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Partners in Building Competitive Immunity®

Sustaining Competitive Advantage: What is Your Personal Strategy?

Think about the following assertion within the context of your organization's value offering." *We are the "quality and customer focused...or... content/context expert" purveyor of _____.*" You fill in the blank. Many say that quality and service may no longer be a competitive differentiator. Besides, what two clients ever defined quality and service the same way anyhow? Some believe that quality and service are now simply the price of entry into a market. Progressive organizations and individuals realize that tomorrow's competitive advantages will certainly be different from today's...this is simply the nature of competitive strategy.

Change seems to be the key variable that drives the phenomenon of competitive advantage or disadvantage. Strategists for certain, develop a comfort with change. The pace of change in all of our personal and professional lives is dramatic. SGM Inc. consults within the healthcare arena and the pace of change in healthcare delivery is incredible. We believe that it is even greater than that seen in the high tech marketplace over the past several years. Our observation of this constant white water of change includes two issues that make less strategic folks uneasy. First is the fact that there does not seem to be a positive scenario for what healthcare delivery will look like in the near future and second, there does not seem to be even a brief respite from constant change.

So, in order to remain competitive in your field, do you need to be stealthy, small and nimble? According to Hamel and Prahalad in their book *Competing for the Future*, it is not enough for a company just to get smaller and better and faster. As important as those tasks may be; a company must also be capable of fundamentally reconceiving itself, of regenerating its core strategies, and ... (this one may scare you.) of reinventing its industry. Fear not however; not every "blip" on the radar screen necessitates a full blown strategic inflection point. Just realize that strategists constantly have their finger on the pulse of change in order to take advantage proactively of opportunities that manifest therein.

Now another question to consider. If part of strategy is about "sticking to your knitting" and not trying to be all things to all people, then how can you be flexible enough to proactively change while not abandoning



your competency base while chasing at rainbows? We believe that many individuals and organizations use the flexibility and



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change argument to defend against not making strategic decisions.

So, how comfortable are you in looking at the future and basing strategy off of your assumptions? Remember, your competitive advantage, uniqueness and market leadership today does not necessarily mean that you will hold this leadership in the future.

Consider the following dual questions and challenge yourself to answer both versions.

- ✚ Which customers are we serving today? Which customers will we serve tomorrow?
- ✚ How do we currently reach our customers today? How will we reach our customer tomorrow?
- ✚ Who are our competitors today? Who will be our competitors tomorrow?



- ✚ What is the basis for our competitive advantage today? What will be our competitive advantage in the future?
- ✚ What skills or capabilities make us unique today? What unique skills and capabilities will we have in the future?

- ✚ In what markets do we compete today? Where will we be competing tomorrow?
- ✚ Finally, ask yourself what might you need to do and with what level of urgency to close the gaps that may manifest between your current capabilities and your future assumptions.

Strategists know that there is no such thing as “*maintaining*” a service capability or product leadership. They realize that continued growth relies upon the ability to “reinvent” ones products and services based upon the changing needs of customers. Strategists are always seeking to discover new solutions because they are willing to look far beyond standard methods of conducting business. When was the last time you sat down with your most important client and had discussions about what she believed to be the future paradigm of her organization/market/world? These discussions tease out the raw material for your customer’s long term vision. Help them achieve their vision and you will become an invaluable strategic partner.

Here are some observations of people and organizations that are likely to thrive in a rapidly changing and competitive environment:

- ✚ Strategists are looking for new competitive space to stake out. He or she believes that creating the future is more challenging than playing catch-up.



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- ✚ Strategists realize that imitating competitive methods is not going to create competitive advantage. They do not go into a customer meeting thinking that they have all of the answers and it just depends upon their ability to ask the right questions.
- ✚ Strategists are looking to develop a unique and independent point of view about tomorrow's opportunities and how to position their products to meet those opportunities.
- ✚ Strategists understand that it may be necessary to unlearn some of the old habits that got them where they are today. They recognize that it is not enough to position one's products and services within today's markets. The challenge comes from looking through uncertainty and developing great foresight into the whereabouts of tomorrow's markets.

So, what might you focus on as you challenge your assumptions about your strategic advantage and uniqueness?

Benchmarking is not the answer to improved competitive performance. Benchmarking against your competitors is not conducive to successful strategic processes. Benchmarking leads to sameness and offers very little competitive advantage. Strategists are always looking for creative ways to position products and services that are unique. This is tough to do, but very valuable in terms of outcome.

Remember, strategists understand that they must both create and deliver products/services that are of greater value to their customers, or be able to deliver products that are cheaper. George Day's comment is essential here: ***"The essence of strategy is a positioning statement that sets you, your product or service apart from competitors in ways that are important to the target customer"***. If a customer says that your fee schedule is out of line, they are telling us that they see no advantage in doing business versus a lower priced competitor. In essence, they see us as undifferentiated from our competition. Price is indeed a strategy and the worst possible one when it comes to sustainability and profitability.

As Harvard Strategist Michael Porter says:



"Strategic positioning means performing different activities from rivals' or performing similar activities in different ways."

This requires understanding of the "terrain," and a commitment to innovation. We don't necessarily need to invent something different, just consider how we can help our customers to address their critical success factors with what we currently have in terms of resources, products and services.



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Being strategic may mean that we need to take a close look at how we manage the business and lead or interact with peers. It may mean that we have to reconsider all aspects of our associations with the marketplace. The old ways of doing business may not be sufficient to create competitive advantage anymore.

Consensus building is nice, but it can also negatively impact innovation. Usually the issues of tradeoffs, ownership of risk as well as innovation seem to get blunted, minimized or thwarted if we wait too long for consensus... thus another reason why strategy can become difficult. As high risk entrepreneurs in this office complex, many of us cannot afford the delays and competitive disadvantage manifest in consensus. Perhaps that is why many of us left larger firms.

There is a place for consensus building but not at the sacrifice of innovation and creativity. Intel had to literally walk away from the memory chip business...the very line of business for which the organization was inceptioned to prevail. The tough paradigm shift and painful tradeoffs yielded the premier maker of microprocessors.

Porter again makes a key point for strategists: *“Continuous improvement has been etched on our brains. But its tools unwittingly draw companies toward imitation and homogeneity. Gradually, managers have let operational effectiveness supplant strategy. The result is zero-sum competition, static or declining prices, and pressures on costs that compromise*

companies’ ability to invest in the business for the long term...Competitive strategy is about being different. It means deliberately choosing a different set of activities to deliver a unique mix of value.” What will we offer to our customers that will differentiate us from our competitors?

Strategy requires us to either perform activities differently from our competitors or to choose activities that our competitors are not performing. To do this successfully and without burning resources, one needs to understand the three most vital prerequisites to strategy: Know yourself; Know the other; Know the terrain.

Strategic positions are not easy to find. They require research, insight, and, in many instances, intuition based upon knowledge. But we do know that strategic positions begin to open up in times of significant change

Finally, remember that strategy is also about making tradeoffs. As a strategist, one must be willing to decide what is “on” or “off” strategy. Focus on those actions that support your strategy and forget those things that are not supportive.

*SGM is a Training and Consulting collaborative that **understands the healthcare marketplace and knows the power of Strategy.***

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