



# BEHAVIORAL DIFFERENTIATION

VOLUME I, ISSUE 3, MARCH 2005

A great mentor explained it to me years ago. He said, "Always remember, business development behaviors are translated by the client as delivery behaviors."

Any negative business development behavior will be multiplied by ten as a delivery behavior."

Thus, if someone working with a prospective client exhibits poor listening skills, the client will project that observable behavior to be at least ten times worse once they award the business to this person's organization.

From the book – *Behavioral Advantage*

## BEHAVIORAL DIFFERENTIATION Up Close and Personal

We were in the process of upgrading our website and it was my responsibility to make sure it truly was an upgrade. My technical expertise had "improved" from abysmal to far below average. So obviously when it came to understanding how this sort of thing worked, I required lots of help and patience.

We narrowed it down to three web site design firms. All three had good track records and reputations [checked em out myself] so we were convinced up front that all of them could do the work.

Having arrived at that conclusion the next question was...

### Who do we want to work with?

From this vantage point they all looked about the same. Next, I called their offices to arrange a meeting; here's where the differences started showing.

### "We'll Get Right Back to Ya."

Website design firm #1 did not have a live person on the other end of the phone. I remember this quite well because the phone rang about ten times before the voice mail kicked in. The message was reasonably professional and specific. I was advised that everyone was busy at the moment but someone would contact me within twenty-four hours. They returned my call three days later, I wasn't in...

I didn't call back.

### Jim: The "Show-Up and Throw-Up" Sales Guy

Website design firm #2 had a similar message on their voice mail but did call back that same day. The guy that returned my call, Jim, seemed professional and knowledgeable enough so I set up an appointment. When Jim arrived we shared a few pleasantries and then he whipped out his four color brochure and laid the sales pitch on me. I think he must have had some 1975 sales training because all he talked about was his company and their "superior" capabilities. "We can do this and we can do that; we've worked with this company and that company; we're the best, we wrote the book on web site design and maintenance."

And I'm telling you Bill Gates himself wouldn't have understood the myriad of superfluous technical jargon ol' Jim was throwing out!

He sure knew a lot about his company, he didn't seem interested in mine. When his pitch finally reached a merciful conclusion...

I showed him the door.

### Finally Some **POSITIVE** BD!

When I called web site design firm #3, a "live" person answered the phone. After learning the nature of my call, I was smoothly transferred to Mary, a delightfully professional customer services representative who asked me some thought provoking questions about my situation and expectations. Having gained a basic understanding of my goals, she then asked when it would be convenient for us to get together.

Our meeting was collaborative, she asked questions and really listened. The focus was totally on me, my desires and my expected outcomes. Never did she "pitch" her company or capabilities, never did she use jargon that was over my head; she simply asked and listened. By doing so she began to build tremendous trust.

When she did speak she kept the focus on me, the solution to my specific problems and opportunities. By taking this approach she established significant credibility.

Together we developed a preliminary plan. Mary followed up with a proposal that clearly identified my goals and how her firm would go about meeting them.

Mary demonstrated positive Behavioral Differentiation.

Mary got the business.

**Remember...Any negative business development behavior will be multiplied by ten in the hearts and minds of your customers and prospects!**

## A Suggestion

In the February issue of BD we discussed the four types of meaningful Behavioral Differentiation. Prior to learning about the nine domains of differentiation, I suggest you re-read the Feb. addition.

## The Nine Domains of Differentiation

Differentiation is a term loosely used, often misunderstood and habitually oversimplified by many business people, even marketers. This is understandable given the fact that differentiation is difficult to define, achieve and tends to be ephemeral. Even though it is somewhat elusive and hard to categorize differentiation does, however, remain as a very valuable goal because without it you'll leave the differentiating up to the customer who will use PRICE as the predominant, perhaps the only criteria.

Notwithstanding the fact that differentiation can be difficult to achieve, companies have found a number of ways to distinguish themselves in the marketplace. They do it in one or more of the nine domains of differentiation.

### 1. Product Uniqueness

This is the most common form of attempted differentiation. It is based on unique product/service features. This is the most fleeting form of differentiation because it is easiest to copy. Unless your products/services have some form of copyright, trademark, or patent protection or unless the product/service itself is truly uncopyable; the more you attempt to differentiate from this perspective, the more you'll look like a commodity.

### 2. Distribution

Companies like: Amazon, Dell, Mary Kay and Snap-On Tools have chosen to reach their target markets in ways that differentiate them from their rivals who have chosen more traditional marketing channels.

Although each of these companies has been able to differentiate itself through its primary distribution channel, nothing that we know of protects them from competitors who might choose to copy them.

### 3. Product Market Segmentation

Some companies differentiate themselves through product market segmentation – focusing on a narrow niche of a broader market.

A good example is Enterprise Rent-A-Car who chose to focus on a segment ignored by rivals. The major car rental companies have targeted the frequent business travelers. Their target segment is 10% of the population that accounts for over half of the air travel in North America. Enterprise chose to target the remaining segment the 90% of the population that does the other half of the North American air travel.

This can be a VERY FORMIDABLE method of differentiation, but keep in mind...

**Uniqueness does not lead to differentiation unless it is valuable to the buyer. A successful differentiator finds ways of creating value for buyers that yield a price premium in excess of the extra cost. The starting point for understanding what is valuable to the buyer is the buyer's value chain.**

-Michael Porter, *Competitive Advantage: Creating and Sustaining Superior Performance*

## 4. Customer Service /After Sale Service

Companies that differentiate themselves through superior customer service or after-sales-service do so with forms of BD. These types of BD are very effective but very difficult to achieve. Typically they require significant cultural change and total top management involvement, not to mention capital investment.

Nordstrom, Ritz-Carlton, SAS and Southwest Airlines are companies that successfully differentiate through: prompt attention, timely response to questions and complaints, the courtesy and friendliness of the staff and the degree to which they provide expert assistance.

Recently numerous organizations have attempted to "shortcut and fast-cycle" customer intimacy through high-tech systems. It has failed miserably. According to a recent article in the Harvard Business Review, attempting to improve customer service through the implementation of high-tech systems has only served to make customers feel even more distant.

## 5. Breadth of Offerings

Instead of going to a hardware store or lumberyard, a plumbing supply outlet and a paint store, you can get everything you need at Home Depot.

In the engineering and construction industry, breadth of offerings conjures up names like Fluor and Bechtel. Known as EPC firms these companies provide a full range of services: engineering, procurement and construction.

Breadth of offerings offers little in the way of sustainable differentiation unless positive BD is included at the customer touch points. Office Depot is a prime example. Once unique in the category of large office supply retailers, it is now virtually indistinguishable from Office Max and Staples.

## 6. Brand

One of the most powerful forms of differentiation occurs when the product becomes a recognizable and valued brand. Brands are powerful because their recognition is a substitute for trust for many buyers in the market place. For many people, the brand is a sign of stability, quality and confidence.

Brands are perhaps the most prized differentiator. They usually take decades to build and yet they can be eclipsed if aggressive rivals outperform a brand in the hearts and minds of consumers. Remember Sony Betamax? Sony's competitors were not content to allow Sony to dominate the videotape market so they out promoted and outsold Sony with a VHS format, which in fact was of lower quality than the Sony product. The result? Although Sony claims that Betamax still lives, it has in fact died a marketplace death.

## 7. Size / Market Dominance

Companies that dominate markets and can differentiate themselves through sheer muscle often have first-mover advantage as well. As the pioneers in a market or market segment like Microsoft and McDonald's, they typically have a large installed base of their products or numerous facilities in key locations. Customers have become comfortable with their products and may depend on their services. They have strong name recognition, the loyalty of a large segment of customers; and the ability to meet a variety of customer needs. They can do this and do this quite well because of the sheer size, diversity, and expertise of their workforce.

This, of course is huge differentiation and extremely difficult to attain.

## 8. Low Price

Undoubtedly, low price does differentiate. It does not differentiate a company's products, but it does offer a differentiating strategy that, when successful can weaken the market share of less efficient rival companies, it can even drive them from the market.

As Michael Porter notes in his book, *Competitive Strategy*, "Cost leadership requires aggressive construction of efficient-scale facilities, vigorous pursuit of cost reductions from experience, tight cost and overhead control, avoidance of marginal customer accounts, and cost minimization in areas like R&D, service, sales force, advertising, and so on."

Companies attempting to differentiate with a low price strategy are walking a tightrope with no net. Ever heard of Grand Union, Bradlees, Montgomery Ward and Packard Bell computer division?

