.

In this segment of Behavioral Differentiation I have introduced the concept of customer touch points – those moments and events when anyone in your organization interacts or communicates with a customer. I challenge you to identify all the touch points within your organization, assess them for positive and negative BDs. and formulate strategies for improvement.

Now take a look at the operation. Does your organization have any Operational BDs.? Remember these are standard policies, procedures, or practices that positively differentiate you from your competitors. Remember also that they must be sustained and consistent. Where do you have the opportunity to create more and better Operational BDs?

What does your organization do to encourage and support the kinds of Interpersonal BDs that would differentiate you from your competitors? How can you improve the interpersonal behaviors of your staff? What can you do to improve your interpersonal skills?

Does your organization differentiate itself through Exceptional BDs? How can you improve in this area?

What core messages, i.e. Symbolic BDs, do your organization send through your symbols: name, logo, brand, slogans, advertising, brochures, etc.? Are your behaviors congruent with those messages? Do you walk the talk?

## The Next Addition.

The predominant emphasis of our next addition will be the Nine Domains of Differentiation. We will explore how organizations have distinguished themselves in the marketplace. The Nine Domains include...

1. Product / Service Uniqueness
2. Distribution
3. Product Market Segmentation
4. Customer and After-Sales Service
5. Breadth of Offerings
6. Brand
7. Size / Market Dominance
8. Low Price
9. Behavior

## From Me to You



Should you have questions or comments regarding this article, I would be honored to hear from you. You can reach me by email: [peopleworks@aol.com](mailto:peopleworks@aol.com) or by calling my voice mail – 804-379-7939.

Best Regards,

Bob Flynn

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