

Want to Increase Competitive Advantage? It's a Question of Balance!

Jonathan Narducci
Narducci Enterprises

The big question of the decade seems to be “How can we increase our Competitive Advantage?” We all know our competitive advantages or, at least, we know what they look like. For example, having a Sales Force that is capable of identifying Partnership opportunities, a unique implementation of technology, or a Value Added Customer Service organization are all examples of Competitive Advantage (CA). But in order to increase CA, we need to understand the enterprise wide "performance elements" that allow us to create CA! Once we understand what these elements are, we can then measure them because in order to “increase” something we have to measure it.

First, let's agree to the following: Competitive Advantage is the result of fully **understanding** our customer's business objectives and the **delivery effectiveness** with which we offer them a product or service to assist in meeting those objectives. It's that simple! If we consistently do this better than any of our competitors then we have Market Leadership.

Now, let's explore what performance elements define **understanding** and **delivery effectiveness**.

Understanding our Customer, or Product Definition, is comprised of the following set of elements:

- **Objectives/Wants** customers have in filling their needs/demands and solving problems.
- **Risk** customers take in meeting those objectives, especially risks they take in purchasing products and services.
- **Constraints** customers have in meeting those objectives, especially constraints they encounter in purchasing products and services.

Delivery Effectiveness is defined in terms of two other major performance areas: **Implementation Effectiveness** and **Management Control Effectiveness** both addressing the development and implementation of product and services.

Implementation Effectiveness is defined in terms of three elements:

- **Skills**, performing product development and implementation activities right.
- **Process**, doing the right product development and implementation activities at the right time.
- **Tools and Infrastructure**, the efficient implementation of skills and processes.

Management Control Effectiveness is also defined in terms of three elements:

- **Resources**, that is people, funds, and other infrastructure items needed to develop and implement the product.
- **Deliverables**, the different product parts and their quality characteristics, such as Sales Service, Customer Service, documentation, marketing materials, implementation program, etc.
- **Time**, how long it takes to develop, implement and deliver the product.

Taken together, these performance elements truly define our ability to increase CA! How well each performance element is understood and measurable (as a set and individually) will help determine the “amount” of value we can potentially deliver, thus determining our ability to increase CA. This understanding and measurement requires criteria that fully describe each element. For example, **Objectives/Wants** is characterized by how well we: 1) segment our customers into well defined groups, 2) understand our customer's future needs, and 3) evaluate product ownership costs, just to name a few. **Skills** are described by, for example, our: 1) operational evaluation abilities, 2) ability to innovate, and 3) project management skills. Each performance element should be described similarly.

Once we have evaluated our performance elements against this criterion, we will then know *where* we can improve our performance to add value to our customers. This is what CA is really made of, value to our customers.

So, why is it a "Question of Balance?" Even though we may be able to measure each performance element to help us decide where to improve CA, we still need to balance each element against the others! If we decide to improve our CA by developing a new customer initiative, we still need the skills and resources to implement it. We can't just assume they are available within our existing set. That's what's good about this measurement process; it keeps us focused on **all** the performance elements!

Where is all of this leading? To a powerful, customer focused process that combines the performance elements, their evaluation criteria, measurement, and balance attributes with a strategy development method that enables our companies to increase Competitive Advantage! A process that uses terms that we all utilize in managing our businesses. A process that uses evaluation criteria that drives the creative, "out of the box" thinking required to develop unique product and service offerings for Market Leadership! Remember, different results demand different action!

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