
Failure to Differentiate *May Lead to Failure*

in the eyes of the buyer deserve to lose to the lowest price.

The 1990s will be the decade of the head, not the feet in construction. Working smart, not hard will keep construction companies in business. A primary focus for companies wanting to stay in the lead in an increasingly competitive marketplace is differentiation: something which makes a company stand out from the rest of the pack. For instance, how often have you heard:

- We build a quality product.
- We offer excellent service.
- We bring it (the product) in on time/on budget.
- We have qualified people.

Universally, contractors recite these overused, uncreative phrases in promoting their companies. And because these statements are so commonplace, differentiation will be one of the toughest challenges facing the construction industry in this decade.

Understanding Differentiation

Differentiation is a mental game. We are fighting for space, understanding, and acceptance in the mind of the customer. Your company may be highly differentiated through technical expertise, but if the customer doesn't

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understand the why, what, or how, then differentiation disappears.

Differentiation can take on many forms. Strong companies differentiate on as many fronts as possible, reducing the impact when competition

meets or neutralizes a competitive advantage. Low price can be an effective differentiation technique as long as it isn't met by competition. Realities of today's market, however, make this unlikely.

Other possible areas of differentiation include:

--Customer Relationships

Charles S. Goodman once said companies don't sell products or services --they establish relationships. Ongoing surveys indicate that a relationship is one of the most important reasons why a customer chooses to buy from a given company. In fact, *it's more important* than lowest price in most cases. And the stronger the relationship, the greater the potential for customer loyalty. Sales representatives can do more than just take orders. Even a simple thing like taking the customer to lunch (or bringing him into the office) one a month will improve the relationship immensely.

--Product

Products can differentiate a company from competitors, either in their states-of-the-art technology or a perceived quality. The more "bells and whistles," features and benefits a product has, the more likely it will stand out as unique in the mind of the customer. The right mix of products can also give a competitive edge. Promot-

ing a complementary mix of lines offers a better selection to customers, thus making variety the distinguishing feature a company offers. On the other end of the spectrum, having a narrow focus on a specified expertise or product can create differentiation. Choose the parameters for your company's product based on the differentiation you wish to create.

--Communication

From the first time a prospect phones in right through to order-taking, customers need not only to feel as if they are important to your business, they also need to feel special... like someone really cares about who they are. Employees who come in contact with customers should promote the message that they love their jobs, and that their sole purpose for living (at least during working hours) is to help customers.

--Image

A company can portray a multitude of images. But what is important is how the company is actually perceived by the customer. And whether a customer's perception is correct or not, perception is reality. A company can first find out what competitors and customers think of it through market research. If the image is good, plan to enhance it. If, on the other hand, the company image isn't all it's cracked up to be, the company may want to make changes through carefully executed marketing strategies.

--Installation Techniques

A company can distinguish itself from the pack by getting the job done faster, and by doing it right the first time. Differentiate your company by offering zero defects and fewer callbacks. This stand-alone service could be the difference that customer seek.

--Community Involvement

A great way for the company to differentiate itself is for many of the company's management and employees to get involved with community organizations and events. Not only will the company image reflect that it cares about its community and promotes good will, but the community gains support for its organization--a positive win-win situation for both

company and community.

--Service After the Sale

Follow-up after the sale can be critical in getting or losing repeat business. Take a proactive stance on issues like warranty; call customers before the warranty is up, and conduct a final inspection. Reinforce the policy to show that you stand behind your work. And keep in mind that quality during the job makes following up on the warranty less of an issue.

--Delivery to the Job Site

Delivery schedules should be set up to meet the requirements of the customer, not those of the company. Communicate your delivery and then stick to it. Promote reliability. If you are a supplier of building materials and deliver to the job site, what can you do to make it easier for customers? If available and not cost-prohibitive, ask whether specialized equipment will make it easier on the customer.

--Cleanliness of the Job

Cleanliness often translates into performance in the minds of some customers. Attention to detail, right down to cleanliness of the job site, indicates several things: you care about the site; you show respect for the customer; you are concerned with safety on the site (the theory is that a clean site is a safe site); and cleanliness acts as a statement of quality for the company.

--Guarantee

A guarantee can be a distinguishing company feature when it is longer than average, covers more of the product or service or offers special features inherent only to the offering company (replacement, money-back, first follow-up/service call free, etc.) If you build a better product than your competitors, your guarantee may want to cover it. Be up front with customers, take a proactive stance on warranted products and promote inspections for quality control.

Don't Forget The Little Things

Home runs are not always necessary. A customer service oriented corporate culture concentrates upon a combination of well-timed, short-term tactics for making a customer feel special. A company can do things that help their customers' businesses.

--Express concern in your special customers' operations by sending business-related books and highlight a particular chapter which may be of interest.

--Clip newspaper articles on current trends pertinent to a customer's business.

--Keep your company name in front of existing and potential customers with creative "treats": cards tucked inside a box of cookies or a glass container of jellybeans, calendars marked with dates of significance to the customer, birthday cards--or anything that indicates that the company really cares and goes that extra mile.

Differentiation doesn't just happen. It's entirely possible or even probable that the services you offer are very similar to those of your competition. The more similarity, the more likely you'll find competition based

purely on price.

Consumer products companies spend millions of dollars annually looking for the "hook" that will set them aside from the pack. Contractors and construction product manufacturers must focus closely on the process, enlisting help from creative agencies when necessary. Differentiation is an investment in the future. Communicate differences to your employees so they thoroughly understand their company and what it stands for. Uniqueness becomes part of the corporate culture--a state of mind.

Reinforce Differentiation

Marketing and advertising experts estimate it takes six to nine "hits" before a company or product registers with prospective buyers. Uniqueness must be reinforced through direct mail, sales contacts, presentation, advertising, customer events, and public relations throughout the year and beyond. Companies with marketing and sales programs that focus on com-

municating differentiation maintain a competitive edge.

Differentiation Changes Over Time

Uniqueness of the past, such as fast track construction, design-build,

Lack of differentiation is the plague of the contractor, regardless of size and type. Contractors failing to differentiate, in the eyes of the buyer, deserve to lose to the lowest price.

preconstruction services, or self-performance, all ring hollow today. Everybody claims these advantages, even though actual competence in each can vary widely from one firm to an-

other. Some firms actually have an on-staff architect, while others may have ready-access to one. And just as firms vary in configuration, so too do clients' needs. Keep current on what's important to buyers in the changing market, and stay competitive through differentiation with those changes in mind.

The process of differentiating must continue day-to-day, week-to-week, month-to-month, and year-to-year because of the volatile nature of the industry. One way to capitalize on this fact through differentiation is to keep customers apprised of the industry changes important to their business. Remember, this is an ongoing process because all differentiation is neutralized over time.

Select a few of the areas mentioned and put a member of a differentiation team in charge of each: someone in charge of installation, someone else in charge of cleanliness of job sites, and so forth. The differentiating

manager of each category focuses solely on leading the company to the forefront of competition in that segment for three to six months.

Planning and Creativity: Essential for Differentiation

All companies, services, and products can be differentiated from the competition with careful planning and creativity. And marketing is the best chance a company has for differentiation when services and products are essentially similar or, even worse, the same. The more similarity, the more necessary to compete in the critical areas of marketing, sales expertise, relationships, and service.

Market planning

Market planning enables a company to evaluate where it is, what customers think, where it wants to go, how it will be perceived as different, how it is going to get there, and who will make it happen. Promotional tools communicate the differentiated message of "what's in it for me" to the cus-

tomers. Creativity is an absolute must for all promotional programs.

Sales Expertise

Sales expertise can make all the difference at the customer level. True

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sales professionals concentrate on the customer, know how to ask questions and listen. Many salespeople today talk too much. Listening sells. "Sales" people constantly needing the lowest

price are order takers, not sales professionals. Hire for sales expertise, not construction process knowledge, if you want someone to sell.

Relationships

Relationships drive the construction and attentiveness as new prospects. Easier said than done: it takes hard work, creativity, the right sales professional, management commitment, and an ongoing marketing program.

Service

Service is the human element of the construction process. Customer satisfaction is the primary objective of service. Maximize customer satisfaction by achieving service and product superiority which adds value to your customer's project or building. What can your company do that makes life easier for your customer? Do you define service in your terms or those of your customer? Remember, it's often the little things that count. Get creative when it comes to differentiating service.

Establishing A Differentiation Program

People are not born with a working knowledge of marketing, sales expertise, relationships, or service. Educating and training are the most important factors in perpetuating differentiating. Winning companies in and out of the construction industry determine what it takes to be different, better than the competition, and then provide training and education to instill culture and improve upon what already exists. Keep in mind that training needs to be an ongoing process, just as differentiation needs to be updated to reflect changes in the market.

Take responsibility for educating various departments internally so everyone in the company *really knows* what makes the company different

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from competitors. Future generations within the company can continue your marketing program with the proper training.

The education process is also a good source of ideas for differentiation. Set up a cash incentive program for employees who have profitable ideas on what makes the company different. Give the employees a vested interest in the future of the company whenever possible. Surveys indicate that employees who are asked to offer suggestions and participate in the management of those ideas are gen-

erally more satisfied with their jobs than the average "9-to-5" employees who contribute nothing to the company beside their time.

Externally, educate customers as to how you are different from your competitors through marketing. This may be the start of loyalty for newer customers and a renewed awareness of the company for existing customers.

Alternative Resources for Differentiation Ideas

The bottom line is that this decade's successful companies will have to find something which differentiates them from the mass of competitors. If management can't decide on which aspects of the business would differentiate the company from the pack, get ideas from outside the organization. Interview customers to determine what improvements they would like to see.

Consider bringing in a creative person who can interview employees for three or four days to gain objective insight into what differentiates your company. Or, have a third party perform market research: find out what customers and competitors think about your company, why your customers choose to buy from you, and what would make a difference to a potential customer in choosing to buy your products and services. Whatever it takes, companies must find something outstanding they offer which none of their competitors can claim.

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