

What is YOUR #1 competitive advantage? (Most CEOs don't know!)

Competitive Advantage Advice from **Jaynie Smith**
transcribed from [Jaynie's interview with Shawn Ellis](#)
on “The Better Life/Better Business Podcast”

Shawn: Why should I do business with you, instead of your competition? In other words, what is your number one competitive advantage? It's a critical question, but one that nearly four thousand CEOs couldn't answer clearly about their companies.

Don't worry if you're one of them, because coming up, you'll learn seven criteria for defining your competitive advantage, so you can close more sales, and move away from commodity status, and increase profit margins.

Welcome to the Better Life Better Business podcast, where we have conversation to help you live a better life and build a better business. I'm your host, Shawn Ellis, founder of the Speakers Group, and today I'm talking with competitive advantage expert, Jaynie Smith, author of *Creating Competitive Advantage* and *Relevant Selling*. Jaynie has over twenty years of experience working with Fortune 500 companies, and she's spent over forty thousand hours consulting with CEOs, helping them define and communicate their competitive advantages to stand out from their competition.

Get out your notepad, because she's got some great advice for us here today.

Welcome, Jaynie. Thank you for taking a few minutes here to talk about this important topic today.

Jaynie: You're welcome, Shawn. I'm happy to do it. I love the topic.

Shawn: Good. I am very interested in this myself.

To start with, I just want to quote you, a statement you make in your book, because I think it really speaks to the seriousness of this topic. You say that the biggest marketing flaw in most companies is their failure to fully reap the benefits of their competitive advantages. To me that says, number one, this is something we should pay attention to, and, number two, it says that there's a great opportunity here for those of us who can get it right. Then we should rise to the top among our competition.

Is that an accurate statement?

Jaynie: It absolutely is accurate. There are scores and scores of businesses, and I want to say from my experience ninety to ninety-five percent of them are leaving money on the table every single day, for want of just uncovering and identifying existing competitive advantages. In many cases they don't even need to make an operational change. They're there. They just don't know their own competitive advantages.

Shawn: That's a perfect lead in. You list in your book five fatal flaws of most companies related to their competitive advantage. Could we just run through those, just for our listeners?

Jaynie: Yeah. I have to tell you, there's something in the book I'd like to change, because the first bullet point that I state in the book is they don't have a competitive advantage, but think they do.

I'd like to change that, because in my work I have not yet found a company that did not have competitive advantages. They have them. They just don't know what they are. Many companies think they have a competitive advantage when it's really just a strength. It's not a competitive advantage. It's something like they want to think they have good quality. Well, so what? That's a given. You better have it.

The other one is they have competitive advantage. They don't know what it is, and they lower prices, because they think they have to. They let themselves be painted into commodity corner. They know what their competitive advantage is. Some know a few of their competitive advantages, but they are not clearly articulating them in sales and marketing, and I find that across the board.

If I ask ten salespeople in an organization, "What's your company's number one competitive advantage," I get ten different answers. There's inconsistency, and it's not used regularly. They mistake the strengths for competitive advantages, as I just said before. They want to go in in a sales call, or a marketing message, and say, "We have good quality, good customer service, good reputation. Our people are knowledgeable and experienced." Again, those are strengths. Those are givens.

I blame the good old swot analysis that everyone's done. Strengths, weakness, opportunities and threats. Those are strengths, folks. That is not the same thing as a competitive advantage. You and your competition have most of those things. If you're better at those things, then articulate it, so it is a competitive advantage.

Then, they don't concentrate on competitive advantages when making strategic and operational decisions. Oh, my goodness, Peter Drucker said that ninety percent of the information we use in making decisions comes from the inside, not the outside, which is exactly backwards. We need to find out what our customers value, not what they think they should value, and that is a big, big, dangerous mistake that companies make.

Shawn: Yeah. I was going to ask you, too, how would you define competitive advantage, because I think this is something that we've all heard this. We know the term, but somehow I mean speaking as a business owner myself, it seems like it gets

shuffled to the back a lot. How would you succinctly define competitive advantage, just so we know what we're talking about here?

Jaynie: Well, competitive advantage is defined many ways. Some people in sales want to refer to it as unique selling proposition, competitive edge, differentiator. I always say to folks, I don't care what you call it, or I call it. The definition to me is how well can you and your company answer the question, "Why us?" Your competitive advantage answers that question in a compelling way that makes the buyer want to buy from you, and not worry about price.

Another way of saying it is it is the definition of value. The value proposition, when spelled out, is quantifiable. In other words, it's measurable and it's relevant.

When you have a statement about your company that answers, "Why us," that's relevant, measurable, and relative to their other choices, you have a solid value proposition, which becomes your competitive advantage.

Shawn: In other words, it's got to be a competitive advantage in the customer's eyes. Well, not that they're going to call it that, but it's about what the customer sees, as opposed to what we see, how I see my company.

Jaynie: Absolutely. Let me give you a couple of examples. Many, many companies love to tout the fact that they've been in business for seventy-five years. That's not a competitive advantage. In fact, it can work against you.

They go into a sales call, and they say, "Well, we've been around for seventy-five years." The customer doesn't care about that. The customer cares, "Do you have on time delivery?"

A sales person goes in, and I like to say it this way, they're touting A, B, C. Our longevity, our locations, and our people. That's all

great. It's good to have, but what I really care about that's my buying decision, that you can give me competitive advantage statements around, are your on time delivery, your accurate delivery, your accurate invoices. Those are the things that affect my buying decision, because they affect me the most. Not how long you've been in business. That does not impact me.

If it is on time delivery, when I talk about being measurable, don't tell me we will deliver within twenty-four hours. That's a promise. Nobody believes promises. Say we have been measuring on time delivery for the past three years, and we're tracking at an average of ninety-eight point six percent.

I like to tell folks that past performance in business is the best indicator of future performance, unlike the mutual funds. If you've done it in the past, you more likely can do it again.

Our mantra here at Smart Advantage is, "In the sales encounter, and in your marketing methods, you have to build confidence and remove risk." When you build confidence and remove risk in the buying decision, you remove price as an issue, and that is the goal.

Shawn: Yeah. You've mentioned price a couple of times. I wanted to ask you about that. How competitive advantage can free you from that price based competition. I know some companies feel like their business, it's all about price. That that is the major buying decision, is people are just checking prices, and they'll go with whatever the lowest price is. Talk a little bit about that, because I know you've got a different perspective on that, and, as you said, you help companies get away from that.

Jaynie: Yeah. I got to tell you, there's some companies, even when we show them scientific, sound data, still resist it, because they have so drank the Kool-Aid from their customers that it's price. I can tell you, Shawn, that we have done research for years, and we have found that price is not as important as companies think it is.

But let me footnote that by saying the research we do is double blind, which means the respondent of the company, the customer, your customer, for example, doesn't know it's you asking, and you don't get to know what he or she said. What you get is quantitative data about what the most of people said.

Price does not come in very high when tested in double blind surveys, but because salespeople are constantly hearing price, because the customer is constantly negotiating, they have come to believe that it really is price. That's one reason.

Another reason is many companies are not selling the value proposition. If I'm a manufacturer, and I go to my distributor and I say, "Why should I buy from you," and my distributor says, "Because we've been around for twenty-five years. We have twelve locations, and our people are very knowledgeable in your product." Is that enough? Nope.

What I want to hear, because I'm a manufacturer and I don't want my manufacturing line closed down, I want to know that it's going to be on time. I want to know that it's going to be in full. I know that I'm not going to return half of the stuff you sent me, and I don't want to have anything shut down or slow down my manufacturing. I don't care how long you've been in business. The guy that just started tomorrow, if he can deliver those things top notch, that's who I'll buy from.

It's really about getting relevant, and creating competitive advantages about those things that matter most to the customer. Not the stuff we've been saying yesterday. Not all that, what we call blah, blah, blah marketing speak. It doesn't fly anymore.

Shawn: That's some great insight there. How do you ... just in a very practical sense, if you're the salesperson, how do you shift to the conversation if that customer's asking you for a price or for a quote, how do you shift away from that?

Jaynie: A couple of things we do. With our clients, if we find out through research, for example, that on time delivery, let's just stay with that one as an example, is the single most important thing to my customers. In the sales encounter, I say we understand in your business on time delivery is everything. We got to keep you rolling as much as anything if that's the single most important thing to you in your operation.

Tell me, have any of your vendors ever been late with delivery? Tell me what that was like. What did it cost you? How long was the line shut down? When the line was shut down for, what twenty-four hours, what does that cost you? What if you could work with a company that for the past five years has had a ninety-nine point six percent on time delivery, where you had a good sense of confidence that that's not going to happen to you? Would that be worth paying a little bit more? Most people are going to say yes.

Every one of us would pay more for value when we understand the value, but very few companies are good at spelling out that value.

Here's another example. A lot of companies give away training to their customers. They give away free consulting, and I say to them, "Have you quantified that? Do you say to your customers, 'We give your people roughly ... I don't know. Pick a number. Five thousand dollars' worth of free training every month when we're on sight. We want it to work well for them, so we're there.' Do you ever tell them that?" "Nope. We never tell them that."

Here's my other mantra, and I really want people to think about this. If you don't value what you do for your customers, they won't value it either. We have to hold it up in front of them in neon lights. When they do, they're willing to pay more.

I just bring it back to anybody, a consumer, you or I, go in to an electronics store to buy a piece of electronics. The salesman

shows us three different pieces that accomplish the same thing. I don't know. Let's say stereo equipment. They all look alike. I'm going for lowest price every time. [Inaudible 00:12:31] If the salesman says, "Yeah. That's good, except here's what I want to tell you. This one has three times the length of the warranty. This one has five or six bells or whistles. You can't do this or that with those two, but you can with this one," and those things that he's pointing out are important to me, well, you bet I'm going to pay more. Now, I'm off price, because I understand the added value.

That's a simple explanation for what most people don't do in their sales encounter. They're not showing the value of those things to the customer.

Shawn: Wrapped up in that is ... I know one of the other points you make in your book is that you can actually use your competitive advantage to save your customers money, which is kind of what we're doing here. In other words, you're still helping them financially. You've just changed the conversation a bit, right?

Jaynie: Absolutely. You want to spell that out. I've got one example in the first book of creating competitive advantage. A gentleman who was warehousing products for one of his customers, and he wanted to get more customers. They had their own warehouses. He was trying to make them understand, "Look how much you'd save if you used my warehouse and my services," this was a garment industry business, "For your garment industry."

We helped him put together a letter, and we said, "Look, guys ..." This was a letter that he was to send to his prospective clients. "We don't know what you spend on warehousing, on shipping, on import, export, personnel and documentation, but fill in these blanks, and when you fill this out," and we gave them a little form for the clients to fill out. When they saw what they were sending, because we led them to it, and then my client showed them what he cost, it was a no brainer. He got five new accounts instantly.

You've got to bring it down to the numbers. What's the savings, what's the value if you use us, if you come to us? What can we do that the other guy can't? How can we spell that out?

It's amazing. So many companies have many, many things.

I like to share this. This is a forest through the trees syndrome, I jokingly say, although tongue in cheek, I have difficulty doing this for my own company. It's the forest through the tree syndrome. I can go into any company anywhere and find a minimum of fifty potential competitive advantages.

We have not yet had a client that we have not found at least fifty. Now, you don't use all of those. That's where you start. That's your brainstorming session. Then you find out which ones are relevant, and that begins to build your value proposition.

If I can't in a brainstorming session uncover fifty, most companies don't even know they have that many, in an effort to build value proposition.

Shawn: Related to that, how do you identify your competitive advantages? Knowing that so many companies are erring in this area, do you have a process, or what is your recommendation for somebody listening? How can we look at our company and start to identify ... maybe we don't start with fifty, but at least to find some of the competitive advantages that really do matter to our customers?

Jaynie: Yeah. In creating competitive advantages, a couple of exercises at the end of a couple of chapters there. You start with what are your deliverables? What are all those things I expect to get from you in a transaction?

You go back to those things that are strengths. They're, also, deliverables. If I expect good customer service from you, what does customer service mean? It means, in some businesses, if it's a service business, last year we answered ninety-seven

percent of all calls within an hour, and the other three percent within twenty-four hours.

Because responsiveness in that industry may be the single most important thing. We find that, for example, in insurance companies. Responsiveness is really important. Do you measure it? Can you talk about it? If so, that will get you there.

The first thing is identify those deliverables. What are those things? Is it customer service? Is it responsiveness? Is it picking up the phone? Is it I send a technician out within three hours? What are the things that fall under the umbrella of customer service? How do you want to talk about experience? I tell people, "Don't ever use the aggregate. We have combined years of experience." It's a hundred and fifty years. I picture two old guys sitting around a desk. Our technicians have a minimum of ten years' experience is better.

You list all of those things. What are the deliverables? What statements can we make? The statements have to meet the criteria that we spell out in the book, which is they need to be stated objectively, quantifiably, not stated by the competition, not a cliché, and they must be true, which means we can prove them. We've got tracking data to prove them. They must be relevant. When you apply that definition to your deliverables, that is the beginning of the process for creating competitive advantage statements and value proposition building.

Shawn: I like that framework. Can you just list those again one more time, those criteria for identifying that competitive advantage?

Jaynie: Sure. Your competitive advantage statements, what we have our clients adhere is, is it must be objective, quantifiable, not stated by the competition, not a cliché, must be true, and must be relevant. Finally, should be stated in the past tense, as I said earlier.

Shawn: I think that's just helpful to run things through that filter, and the relevance part, that reminds me of something in your book. You talk about the dangerous disparity of sometimes we say things that really ... we're not speaking the customer's language I guess you might say. Obviously, there's got to be an alignment there between your competitive advantage and what the customer values.

Jaynie: Absolutely. I like to say it this way. You might be able to get a statement that qualifies as fitting you in part because you've quantified it, and I tell some companies, even that's better than the blah, blah, blah marketing. Instead of saying we deliver on time, or we will deliver on time, by saying we have a ninety-eight percent on time delivery, you're better ahead by saying that. If you find out that it's even relevant, then it's even more powerful as a competitive advantage.

Shawn: Great. One thing before we go here, we've been hearing a lot lately ... I just read an article this morning about a company's culture as their competitive advantage, or their people as the competitive advantage. This article that I saw was talking specifically about Pixar and Disney Animation, about how that their secret sauce is their culture. That's how they churn out these great movies, these great products. How does that fit into all this, especially when we're thinking of things from the customer's perspective? I'd love to hear your take on that.

Jaynie: I get that question from time to time, and that's an interesting one. There are a number of things that I view as statements that you cannot support, and things that are internal competitive advantages.

I think culture is very much an internal competitive advantage. It can translate externally, because certainly a culture where everybody's happy and productive, and has good integrity, however you define your culture, translates to good customer

experience, but it's not something you can go to a customer and say, "You should choose us because we have a good culture."

How are you going to quantify and define that culture in a customer's eyes? They have to live it and experience it, and that's fine for existing customers, but it's not something you can reel a prospect in, because he hasn't experienced it yet. That's what I always tell people about that as a competitive advantage.

It's great once you have people. Of course, it's always hard to manage, because I've talked to countless CEOs who are so proud of their culture, and they fight with me on this issue. All you need, and I've got one that comes to mind, I won't name the company, who constantly brag to me about his wonderful culture, and I happened to get on the phone with one of his employees, because I was going to use his services, and she was short, and she was curt, and she was not helpful. When I tried to tell him about it, he wouldn't let it in, because that's not his culture. He didn't believe me, and I was going to be one of their customers.

You have to watch that. I mean it's one of those things, "Well, you should work with us because we have good integrity." Well, I hope so, but how are you going to prove it? You're only going to prove it to those people who work with you for a period of time, who get to experience it. It doesn't reel in the prospects.

Shawn: Going back to that initial question of why should I work with you over your competition? If I'm a customer, if your answer to that question is we have a great culture, I probably don't care too much. It's more about what does that culture produce that's going to benefit me, the customer?

Jaynie: It's about the result, exactly.

Shawn: Great. Great.

Jaynie: What do I get from that culture.

By the way, when you tell me you have a good culture, your definition of good culture and mine are probably not the same thing, so that's what we mean by you have to be very objective, not subjective.

Shawn: That's a great distinction there. Well, Jaynie, this has been very helpful. It's, again, such an important topic. This has been very interesting for me. Now, I'm going to take this and go back to work myself, but I love that you shared some practical advice to help our listeners really start to identify some competitive advantages of their own, and communicate those in a way that mattered to the customer.

For people who would like to go deeper, I want to give out some of your information. Of course, for anyone who is interested in booking you as a speaker, we've got your information here at the Speakers Group dot com.

But I know you've got information about your consulting services. Also, your speaking on your website. Even some free chapters from your books. If you don't own a copy of Jaynie's books, *Creating Competitive Advantage* or *Relevant Selling*, you can check those out on her website at Jaynie dot com, that's J-A-Y-N-I-E, Smith, dot com, or her consulting firm, Smart Advantage dot com.

Anything you'd like to point out, Jaynie, as far as what people will find on your website, things they should look for?

Jaynie: Yeah. They might look at the ROI calculator. Going back to the price issue, I get a lot of push back from salespeople. They say, "You don't know our business. It always is about price," and I agree. It is not always about price. I tell my audience this all the time, that I'm not naive enough to say it's never about price, but if you look at the ROI calculator on our website, and just plug in your own company's numbers, even if you just sold ten, twenty, thirty percent more, without having to cave in on margins and

move the needle, the ROI calculator shows you a drop to the bottom line.

Again, I know that it's going to be about price. There's a lot of price shoppers who don't care about value, but in your business, whoever is listening or trying the ROI calculator on the website, how much more do you need to sell to justify spending some time and money on identifying your competitive advantage?

Shawn: I hope you enjoyed this episode of the Better Life Better Business podcast, and more than that, I hope you found some actionable ideas to help you identify and communicate your company's competitive advantage.

Thank you for listening, and make sure you get our next episode by subscribing at betterlifebetterbusiness.com/subscribe. That's betterlifebetterbusiness.com/subscribe. Just for signing up you'll get a free copy of our good advice eBook compilation, which includes contributions from over twenty-five thought leaders, like Jack Canfield, Marcus Buckingham, Chris Brogan, and many more who answered the question, "What is your best advice to live a better life and build a better business?"

Thanks again, and we'll see you next time.