



Business Learning by Dan

Understanding out Members' Businesses: Differentiate or Die

Dan Topf, CPT

It's been almost a month since the Iowa State Fair. By now my waistline is back to normal. However, I was inspired as I ate State Fair Squares, Cornbrats, Tiramisu on a Stick, and Octo-dogs.

My visit to Our Great State Fair inspired me to write about another vital business learning topic – Differentiation.

You see, each food vendor that offered new foods on-a-stick understood the basics of differentiation. It's not just about boring corn dogs anymore. The Des Moines Register listed scores of "food on-a-stick" available from vendors. The Register also reports that since 2001, there's been a boom in innovation, lead by Larry Fyfe the inventor of the deep fried candy bar, that has inspired the food vendors all across the fairgrounds. The food vendor business has never been better.

These entrepreneurs understand that they must differentiate, or die. Unless their products are different, they're perceived to be the "same," and as a result, their State Fair wouldn't be a Great State Fair.

I'd like to explore this notion of differentiation, and what it means to your company and your training department.

Jack Trout, author of "Differentiate or Die: Survival in our Era of Killer Competition" estimates that there are over one million SKU's (standard stocking units) in America. A supermarket has about 40,000 SKU's.

However, the average family meets the majority of their needs with only 150 SKU's. What's that mean? That means that consumers have LOTS of choice, and that the majority of options are undesirable. Customers have so many good alternatives that any mistakes or bland offerings are just ignored.

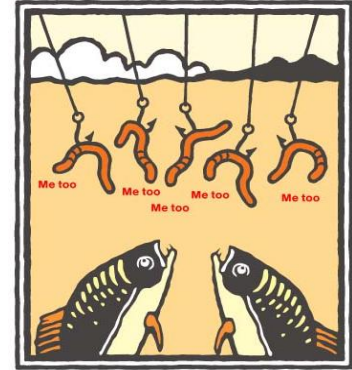
So, what's the business value of differentiation? Some would argue that differentiation makes all the difference. Many would also say that the training and development programs we offer do not make a clear enough link to the business value your differentiation, and the skills that drive business value through differentiation.

In an earlier column, I discussed the impact of price and volume on profitability. One illustration described the impact of a 5% price increase with the same volume of sales. In short, we saw a 50% improvement in profits. Many of you said, "But if you raise prices, volume will decrease." Yes, however if you improve the value of your differentiation, you create value in the mind of the customer, who's

Differentiation:
What you provide
your customers that
they cannot get
elsewhere or do for
themselves.

willing to pay for it. The impact on the bottom line is immediate, since every additional revenue dollar is profit!

Differentiations are unique to your industry and your chosen markets. It's important to understand your industry's unique business drivers and integrate them with what you know about your customers and their preferences and needs. The more you know your industry and your company's strategy, the better positioned you will be in executing your differentiation strategy.



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Consider some of our members' company tag lines. What do you think their differentiation is? What impact should that have on your training and development offerings, content, and delivery strategies?

ASTD Members' Company	Marketing Tag Line or Promise:	What this means to training offerings, content, or delivery?
ADP	The Business Behind Business®	
Continental Western Group	Everyone Counts, Everyone Matters®	
Farm Bureau Financial Group	We Make Insurance Simple®	
Iowa Health System	Best Outcome for Every Patient Every Time®	
Nationwide	On Your Side®	
Pioneer Hi-Bred International	Science with Service Delivering Success®	
The Principal Financial Group	We'll Give You and Edge®	
Wellmark	Your Health Well Protected®	
YOUR COMPANY:		

It may be necessary for you to interview your senior leadership, chief marketing officer, and others "in the know" about your specific industry and your differentiation. Ask questions like:

1. What makes us unique in the marketplace? How are we doing that?
2. When we win business, what is the most likely reason?
3. What are the biggest challenges we face in keeping the promises we make in our marketing?
4. What do our customers say is our strongest advantage? How do we best leverage that advantage?
5. What are we doing to actively add value, innovate, and differentiate our offering so we avoid being seen as a commodity?
6. Why do our donors contribute to our non-profit organization? How well do we keep that promise?

The answers to these questions will be extremely valuable as you plan training and development for the coming year. Your alignment of offerings, content, and delivery strategies will drive differentiation and success for your company. Good luck! I'll see you on the main concourse – I'll be the one eating the "Twinkie Log On-A-Stick." (Can't get **that** anywhere else!)

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To learn more:

Trout, Jack and Steve Rivkin. "Differentiate or Die: Survival in Our Age of Killer Competition." 2nd Edition. Wiley. 2008.

Porter, Michael. "Competitive Strategies: Techniques for Analyzing Industries and Competitors." Free Press. 1998.

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