

Every Business Has To Do Something Better

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Competitive advantage seems to be such an abstract idea to many small business managers and Entrepreneurs, yet it is the most important success and profit factor in business... it's what makes great businesses great. No business can survive long without it, much less prosper.

So what is this mysterious thing? Simply put, your business or organization's competitive advantage, or competitive edge, is the reason customers do business with you instead of your competition. It's the boiled-down most important things that set you apart from all others. It's what you do better than everyone else.

Every business has to do something better, at least it has to be perceived as better, than everyone else, or the business isn't needed. The advantage must be sustainable over time to remain an advantage, or new advantages must be developed all the time. In today's increasingly faster changing world, continuous development is the logical practice since there are no truly sustainable competitive advantages.

These advantages are also relative, not absolute. In other words, customers are concerned with how you compare to others. You may not have spectacular service, but if your competition has horrible service, then you have an advantage in your customer's opinion.

Areas where advantages are created also change over time. At one time, watch companies competed over which kept the most accurate time. Today, a \$3.00 watch will keep time just as accurately as a \$5000 watch... maybe better, since most of us would be too afraid to wear the \$5000 one anyway.

Formulating and developing new competitive advantages, and milking them for all they're worth, is something all great managers do. The world is continuously improving, and so is the competition. To remain profitable, customers must be regularly given new reasons to do business with you. You can bet that each and every one of your competitors is continuously giving each and every one of your customers reasons to do business with them.

Some obvious everyday examples of competitive advantages in action are Wal Mart's economy of scale, Coca Cola's name recognition, and Amazon.com's business model. A wonderful local example is Porter's Cleaners customer service. All of these companies have numerous other competitive advantages; these are just great publicly obvious examples.

Competitive advantages can be developed in the products or services sold by the company as well as in the company's business model, strategy, marketing, pricing, location, image, personnel, distribution, quality, etc., etc. An advantage can come from just about anywhere in a company; even something as simple as the way the phone is answered.

How many of us hate those automated answering services and are overjoyed when a human being actually answers the phone? Competitive Advantage! So, if you start answering the phones and customers are overjoyed and begin flocking in to do business, what do you think will happen? Your competitors will soon find out and start answering their phones better than you.

As a great manager, what do you do? Continue to develop more and better competitive advantages... it's a never ending process.