



Is Your Business Terminally Unique?

By Rebecca A. Morgan
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Seek competitive advantage, but don't forget there are lessons to be learned from your peers.

Your business is special. You work hard to make sure that it is. You strive to give customers a reason to buy from you instead of from someone else. It may be your location or something about your service or products.

Most owners take pride in describing how their business is unique – both when compared to competitors, and certainly when compared to other industries. But some owners focus so intently on their uniqueness that they forget that most of the challenges they face are the same as those faced by the business down the street. And as a result, they fail to learn from the vast sea of experience that surrounds them. Their business can die from “terminal uniqueness.”

Approximately 100 years ago, Italian economist Vilfredo Pareto observed that 20% of the people in Italy owned 80% of that country's wealth. Since then, the concept of “vital few and trivial many” of that 80/20 relationship has been observed in many arenas. For example, if you look at your customer base, you are likely to find that 20% of your customers contribute about 80% of your revenues. Similarly, you probably spend 80% of your dollars with 20% of your suppliers. The intent of much teaching of Pareto's Principle is to encourage focus on the vital few. For example, manage most closely those 20% of the items that account for 80% of the dollars tied up in inventory.

So what does Pareto's Principle have to do with the uniqueness of your business? Many people see their entire company as unique, leading them to ignore the wealth of seasoned knowledge that is available outside their business and industry. In my experience, Pareto's 80/20 rule applies when looking across industries as well as within them. Eighty percent of a company's issues are basically the same as those faced by other businesses, while 20% may be different. To act as if everything is unique, or to focus solely on the distinctiveness of the 20% to the exclusion of the 80% will make a company struggle needlessly. Don't ignore the 80% and don't reinvent it. Simply learn from others and apply it to your company.

Don't let the 80% drag you down as you leverage the 20% for maximum growth and profitability.

Start by identifying the 20% that is unique and the 80% that is common to other businesses, recognizing that the percentages are rough approximations. Some people find this difficult to do, but it's all a matter of perspective. I have worked in both the frozen food and aircraft parts industries – a transition made easy because the similarities were more widespread than were the differences. But I've also seen people reject ideas from similar businesses with “that will never work here” because they could only see the differences.

Once you have defined what makes your company unique and what are support functions, help employees look at the company through that same lens.

Employees charged with keeping the 80% functioning at a neutral level or better should be encouraged to lean heavily on the experience of other industries or companies. Their ability to see similarities with those businesses and apply concepts successfully within your business is paramount. Commit resources to these items commensurate with the recognized value they have – they are not why customers choose you, but done poorly can be the reason why customers leave.

The people charged with leading the unique 20% have a different challenge. They must know the competition and view the marketplace from the eyes of the customer. They have to be innovative and creative, seeing both current and emerging competitors. You must invest resources that

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reflect the recognized value – that this is indeed why customers choose you.

Your uniqueness is what keeps you from being a commodity in the marketplace, and therefore what keeps you from competing strictly on price. That uniqueness is a valuable part of your business strategy. Your organization must support it. Don't water down that support by letting

the concept of uniqueness interfere with your organization's ability to learn from others. Be open to learning from the experience of others how to handle the 80% of your business that is unremarkable so that you can leverage the 20% that makes it special. Don't let your business fall victim to terminal uniqueness.



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