

DECIDE ONE THING

Every company competes.

But winners win because they have a Differentiating Competitive Advantage (DCA).

Whenever I meet someone, I always ask the same question.

How do you differentiate your company?

In most cases, they struggle to give an answer that is clear, compelling, and truly differentiating.

Interestingly, when we ask a group of leaders from the same company that question, the answers are frequently all over the map.

How can you win if everyone has a different opinion about your core differentiation?

Since publishing *Decide One Thing*, the SHIFTPOINTS team has been working to develop a tool to help clients identify their Differentiating Competitive Advantage.

SHIFTPOINTS invested three years of research, which resulted in a taxonomy of 40 ways to differentiate, complete with examples of companies who use that method.

The WINventory will help you assess the viability of each of these 40 ways. (NOTE: For this free download version, we have simplified the choices. The actual WINventory is an online experience that uses a five-part scale.)

Your DCA may come from one of these ways or from a unique, one-of-a-kind blend of several of them.

Our goal is to develop one overall position that both unifies and differentiates your company.

Full speed ahead



PS: The Decide One Thing® process is a major component of our Pit Stop Program®. If you are looking to sharpen your differentiation and accelerate your growth, consider scheduling one for your company.



THE WINVENTORY™

OPTION ONE

We always start by suggesting that clients use *price* as their Differentiating Competitive Advantage.

That's why we call it Option One.

The low price strategy is *always* a viable option.

Interestingly, many companies are quick to dismiss the low price option, “We don’t want to compete on price.”

To which we reply, “Why not?”

In every market, there are customers whose dominant buying motive is price. Above all, these customers want to save money, and are willing to sacrifice other things, such as convenience, features, or even quality, to do so.

As a result, in every market there is a company who leverages the low price strategy to create a Differentiating Competitive Advantage.

Maybe it should be you.

| # | Dimension | Neutral | Agree | Strongly Agree |
|---|--|---------|-------|----------------|
| 1 | <p>The Lowest Prices We should create a Differentiating Competitive Advantage by being cheaper than everyone else. Our motto should be, “we will not be undersold.” Cost management should be our number one priority.</p> <p>Examples: Walmart, Geico, Lumber Liquidators, Vanguard</p> | | | |

OPTIONS 2 – 40

If you are not going to win by being cheaper, you must find a way to be better.

How much better?

Better enough to justify the price premium. So, if you are 20 percent more expensive than the lowest price alternative, you have to deliver at least 20 percent more value.

How are you going to do that? The next 39 questions explore the alternatives.

To be competitive, you have to be very good at a lot of things.

To create a Differentiating Competitive Advantage, you will have to become differentiatingly great at (at least) one of them.

Becoming differentiatingly great will require intense focus, intense effort, and a reallocation of resources.



Every company targets customers.

Some have used their unique targeting strategy to create a Differentiating Competitive Advantage.

Consider the following potential sources and select the one that is applicable to your company:

| # | Dimension | Neutral | Agree | Strongly Agree |
|---|---|---------|-------|----------------|
| 2 | <p>Customer Focus We should create a Differentiating Competitive Advantage by focusing on just one type of customer. This will allow us to know and serve that segment better than our more diffused competitors.</p> <p>Examples: USAA (military), SiteOrganic (churches), Curves (women), AARP (50+), Univision (Spanish)</p> | | | |
| 3 | <p>One-Of-A-Kind Target Market We should create a Differentiating Competitive Advantage by developing a unique, one-of-a-kind target market. (Perhaps serving two markets that no other competitor serves). This will allow us to create a “1+1=3” synergy.</p> <p>Example: NeoSystems (Government Contractors and Non Profits)</p> | | | |
| 4 | <p>Customer Breadth We should create a Differentiating Competitive Advantage by serving a broader range of customer segments than our competitors. This will allow us to create economies of scale and cross-segment synergies.</p> <p>Example: Microsoft</p> | | | |

Every company has a product strategy. (We use “products” to mean both products and services.)

Some have used their product strategy to create a Differentiating Competitive Advantage.

Consider the following potential sources and select the one that is applicable to your company:

| # | Dimension | Neutral | Agree | Strongly Agree |
|---|--|---------|-------|----------------|
| 5 | <p>Product/Service Depth We should create a Differentiating Competitive Advantage by intensely focusing on just one product category. Our narrow product specialization will give us a competitive edge.</p> <p>Examples: Just Tires, Euro Motorcars (just Mercedes)</p> | | | |
| 6 | <p>One-Of-A-Kind Portfolio We should create a Differentiating Competitive Advantage by offering a unique, one-of-a-kind portfolio. This will allow us to bundle our products/services in a unique, one-of-a-kind way. Product integration should be our number one priority.</p> <p>Example: NeoSystems</p> | | | |
| 7 | <p>Product/Service Breadth We should create a Differentiating Competitive Advantage by offering the broadest range of products/services in our industry. This will allow us to be the “one stop shop.” Product line expansion should be our number one priority.</p> <p>Examples: Amazon, Cisco, Marriott, eBay, The Heritage Foundation</p> | | | |



| 8 | <p>Product/Service Performance We should create a Differentiating Competitive Advantage by setting the industry benchmark for performance. Developing the highest performing products and services should be our number one priority.</p> <p>Examples: BMW (The Ultimate Driving Machine), Viking, SONOS</p> | | | |
|---|--|---------|-------|----------------|
| 9 | <p>Product/Service Quality We should create a Differentiating Competitive Advantage by setting the industry benchmark for quality. Quality management should be our number one priority.</p> <p>Examples: Lexus (The Relentless Pursuit of Perfection), Toyota</p> | | | |
| 10 | <p>Product/Service Design We should create a Differentiating Competitive Advantage by setting the industry benchmark for design. Design should be our number one priority.</p> <p>Examples: Dyson, Ferrari</p> | | | |
| 11 | <p>Some Other Superlative(s) We should create a Differentiating Competitive Advantage by setting the industry benchmark for some other product superlative. (The loudest, quietest, biggest, smallest, etc.)</p> <p>Examples: ATT (More bars in more places), Red Bull (Extreme), Loudmouth Golf Pants (Wildest)</p> | | | |
| 12 | <p>New Product/Service Category Creation We should create a Differentiating Competitive Advantage by being disruptive innovators, creating and dominating new product categories. Disruptive innovation should be our number one priority.</p> <p>Examples: Uber, Under Armour, Chipotle, Red Bull</p> | | | |
| <p>Every company has a geographic footprint.</p> <p><i>Some have used their footprint to create a Differentiating Competitive Advantage.</i></p> <p>Consider the following potential sources and select the one that is applicable to your company:</p> | | | | |
| # | Dimension | Neutral | Agree | Strongly Agree |
| 13 | <p>Local Focus We should create a Differentiating Competitive Advantage by intensely focusing on just one geographic area. This will allow us to serve our local market better than our more distributed competitors.</p> <p>Examples: Katie's (a coffee shop with one location)</p> | | | |
| 14 | <p>One-Of-A-Kind Footprint We should create a Differentiating Competitive Advantage by developing a unique, one-of-a-kind geographic footprint. This will allow us serve a unique customer base.</p> <p>Examples: Edward Jones (brokerage focused on small towns)</p> | | | |
| 15 | <p>Global Breadth We should create a Differentiating Competitive Advantage by going global. This will allow us to become the most geographically diverse / global competitor in our industry. Globalization should be our number one priority.</p> <p>Examples: Starbucks, Visa (We're everywhere you want to be.)</p> | | | |



Every company has a pricing strategy.

Some have turned their pricing strategy into a Differentiating Competitive Advantage.

Consider the following potential sources and select the one that is applicable to your company:

| # | Dimension | Neutral | Agree | Strongly Agree |
|----|---|---------|-------|----------------|
| 16 | <p>The Best Value We should create a Differentiating Competitive Advantage by delivering the best value for the money. We will not be the cheapest, but we will deliver the best value.</p> <p>Examples: Target, Jos A. Bank, Ikea</p> | | | |
| 17 | <p>One-Of-A-Kind Pricing Model We should create a Differentiating Competitive Advantage by developing a unique, one-of-a-kind pricing model. This will allow us to price our solution in unique ways that our competitors don't offer.</p> <p>Examples: Southwest Airlines (bags fly free), Sandals Resorts (all-inclusive), LinkedIn (freemium), NetJets (fractional ownership), Dollar Shave Club, Solar City</p> | | | |
| 18 | <p>Premium We should create a Differentiating Competitive Advantage by moving up-market and charging <i>more</i> than everyone else. This will allow us to compete in segments that are less price sensitive and less crowded.</p> <p>Examples: Rolex, Ritz Carlton, Rolls Royce, Jimmy Choo</p> | | | |

Every company recruits, develops, deploys, and rewards people.

Some are so great at it that it creates a Differentiating Competitive Advantage.

Consider the following potential sources and select those that are applicable to your company:

| # | Dimension | Neutral | Agree | Strongly Agree |
|----|---|---------|-------|----------------|
| 19 | <p>All-Star People We should create a Differentiating Competitive Advantage by recruiting, developing, and engaging the very best team in our industry. Building a team of all-stars should be our number one priority.</p> <p>Examples: McKinsey, Navy Seals</p> | | | |
| 20 | <p>Expertise We should create a Differentiating Competitive Advantage by developing a deep and unique subject-matter expertise that our competitors' people don't have. Developing expertise should be our number one priority.</p> <p>Examples: H&R Block (Taxes), Finnegan (IP Law)</p> | | | |
| 21 | <p>Human Capital Management We should create a Differentiating Competitive Advantage by developing world-class human capital management systems and procedures. Human capital management should be our number one priority.</p> <p>Examples: Southwest Airlines, Bank of America, Costco, The Container Store</p> | | | |



Every company does marketing and sales.

Some are so great at them that it creates a Differentiating Competitive Advantage.

Consider the following potential sources and select those that are applicable to your company:

| # | Dimension | Neutral | Agree | Strongly Agree |
|----|--|---------|-------|----------------|
| 22 | <p>Brand Identity We should create a Differentiating Competitive Advantage by building market-leading brand awareness, preference, and loyalty. Brand building should be our number one priority.</p> <p>Examples: Virgin, Harley Davidson, Kind bars, GoPro</p> | | | |
| 23 | <p>Marketing We should create a Differentiating Competitive Advantage by becoming the best marketers in our industry. Marketing should be our number one priority.</p> <p>Examples: Procter and Gamble, Nike</p> | | | |
| 24 | <p>Sales Channel We should create a Differentiating Competitive Advantage by building the very best sales channel in our industry. Sales should be our number one priority.</p> <p>Example: Salesforce</p> | | | |

Every company interacts with customers.

Some do it in such an amazing way that it creates a Differentiating Competitive Advantage.

Consider the following potential sources and select those that are applicable to your company:

| # | Dimension | Neutral | Agree | Strongly Agree |
|----|--|---------|-------|----------------|
| 25 | <p>Customer Relationships We should create a Differentiating Competitive Advantage by developing the deepest and most intimate relationships with our customers. Customer intimacy should be our number one priority.</p> <p>Examples: Salesforce, REI, The Trunk Club</p> | | | |
| 26 | <p>Customer Experience We should create a Differentiating Competitive Advantage by developing and consistently delivering a unique experience that makes customers say, "WOW!" Customer experience management should be our number one priority.</p> <p>Examples: Disney, The Ritz Carlton, Sivercar (Car Rental), Nordstrom</p> | | | |
| 27 | <p>Customer Service We should create a Differentiating Competitive Advantage by going the extra mile to answer every customer inquiry and solve every customer problem. Customer service should be our number one priority.</p> <p>Examples: Zappos, TD Bank</p> | | | |
| 28 | <p>Promise / Guarantee We should create a Differentiating Competitive Advantage by developing a "satisfaction guaranteed" policy that none of our competitors offer.</p> <p>Examples: L.L.Bean, Top Gun Ventures, Hampton Inn, Craftsman tools</p> | | | |

Every company has assets.

Some leverage their assets with excellence to create a Differentiating Competitive Advantage.

Consider the following potential sources and select those that are applicable to your company:

| # | Dimension | Neutral | Agree | Strongly Agree |
|----|---|---------|-------|----------------|
| 29 | <p>Physical Assets We should create a Differentiating Competitive Advantage by acquiring and leveraging unique assets that none of our competitors have. Asset management should be our number one priority.</p> <p>Example: Trump Golf</p> | | | |
| 30 | <p>Financial Assets We should create a Differentiating Competitive Advantage by developing world-class financial management. Financial management should be our number one priority.</p> <p>Example: Berkshire Hathaway</p> | | | |

Every company has capabilities.

Some have turned their unique capabilities into a Differentiating Competitive Advantage.

Consider the following potential sources and select those that are applicable to your company:

| # | Dimension | Neutral | Agree | Strongly Agree |
|----|---|---------|-------|----------------|
| 31 | <p>Deal-Making We should create a Differentiating Competitive Advantage by developing our ability to acquire and integrate companies. Mergers and acquisitions should be our number one priority.</p> <p>Examples: Oracle (56 acquisitions since 2008), Cisco, Pearson Education</p> | | | |
| 32 | <p>Manufacturing We should create a Differentiating Competitive Advantage by developing world-class manufacturing capabilities. Manufacturing should be our number one priority.</p> <p>Examples: Toyota, Nucor (steel)</p> | | | |
| 33 | <p>Processes We should create a Differentiating Competitive Advantage by developing and optimizing unique processes that none of our competitors use. Process optimization should be our number one priority.</p> <p>Example: McDonalds</p> | | | |
| 34 | <p>Speed and Agility We should create a Differentiating Competitive Advantage by being faster than everyone else. We should simply out hustle our bigger and slower competitors. Hustle should be our number one priority.</p> <p>Examples: Trip Advisor, Bognet Construction, The Oregon Ducks</p> | | | |



| 35 | <p>Operations We should create a Differentiating Competitive Advantage by developing world-class operational capabilities. Operations management should be our number one priority.</p> <p>Examples: UPS, Cemex (cement), Danaher (industrials)</p> | | | |
|---|---|---------|-------|----------------|
| 36 | <p>Technology We should create a Differentiating Competitive Advantage by developing unique technology that none of our competitors have. Technology should be our number one priority.</p> <p>Examples: Tesla Motors, Bose, Medtronic</p> | | | |
| 37 | <p>Partner Ecosystem/Supply Chain We should create a Differentiating Competitive Advantage by building the most powerful and unique network of strategic partners, vendors, and suppliers in our industry. Partner development should be our number one priority.</p> <p>Example: Apple App Store</p> | | | |
| <p>Every company has a DNA.</p> <p><i>But some have turned their unique DNA into a Differentiating Competitive Advantage.</i></p> <p>Consider the following potential sources and select those that are applicable to your company:</p> | | | | |
| # | Dimension | Neutral | Agree | Strongly Agree |
| 38 | <p>Values We should create a Differentiating Competitive Advantage by developing values that customers really resonate with. We will win because we courageously stand for something important.</p> <p>Examples: Hobby Lobby, Tom's Shoes, Chick-fil-A, Honest Tea</p> | | | |
| 39 | <p>Culture We should create a Differentiating Competitive Advantage by creating a unique culture. (Culture is a combination of many factors and has be defined as "the force that determines how people behave when no one is looking.")</p> <p>Examples: Southwest Airlines, Group W, Motley Fool, Pixar</p> | | | |
| 40 | <p>Wacky One-Of-A-Kind Way We operate in a unique, one-of-a-kind way. It might be kind of wacky, but customers choose us because of it. We can turn it into a competitive advantage.</p> <p>Examples: Ben and Jerry's, Cirque du Soleil, Mini</p> | | | |



SUMMARY

We explored 40 sources of competitive advantage, but perhaps you have another idea ... share it here:

SUMMARIZE THE ASSESSMENT BY LISTING ALL OF THE ITEMS THAT YOU ANSWERED "STRONGLY AGREE":

- ⓪
- ⓪
- ⓪
- ⓪
- ⓪
- ⓪
- ⓪



As a way to test your answer, see if you can complete these three sentences:

- ⓪ We have lots of competitors, but we are the only one that _____.
- ⓪ We are good at lots of things, but we are differentiatingly great at _____.
- ⓪ We have lots of priorities, but our number one priority is _____.

In the Decide One Thing process, we explore these potential sources in detail.

Your DCA might come from One of these, or from a unique One-Of-A-Kind blend of several of them.

Thank you for completing this special free download edition of The **SHIFTPOINTS** WINventory.

If you struggled to define a clear, compelling Differentiating Competitive Advantage (DCA), contact us at start@SHIFTPOINTS.com.

