



# Distinguishing yourself

## Do you know your company's 'true' differentiation?

As a CEO, I met with many strategic suppliers during performance review meetings, contract negotiation meetings and social events. During negotiation meetings, I had one simple question: What makes you unique and why should we buy from you — and not your competitors?

**T**hat was a destabilizing question for many salespeople. They were caught unprepared and could not articulate their true differentiation in a clear fashion.

I got some of the usual answers: “We have been around for 50 years.” “We have had a good relationship with your buyers for more than 10 years.” “Because we provide good value to your business.”

The reality is that many firms do not clearly know their true differentiation. Most of the times, they confuse “true” differentiators to win business, with “must-have” elements to stay in business or “nice-to-have” components to be in business.

### Taking a tried and true idea

The concept of differentiation is not new. Edward Chamberlin originally proposed it in his 1933 Theory of Monopolistic Competition.

His definition is: “In economics and marketing, product differentiation (or simply differentiation) is the process of distinguishing a product or service from others, to make it more attractive to a particular target market. This involves differentiating it from competitors’ products as well as a firm’s own products.”

### Understanding your differentiation

So, differentiation is often the name of the game to win in business, but it is fairly difficult to create, extract, measure and communicate it. In engagements with clients, I coach them through the following process:

- 1. Understand your true differentiation internally.** Hold brainstorming sessions with key employee groups within your organization to identify “nice-to-haves,” “must-haves” and “true” differentiators of your business model. Most often, you will identify only two to three true differentiators.
- 2. Align all internal stakeholders around this understanding.** Identify internal gaps in intended versus perceived differentiation among various employee groups. Create one understanding across the entire organization.
- 3. Validate true differentiation with customers and prospects.** Conduct an internal assessment on how customers perceive you as well as informal customer interviews about the elements of differentiation. You also can do a formal win/loss deal analysis with your prospects and existing accounts for the past year.
- 4. Modulate internal perceptions of differentiation and adjust value communication.** Peter Drucker said, “The customer rarely buys what the business thinks it is selling him.” Aligning internally intended differentiation with externally perceived



differentiation is a must. What really matters is what customers perceive you do well for them, so your value communication plan has to reflect that.

- 5. Train all commercial staff on the perceived dimensions of value and differentiation.** Conduct specific training on your true differentiation so employees can believe in it fully. Have them memorize a value elevator speech that clearly states the most important dimensions of your differentiation. This will boost their value selling capabilities.
- 6. Start over and never accept the status quo.** Value and differentiation perceptions evolve with time. Conduct this process every year. Never get complacent about what you do well. Competitors are watching you.

If you claim to be differentiated versus your competitors, it is essential to understand the nature and degree of your differentiation. It is equally important that you communicate your differentiated customer value proposition to your salespeople. Then they will have a clear answer, the next time a CEO asks, “What makes you special?” ●

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