

## LEADERSHIP

# Position Yourself as a Competitive Leader

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Last year, I had the opportunity to attend the Franchise Mini-MBA program at Nova Southeastern University. During the three-day course, one of the topics that really stood out to me was the “Three Strategic Areas of Focus” related to creating value for customers. These three strategic areas of focus - *Product Leadership*, *Operational Excellence* and *Customer Intimacy* - are known as the *Value Disciplines*, a concept developed by Treacy and Wiersema<sup>1</sup>.

So, why is understanding this model important to your business? As you know, understanding where your business is positioned in today’s competitive landscape is important to knowing where your business will be tomorrow. By gaining a better understanding of what makes your business superior, you will be a more effective leader and will be able to better strategically plan for the future.

To help you understand the concept, I found the following definitions from the book *Strategic Thinking: An Executive Perspective*<sup>2</sup> to be helpful.

- **Product Leadership** is when “Companies typically produce a steady stream of state-of-the-art products and services...by offering more value and better solutions.”
- **Operational Excellence** is “A strategic approach aimed at better production and delivery mechanisms.”
- **Customer Intimacy** “... concentrates on building customer loyalty.”

It is suggested that most successful companies stand out in one of the value disciplines – either accidentally or intentionally. While it is challenging to be superior in two of the three disciplines, it is nearly impossible to be superior in all three. Every business, including yours and mine, should strive to be competitive in two of these disciplines and superior in one.

To give you a better idea of which *Value Discipline* applies to your business, I’d like to define how this might apply to the remodeling industry. Let’s first look at *Product Leadership*. This discipline would apply to a remodeling firm focused on cutting-edge innovations, such as incorporating the latest green remodeling products or the newest cabinetry technology into a project. This is a remodeler who is willing to embrace new concepts, try new things, and be the first to market. This organization is not afraid to stretch beyond the norm to create an entirely new system or process. Leadership within this firm is willing to embrace new concepts.

A remodeler who focuses on *Operational Excellence* might be one who focuses on a niche, such as pull-and-replace bathroom packages. This type of organization does minimal, if any, design / build work, but rather focuses on quick and simple production work. This remodeler has strong systems in place for an efficient operation, while offering a limited selection of standardized remodeling options making the buying experience easier on the client. In new construction, *Operational Excellence* of this type would be known as the track home building concept, which can be a very effective strategy.

The third discipline, *Customer Intimacy*, would apply to a remodeler who focuses on putting the customer's long-term relationship above everything else. This might be a remodeler who takes special care to keep the client's house clean, or who spends extra time finding the exact product a customer requests to ensure complete customer satisfaction. This type of organization might send birthday, holiday or project anniversary cards to the client, as well as follow up with customer satisfaction calls or surveys and a remarketing program. An organization focusing on *Customer Intimacy* knows exactly what each customer wants and accommodates accordingly, employing the philosophy of "customers for life." Many design / build firms fall into this category.

Is your remodeling business focused on *Product Leadership*, *Operational Excellence* or *Customer Intimacy*? As you can see, it can be quite easy to identify where your organization excels within the remodeling industry. By understanding this, you can double-check your current and future goals to make sure they are inline with your *Value Discipline*.

I encourage you to set a reminder to review the disciplines periodically and to stretch your team to focus on one primary discipline. This will help you better position your remodeling business as the competitive leader in your market and gain more traction.

<sup>1</sup>Treacy, Michael & Wiersema, Fred; (Jan. – Feb. 1993), *Customer Intimacy and Other Value Disciplines*, Harvard Business Review: Vol. 71

<sup>2</sup>De Kluyver, Cornelis A., (2000), *Strategic Thinking: An Executive Perspective*