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Advice Library: practical tips from the experts

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### Survival Strategies: On Competitive Advantage

# New times need new plans: Protect profit, and grow, too

Kansas City Business Journal - by [Sean Stormes](#)

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Welcome to "On Competitive Advantage," where we're driving the profitable revenue growth discussion to a new level — beyond training (though we'll occasionally touch on that), beyond chasing best practices, beyond back to the basics.

To begin, let's hop into the Wayback Machine. We had a saying in the early '80s while slogging through that recession: "You can't expense your way to profitability. You must grow to survive." That message is even more applicable today, yet many companies are focusing only on the expense portion of the P&L, risking their very existence.

The current economy is a completely different animal than anything this generation has encountered. Pursuing others' best practices could stifle innovation (ask [Blockbuster](#) about [Netflix](#)) and blind you to conversing frequently with customers to better understand their problems.

When layoffs occur and other expenses are reduced, morale can tank, and stress, worry and frustration are elevated. Everyone is trying to do more with less, and the customer feels the result of this adverse perfect storm.

There's no denying that hard decisions must be made during a recession. But to not devote as much time to executing a viable growth strategy is irresponsible. Top management must give hope to everyone else who is left. More important, they must ensure the viability of the enterprise.

But how? Surprise: Your salespeople are not the primary problem. Instead, focus higher up the strategic chain. Management owns the systems and processes that employees work within.

Therefore, it is the C level's job to "put people in a position to win."

Here are key strategies designed to do exactly that, simultaneously achieving profitable growth:

Create real competitive advantage. Can you say iPod, [Oracle](#) or Salesforce.com?

#### SALES & MARKETING POLL

Have you gained a new customer via social media?

- Yes, Facebook et al connect me to real prospects
- I'm trying, but I'm not really sure it works
- This social stuff is a waste of time
- What is social media?

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Un-evening the playing field to achieve true marketplace distinction is not wishful thinking. The question isn't whether you're doing well. The question is: "Are you vulnerable?"

Attack the most fertile sales ground: The 80-20 rule applies, so focus on increasing repeat business from customers who love you. Existing customers are five times more profitable than attracting new ones. Penetrate deeper and wider. Additionally, advance the hottest leads in the pipeline because securing low-hanging fruit improves sales conversion ratios the fastest.

Turbo-charge your marketing. You're in a market share fight — so fight. Realize that it's an all-out donnybrook now because the pie is smaller. Smaller pond, hungrier fish. How will you eat? We're not talking about advertising — we're talking marketing. Ways to increase sales opportunity:

- **Target marketing:** Get closer to your most valued customers because your competition is pursuing them, hard. Focus on and promote the most profitable products and verticals.
- **E-marketing:** Leverage the Internet — it's inexpensive and a great vehicle to connect, get closer, drive leads and reinforce brand and competitive advantage. Create an impressive Web presence and e-mail campaign, striving to educate. People now rely on the Web to perform their research before buying.
- **Fusion marketing:** Form strategic business alliances with companies that complement your offering and are already engaged with your prospects.
- **Referral marketing:** After you've said "Thank you" for the 10th time, and your product has delivered its promises, ask for referrals, which convert at a rate seven times higher than cold calls.
- **Be the vulture.** Some competitors are in trouble or may have closed the doors. Give their customers the confidence that you're here to stay and that you can service their needs. Also, displaced salespeople — with a plethora of valuable knowledge and minimal associated training costs — may bring a ready-made group of accounts.

Elevate your customer experience to remarkable and memorable. Fight the urge to overreact when slashing costs. Resist dropping services that customers like and competitors don't offer. The emotion-driven buying process is at peak level as anxiety — perceived or real — drives buying decisions. Give them confidence.

Ensure the relevancy of your value proposition. Value proposition is not the same as competitive advantage. Value prop is a suggested solution that should be loaded with benefits that translate into improved profitability. Customers are thinking differently right now, juggling different challenges. Your solutions may need calibrating.

- Can you teach them how to use your product or service more effectively, to their benefit?
- Can you get involved earlier in customers' project cycle, helping problem-solve through inevitable challenges?

Revisit your customer's buying process. This process probably has been altered, but change brings opportunity. Understanding your customers' new buying criteria provides insight into their decision-making process — necessary for making sales.

Consider the determined housefly, repeatedly slamming into a window, trying to gain its freedom. It can see its goal but cannot figure out how to attain it. It just keeps executing the basics and best practices flawlessly. Eventually, the fly tires — resources depleted — and it falters, then dies. Had the fly simply pivoted, it may have seen an open door, an unobstructed path to the freedom it eagerly sought.

The same is true for your business. Every market and every circumstance present opportunities. You must make time to work ON your business in addition to working in it.

Growth opportunities abound. Turn around, and look in all directions. The revenue you covet may be there.

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**Sam Meers** May 8, 2009 1:25PM EST

Well put, Sean. In the rush to achieve sales, senior management often overlooks the fact that they have not paved the way for the sales force. It's not just about getting leads, it's about earning the right to tell your sales story. Excellent insights.

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