
What's Your Strategy?

Your base strategy is the basic foundation upon which you plan to build your competitive advantage. In broad terms, it represents your game plan and how you plan to succeed in the current business environment. It represents how you plan to leverage your strengths versus the competition. Your base strategy will also serve as a guideline for decision making, how to allocate resources, and product and service development.

While there can be many possible business focuses, the following are five basic strategies that you can consider as you develop yours:



Commodity-driven Focus

This focus can be considered when your product or service is essentially the same as others on the market. The commodity focus is a function of the lack of differentiation either by *omission* or *commission*. To set your product or service apart, you can choose either pricing or value as the differentiating factor.

High differentiation equals low price sensitivity. You wouldn't expect to pay the same amount for a Porsche as you would for, say a Yugo. Products with low differentiation equals high price sensitivity. In other words, if both products or services are basically the same, we will shop for the lowest price.

Selecting this strategy requires that you have the lowest per unit cost and low margins. Remember, if you're not unique, you had better be cheap! This focus requires close attention to cutting and controlling internal costs while maintaining a high level of productivity.

Technology-driven Focus

This focus places emphasis on your ability to gain a temporary monopoly on a market through the development of a technology, or to compete in a market where superior technology provides a competitive edge. Selecting this focus frequently requires a massive investment in research and development, or an active involvement in partnering agreements with either emerging companies, or companies who have the technology, but are not selling in your markets or industry. If you



choose this focus and wish to do it through internal development, you must be concerned with measuring and shortening cycle times, and also maintaining large cash reserves to fix problems in the field. Success with this strategy is dependent upon the coordination of emerging technologies with breakthrough thinking.

Quality-driven Focus

Quality-driven Focus is based upon the assumption that your product or service quality is superior to those of your competitors. If you plan to adopt this strategy, you must be ready with systems in place to assure that your product or service continues to maintain that superiority. This means continuous innovation and improvement. It also means tight monitoring of development, production, and execution. Implementing this focus requires that you identify meaningful quality indicators such as rework, warranty claims, and complaints... and regularly measure them. With the right processes, systems, and people, this focus can put you in a position to always exceed your customers' expectations in quality.

Service-driven Focus

If you find yourself in a position of being unable to differentiate your products or services in terms of price, technology, or quality, you might consider a service-driven focus. Instead, your efforts will focus on the *value-added* benefits of doing business with you. You might focus on service, delivery, follow-up, training, packaging, guarantees, convenience, saving time, or other value-added benefits that are deemed important to your customers.

Customer-driven Focus

A customer-driven focus is one that places a premium on going beyond meeting customer expectations. It means your focus is on exceeding customer expectations, and that you build your business around the voice of the customer. It requires you to have an on-going effort to improve quality and service. Your policies and procedures must be "user friendly" and structured to meet the needs of existing and future customers. Your goal is to exceed their expectations, and everyone associated with your company who touches the customer is a critical component in your success formula. It is important that your internal customers, your employees, be continuously trained and empowered to address issues that effect customer satisfaction. Internal communications and response time is critical to this focus.

Your choice of strategy should be based on the results of a review of the data and results you gather from a thorough external analysis. Select the base strategy that will help you position your



strengths and resources in the best possible light based upon your current focus and the upcoming trends. This is illustrated in the following schematic:



