

4 Minutes and 2 Steps to Maximize Your Profit

How To Position Your Company and Product for Maximum Acceptance by Your Customer and Maximum Profit for You

Step[1]

Eliminate Pre-conceptions and De-construct the Offering

"In order to make a beautiful omelet, you've got to break some eggs."

The "offering" is the combination of your product and your company. By "de-construct", I mean to break down your offering into its constituent parts so that these parts can be built back up in a way other than they are now.

Why is this step necessary to be done first and why is it so important? There are two reasons:

Step 1 allows you to separate form and function to more easily arrive at "game changing" insights of how your offering can be more profitable to you in applications you previously hadn't considered.

the Internet was originally developed for an entirely different purpose than its main use today. It was only when the early pioneers eliminated the preconception of the Internet's original purpose and understood the Internet from a component, functional level, that they able to generate such enormous value.

In the 1960s, franchising was applied mostly to fast food restaurants. It was only by deconstructing the concept of franchising that the innovators that founded Century 21 were able to apply the concept of franchising to be very successful in a new market—real estate offices.

• Even if you stay within the same market, Step 1 provides the conceptual framework to gain more profit from re-assembling your positioning.

An office equipment retailer had essentially unchanged positioning with the same products and the same customers for several years. "Game changing" advances in technology provided the threat of bankruptcy (if he did not change at all), but also opportunity (if he changed correctly). In Step 1, he carefully inventoried and analyzed his core assets, including his management capabilities, customers, goodwill, and distribution. As such, he had the conceptual framework to consider which options for the future he could reasonably expect to successfully execute, how to make the best choices, and then how to re-position his business to his existing customers and eventually, to new customers.

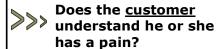
Step[2]

Investigate Several Alternative Markets and Reconstruct Your Offering to Appeal to the Best One

"What's the definition of a leader? Someone who finds a parade, and gets in front of it."

After you understand your offering on a component level, you can see which markets best match up to what you have. Then, it will be easy for you to define your value propositions.

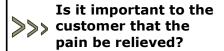
To determine which markets are best, consider the following list of market attributes:



I underscored the word "customer" here because the only person its important to know if he or she understands the pain is the customer. The customer's perception is the only relevant reality. If you understand the pain but the customer does not, even if you are objectively correct, it doesn't matter.



test If you have to spend more than a few minutes explaining the pain to the customer, **this:** you probably don't have a market.



It's possible for the customer to understand that he or she has a pain, but relieving it is not that important to them.

how to

If you're putting most of the energy into the dialogue, you probably don't have a marthest ket. Do your calls get returned promptly? Who's chasing who?

>>> Is it urgent that the pain be relieved?

The customer may understand they have a pain and it may be important to relive it, but, if they're in no hurry (defined as taking more time than you want to wait or can wait), it's best to consider other markets.

Do your customers have the money to buy your offering?

All of the above bullets may be positive, but if the customers in the industry you're considering do not have the money to pay, how can you be successful?

At the time this is being written, gas prices increased to almost \$4 per gallon. Therefore, if you have a product that must be sold to the new car dealership market, all other things being equal, Hummer dealerships may not be the best choice.

Everything considered, do your customers see a compelling ROI (return on investment) for your offering?

Once again, the answers to the above bullets may be positive, but your offering must still be able to be justified in terms of <u>all</u> the resources your customer believes he or she needs in order to implement it. When you consider "all resources", don't forget to consider costs in addition to money, which may include disruption to existing processes and re-training.

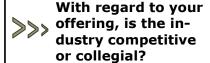
In addition to the cost of the equipment itself, when considering the purchase of new equipment to detect for the presence of contamination, pharmaceutical manufacturers consider the cost of re-writing SOPs ("standard operating procedures"), getting the process approved by regulatory agencies, re-training staff, etc. This is an example in which, by accounting for all the resources required by your customer to implement alternative reconstructions of your solution, you will be able to create the reconstruction with the best ROI that lessens or even avoids some of these costs.



The companies within some industries are structured to make decisions fast, while the companies within other industries are not. Here is one example of how to consider company culture: Can you identify the decision-maker? The way the companies within some industries are organized, decision-making is so diffuse that it is very difficult to identify the decision-maker. Is selling to organizations with this attribute an experience you wish to have?



test Write out on a piece of paper the title or titles of the decision-maker(s). If you don't **this:** know the answer, you don't know how to rate this attribute.



If the industry is competitive, each of your customers will want to keep the value of your offering to themselves, so they will not be reference sites for you and they will not help you with other customers. If the industry is collegial, each of your customers will want you to be successful with your other customers.

example With regard to drug development technology, the pharmaceutical manufacturing industry is highly competitive, and guards its secrets. If your offering increased the efficiency of drug development, your customers would not help you to be successful with their competitors (aka, your customers). However, with regard to equipment that tests for microbial contamination, the industry is collegial: they all win when there is less industry-wide contamination and they all lose when there is greater contamination. Therefore, with regard to equipment to test for microbial contamination, your customers will help you to gain additional customers.

Is the customer the one who will benefit from your offering?

In simple terms, in this context, "the customer" is the one who has to write the check and undergo the other costs. If the answer is "no", regardless of any other value, it will be almost impossible for you to be successful.

example Almost everyone agrees that electronic medical records ("EMR") software would be enormously beneficial, resulting in reduced patient deaths due to drug interactions, better measurement of "best practices", better health outcomes, etc. The problem, however, is that most of these benefits accrue to the patient, who is not the customer for EMR software. This is one of the reasons (and there are many others) why it is so difficult to be successful in this field.



Your competition. What's unique about your solution? Is what is unique defensible?

Don't forget what is many times the most formidable competitor of all: prospects just keeping what they have and not buying from anyone- you or your "competitors".

I find it useful to fill out a chart so I can quantify each attribute. List the attribute, weight it, calculate the score, and add up all scores to arrive at a total for each alternative market. Next, test, learn, refine and re-test. In short order, you'll have finely tuned, ready-to-go positioning for the best market for your company and product.

In the next issue, I describe some common mistakes.

About Chuck Bolotin

Chuck founded, funded, operated and sold two companies. The On Target Consultants Process™ he developed, and the success he has achieved applying it has made him an expert in bringing products to market in virtually any vertical, many times when the target market is not known in advance.

Chuck is available for talks to your organization as well as personalized consulting assignments.

