

Creating a Competitive Distinction

UID Course Number 006

Most distributors carry and compete on the same products as their competitors. There are a few distributors that have some protected lines, but otherwise there is little or no product differentiation. Even many manufacturers have similar products that can be substituted for another manufacturer's products in many cases.

This lack of distinction can carry over into the area of services as well because everyone claims to be able to do what everyone else can do: location trailers, vendor managed inventory, technical support, etc.

So how does a company create a competitive distinction? Obviously, a lower price can create some form of competitive distinction, but how do companies that truly provide exceptional value-added services create a distinction? Or for products that have a much better fit to function?

The answer is "solution selling."

Customers often treat products as commodities, and you buy commodities on price. Customers can also fail to see any significant differentiation between the suppliers from whom they buy. But not all suppliers and the products they sell are created equal. But you have to get the customer to see the distinction in order to sell that distinction.

This is where solution selling comes into play. It starts with the customer's need. Beyond just getting the product to run their plant or be utilized in production, what need could your products and services impact if you provided a better fit to function product or service? Or offered these solutions even if the customer was not asking for it?

Needs can be categorized into four different impact points:

1. Objectives: What are the organizational or departmental goals? How can you help your customer achieve these goals?
2. Total Cost: What products or services can you provide that reduces the customer's total operating cost (even if they have to pay more)?
3. Performance: Poor performing products/services create delays, problems and frustrations. What can you do to eliminate these issues that occur because of other suppliers?
4. Risks: Are the potential disasters that can create significant problems for your customers, what can you do to help minimize these disasters from occurring?

The question now becomes how do your products and services help to satisfy these needs beyond simply providing a product? This is where your solutions come into the selling process. You are now going beyond selling products and into building a relationship based on what you can provide above and beyond the immediate product need.

But in order to sell the solution, you have to go to the person who cares about it. Who is responsible for the need you are impacting and how do you get them to see the benefits of working with you to meet

the need? Once you have identified potential solutions you have to present the results (impact on your customer) if a given solution is implemented. This selling process is depicted below:



The results are how you impact the four areas discussed above: Objectives, Total Cost, Performance and Risks. Note: in this class we will not go into measuring Total Cost. Measuring Total Cost or Value Added is covered in the UID course 021 Proving Total Cost Savings. In this class we focus on the selling of solutions. However, we will cover identifying how you impact the four areas including what cost drivers you might impact with any given solution.

Showing or discussing the results needs to start immediately after you propose a solution. This can help to minimize objections while building buy-in for the solution. Then you discuss your strengths: why you can do this better than anyone else. What do you bring to the relationship that helps to ensure success?

Every service and many products that you provide your customers have the potential to solve a need or eliminate a problem. In many cases the customer is just living with a problem because they do not realize a solution exists. Creating a competitive distinction is about becoming the “go to supplier” based on your ability to make your customer more successful. It builds the relationship and makes it difficult for them to go with another supplier because they need your ability to help them succeed.

It is makes you the supplier of choice.