

Developing a Competitive Edge

In the hyper competitive environment most companies currently operate within it is no surprise that most companies are spending a great deal of time trying to establish and maintain competitive advantages that will enable them to gain and maintain an upper hand in the marketplace. While this is a sound business strategy, and indeed a survival necessity, the challenge to developing a competitive edge comes from the lack of understanding most companies have when it comes to actually defining what their edge is. This article is about defining and developing market advantages and how to transform them into a sustainable competitive advantage.

Your competitive edge is not a strength you have vis-à-vis your competitors because most strengths, such as a larger customer base, more cash on hand, broader distribution system, and better strategic positioning, could be temporary or challenged by other companies. For example, if you rest easy on the fact that you have a competitive advantage because you have more cash than your competitor and then your competitor succeeds in attracting an investor reversing the situation and leaving you with less cash, your competitive advantage just went out the window. Clearly strengths, while important market factors and worthy of pursuit, are not the same as a competitive edge.

So if the strengths you spend so much time developing and sustaining do not add up to a viable competitive edge, what does? The answer lies in your operational efficiencies, your product, your people, and your offer. Consider the following:

- Operational Efficiencies – your ability to consistently deliver a superior product at a lower cost is a competitive edge the competition can't erase without discovering the weaknesses in their systems and going through the lengthy (and sometimes expensive) process of remedying their deficiencies.
- Product – your ability to innovate your products so that your company is viewed as the industry standard and your competitors are constantly playing catch up to your new market introductions.
- People – your training systems are so advanced and integrated into all levels of your operations that your employees all perform at extremely high standards, not only adding to your efficiencies and quality levels, but delivering extremely high levels of customer service.
- Offer – your confidence in your product and employees enables you to offer a product guarantee that separates you from the rest of the market – a guarantee your competitors wouldn't dare match because they lack the processes you have in place to deliver the quality and service that neutralizes the risk associated with guarantee redemption.

Owning a Thought in the Market

The ownership of a thought in the market is an extremely powerful competitive edge that cannot be taken from you unless you begin to negate the thought through the decline of your product or your delivery on your promise. For example, although Nike athletic shoes are not necessarily constructed any better than those made by Adidas, Nike succeeded in capturing the athletic excellence “thought” in the market. They reinforced the idea through their marketing and celebrity athlete endorsements. Their position as *the* athletic shoe proved to be an insurmountable competitive edge.

Developing an Edge

The fundamental element to developing a competitive edge is remembering that how you perform is key. If your company adopts a standard of excellence in all it does it will develop competitive advantages naturally that prove to be sustainable through the normal course of business execution. Areas to explore that could lead to a competitive edge include:

- Technology – if you have a culture of technology and innovation you will naturally turn to new technologies that enable new product development and imbed efficiencies in your operations.
- Market Intelligence – establishing the processes that enable you to extract and analyze market data will provide you with the information you need to make proactive decisions that enhance your offer to the market and pre-empt your competitors.
- Internal Communications – the better your internal (department to department) communications systems are the better you will be in meeting (and perhaps exceeding) the promises you make to the market. A typical disconnect is when the marketing and sales teams make promises and the execution teams are unaware of them, leading to promises unfulfilled and the inevitable unhappy customer. The better the communications systems the less the chance this sort of breakdown will occur.
- Speed – your ability to quickly execute new ideas and respond to changing market conditions could become a critical advantage in the market. Leaders remain in their leadership position by staying ahead of the crowd, and companies chasing the leader only catch up when the leader stumbles or they have found a way to move a little bit faster.
- Lead Relationships – if you have established the relationships and mechanisms that serve as referral sources and validation cheerleaders for your products/services you will be in a strong competitive position, particularly within the circles of these influencers.
- Exposure – your ability to remain in front of your market and in a positive light is a key competitive edge and will serve to reinforce your leadership position as those exposed to your company will view the exposure as validation of your core marketing message.

Developing and maintaining a competitive edge is an ongoing process that requires diligence and commitment. The reasons for establishing a competitive edge are simple; if you do not, your competitors will and they will eat away at your sales and erode your profitability. Having a competitive edge is not an operational luxury, it is a business imperative.