

# Will Your Advantage Last?

How to think more strategically about your competitive advantage



Drexel University's new \$100+ million Gerri C. LeBow College of Business creates a dramatically-increased presence in Philadelphia's University City and is expected to boost competitive rankings.

By Carl Francis  
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**THE ROOM WENT SILENT. I had just ruined their day.** We'd been talking about a new strategy. They'd been very excited.

***This will give you a significant advantage for a year, perhaps two,*** I told them. *And then your competitors will figure out how to match it. Advantage, as you know, is **always** temporary.*

**Apparently, they didn't know.** They were stunned. I later realized most people don't know it either.

***This won't last?***, someone asked. *No, I explained. Here's why...*

*This strategy has never been done in your industry. You'll be way out front for a while and you need to capitalize on that quickly. But the reality is...* >

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*...as soon as your competitors see this, they will move to copy it, perhaps poorly, but they will try. Others will try to minimize your advantage, dismiss it as meaningless, or counter with their own message.*

**This news didn't go over well.** They wanted their advantage to last.

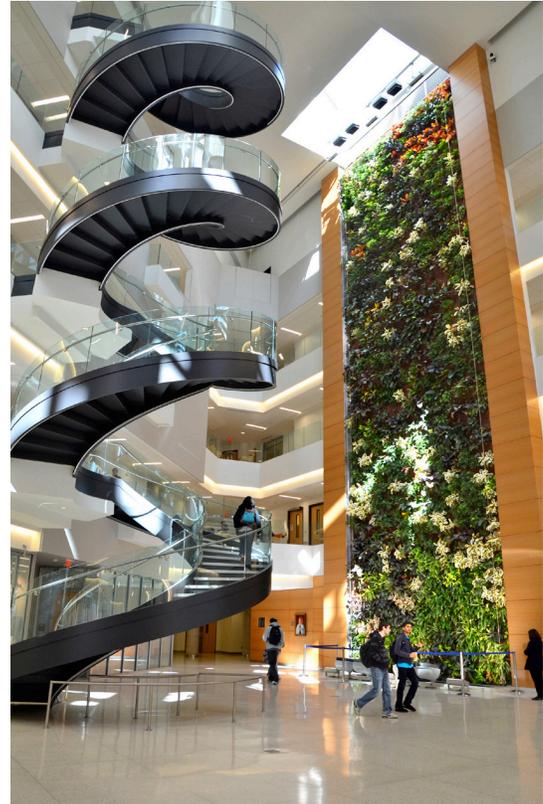
But I stood by what I'd said. They needed to know. And then I showed them why it's true....

**Competitive advantage is always temporary.** You try to get as far out front as you can, but it only lasts until competitors figure out how to catch up. That's why real advantage rarely comes from just a single idea or innovation. Lasting advantage has to be built into your thinking and your business every day if you are to lead your marketplace and stay successful over time. Remember the old saying about bands that were a one-hit wonder? Remember Crocs and Pet Rocks? The need to keep creating advantage is just as true in business as in the entertainment business. A single good idea isn't enough. It's a start, but it isn't enough over time.

**Take Netflix.** While they didn't invent video streaming, they figured out how to turn it into a profitable service. They marketed it well and developed the systems, pricing and consistent delivery that made it a huge hit. But then competitors wanted in — Blockbuster, Amazon and others like Vudu and Hulu. All offered their own versions of Netflix's bright idea. This

competition slowed Netflix's growth and put pressure on their margins. And then movie and TV producers got wise and wanted to share in the bonanza, too, so they started cutting off the supply of movies and content. *Gulp.* So Netflix's advantage and hard work — while market-leading for a time — began to erode. And now they are working hard to implement the next idea — developing exclusive content they create and control.

**Groupon was doing very well** offering a limited number of great deals to its email subscribers. Then competitors and imitators jumped in and saturated the market and ruined everything. Then some of the big boys pulled out. Groupon's IPO fell apart initially. Their advantage vaporized and they are still struggling for new ideas under a new CEO.



**SO what are you to do — as a business leader?** Here are a few strategies to consider:

**Accept the reality.** Advantage is always temporary. Commit to paying constant attention to competitors, market leaders, and business news. Expect to improve and re-invent portions of your business on a regular basis. Make it part of your culture. Remember the mechanical Jaws shark at Universal that used to come out of the water to attack your cruise boat? Steven Spielberg visited the ride a few years after it opened and observed, *You have to remember that what is new and exciting one day will eventually become tired and boring.*



#### BUILDING ADVANTAGE ... LITERALLY

Drexel University's aggressive building program is creating a dramatic new visual presence and competitive advantage in areas such as recruiting, school rankings and first impressions.

*Far Left* Drexel's new five-story DNA-inspired Staircase and BioWall (all plants) are both awesome and very cool.

*Left* Millennium Hall is an advanced living facility reserved for honors students – a recruiting advantage for top candidates.

**Train yourself to think more strategically.** Look at your business from multiple perspectives — customers, employees, vendors, and media. Pay close attention to industry experts. What do they see as the needs, opportunities and potential in your industry? What are the weak spots? What can be better, more streamlined, easier to buy and use? If you need help with this, get an adviser or coach to help you develop the systems and habits you need.

**Involve your people in generating, evaluating, and integrating new ideas all the time.** The thinking for the next generation of your service, product or offering probably won't emerge during some off-site

in July. Please. It will much more likely pop up during a conversation over coffee or lunch. Here is the real strength of innovative companies. They don't just somehow build great stuff, they build great thinkers — and give them the freedom to develop new ideas in environments that value new ideas.

**Recognize you need all kinds and levels of fresh thinking.** Rosabeth Moss Kanter, an expert on innovation and strategic thinking says in her book *Confidence — How Winning Streaks and Losing Streaks Begin and End* that you need ideas and innovative thinking of all sizes and all stages of development. Big ideas that will take time to implement. Plus, small ideas you can put into place quickly.

**Let others help you gain advantage.** Apple usually gets all the credit, but most of the cool things that you actually do with your iPhone are done via apps that are developed and serviced by non-Apple companies. Angry Birds. Google Earth. Banking.

Skype. Even making phone calls. The brilliance of Apple's strategy is they created a platform fed by hundreds of other companies. Could you get others to collaborate in what you do as a way to provide new forms of advantage?

**Advantage sometimes requires sacrifice.** Years ago, Sony was what Apple is today — the technology wonder kid. Under founder Akio Morita, the company relentlessly drove innovation — often bringing out new products that took sales away from earlier products — but making it very tough for competitors to keep up or jump in. This also kept retail channels humming and delighted consumers around the world. When Morita died, Sony grew less willing to step on its current products and began its slide into safeness that made it an also-ran today. Sometimes, you have to give up something to get something.

**Never forget: Advantage is always temporary.** That's the reality. Now... what's going to be your strategy to gain advantage?

## Q+A Carl Francis on Advantage

### What are the most common mistakes concerning advantage?

The first is not working hard enough to *create* advantage. The second is not working hard enough to *keep* advantage.



### How do you make creating advantage more deliberate?

One way is to ask your customers a question like this, *If we could fix or improve something about our company that would really help you, what would that be?* And then do what they suggest. You might hear: make it easier to get information; to contact someone after hours for help; or pay their bill.

Every company has opportunities to do better. Work on finding and fixing them, especially those that connect to customers.

This is how Frank Perdue set apart his poultry business when he was faced with two immense competitors. He visited dozens of butchers and asked what they would like in the chickens they buy. He collected 93 suggestions and implemented every single one. When he went back to sell them, they couldn't say no!

### How do you maintain advantage?

It has to be deliberate and ongoing. For example, you need to build a culture and attitude of regularly bringing improvements, updates or new ideas to customers – making things better, easier, clearer or more economical.

### If you sell the same things that others do (say financial services), how can you create advantage?

Like Frank Perdue, the answer is often found not in the service or product, but in the way you deliver your service. Study competitors and look for gaps in what they do – and then get very good at doing those things well.

### Should you market your advantage?

Usually, but not always. Sometimes I advise some firms NOT to market what they do that is exceptional, but instead to *show* it. For example, your advantage may be speed. If so, integrate speed at every step. But keep it out of your ads. Instead drive it among those who sell your services and motivate them to get the message to prospects and customers alike. That way it may take your competitors longer to catch on.

EnvisianStrategic works closely with CEOs, Owners, and Boards to help them address challenges like growth, competitiveness, planning and innovation. Our services include diagnostics and assessments, planning and strategy, and problem solving and resolution. We also collaborate with Advisers to resolve threats and transitions, get deals finished and achieve important outcomes.

**CARL FRANCIS** is an award-winning adviser, instructor, inventor and author. His expertise spans strategy, planning, leadership, resolving critical challenges and corporate makeovers. He is an Adjunct Professor and Guest Lecturer in Drexel University's LeBow College of Business' internationally-ranked MBA and Corporate Education programs. Carl is also the inventor of the Enactix™ platform of One-Hour™ diagnostic and strategic tools.

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