

Competing During Rough Times

I somehow doubt that making the observation that competing is becoming more and more difficult will land me on the short list for any positions that may be opening up at Harvard Business School. Maybe they're called observations because they're so obvious. But what may not be as obvious is how we approach the challenges we face due to increased, more sophisticated competition.

The level of competition is increasing because improvements in processes and logistics are opening up broader geographical areas to manufacturers around the world. Add to this development the relaxed loyalties consumers now show toward once mighty brands, and just about any market is up for grabs. Now compound this with a lagging economy and the notion that an organized approach and well defined strategy are needed become, well, obvious.

So how does a company insure high performance, create a competitive edge, and remain profitable during rough economic times? Tudog has some ideas:

Stick With Your Strengths

Too often during rough times we begin to seek alternatives sources of revenue in order to supplement the declining income we are experiencing from our core products or services. This is a competitive error. You are successful in what you do because you are good at it. Add another product or service you may not be as good at and not only will you be offering an inferior level of quality, but you'll be diminishing your core product. This could take the form of a genuine decline in quality or a perceived decline, as your consumers come to view your original product the way they now view your attempt at brand or line extension. Either way, your lack of focus will provide an opportunity for your competitor to creep in and claim ownership of whatever market you abandoned by spreading yourself too thin.

Maintain Clear Points of Difference

Winning in a competitive environment is really all about making consumers understand why they should purchase your product and not that of your competitors. The most effective way to achieve this is by clearly and consistently communicating your points of difference, that is, what makes your product different (as in better) than another company's product. This could be points of quality or style or price or image or convenience or any other genuine attribute you believe will strike a cord with your targeted market. As long as the "idea" you are aiming to have associated with your company and product is not already assigned to one of your competitors, you can essentially own this perception within your market. Now, having made this declaration, why is it that during rough times companies tend to abandon their points of difference in favor of more general declarations? Chances are because the marketing folks there bought into the idea that rough times are not the time to compete but rather to try, collectively to maintain the category. Problem is, once you have blurred your point of difference there is no getting it back.

Keep Your Operations Steady

During rough times we tend to try to cut costs, which leads to compromised products or poorer service, or both. The most crucial decision you can make during hard times is to resist cost cuts that will result in a decline in how your customers experience their interactions with your company. Nothing provides your competitors with opportunity like you alienating your customers by failing to meet the high standards they demand – and that you promised to deliver. So keep your operations steady, maintain quality and service and keep your prices stable. In other words, don't react to the hard times by somehow diminishing your offering and your customers will stick with you.

Be Realistic

Competitive times are no time to be chasing rainbows. Sure you need your entrepreneurial quest to keep you motivated and keep morale high. Put that vision up high, where everyone can see it, but no one can touch it. Replace the strategy of going for the long ball, with a runs-by-hits approach. You'll still score, and you won't be wasting time swinging hard while your competitor sneaks under all your commotion to capture the pennant.

Lead Your Company

More than anything else, leadership is the barrier that keeps the competitors at bay during rough times. The room for error, usually a by-product of any healthy innovative environment, is lessened during hard times and therefore company executives must get back into the trenches and lead their company. This means overseeing cost guzzlers like logistics and human resources to insure efficiency. It means making sure certain wasteful, but until-now tolerated, practices are eliminated. It means leading by example, by ceasing any wasteful practices you may have picked up. It means leading with enthusiasm and concern for your employees, so that a sense of purpose prevails and you are able to retain your talent. It means going back to running the company, as opposed to administrating it from some distant corner office. Leadership also allows your company to benefit from your skills at a time when it needs it the most. Just as you are avoiding presenting your competitors with opportunity, you should also be seeking to jump on any opportunities they inadvertently present to your company. Through your experience and leadership, your company can recognize such opportunities and capitalize on them.

Think Beyond Today

Remember that the rough times are not here to stay and that sooner or later you're going to have to get back to the ultra-competitive world without having a struggling economy to serve as an explanation for poor performance. This means you cannot compromise any aspect of your operations for some short term benefit. The good times will come again. By taking the lull in business to prepare your company, you'll be well positioned to capitalize on the opportunities once they arrive.

It is fair to say that rough economic times lead us to make bad decisions sometimes. We hold off on investing in new systems, or don't hire people we know we need. By doing so we open the door to our competitors because we are not building our company, but rather reacting to some temporary external condition. We need to adhere to the same solid business practices we always abide by, namely working toward creating value by

following carefully conceived strategies that break down the road to our ultimate success into doable, obtainable objectives. We need to react to competition by granting them the space they own, and by seeking to attract away their customers by creating a more appealing, more compelling space of our own. And that's just good business, no matter how good or bad the times are.