

## Simply the best : Excel at one thing

September 2012

Lots of growth companies get stuck at a crossroads. They have a good product and a decent number of customers but they delude themselves in thinking that they can both build the best products and love their customers better than anybody else. This lack of clarity by their leadership causes confusion and holds the companies' growth back.

Different customers buy for different reasons – some like the best products and others the best service. Companies succeed best when they understand how to match their focus to the buying reasons of their target market.

The question comes down to a choice between two alternatives – *are we going to be product leaders or customer intimate?*

Whether your focus is on product leadership or customer intimacy, the selection of one de-emphasises the other, but that selection delivers clarity and drives the operational tactics of the company.

### Product Leadership

Most technology-based companies are founded by engineers who would be aghast to think of any discipline other than Product Leadership as the force that drives their company. Frequently however, the best technology does not win. So what does Product Leadership as a Business Discipline mean?

Extraordinary talent is core to product leadership companies. Without hugely talented people, you don't stand a chance.

Markets need to be prepared and educated and market strategies have to be developed to move customers to accept products that never existed before. Investment needs to be brave and diverse. Big bets are made and many are lost.

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#### Insight in brief

Many sub €10m revenue companies are stuck at a crossroads. They have good products and a decent number of customers but delude themselves that they can both build the best products and love their customers better than anyone else. If their leadership teams address, answer and act on the question - *what is our primary focus, product leadership or customer intimacy?*, it would help them grow a lot faster.

### Insight in action

1. Get your management team together to try to figure out 'what it takes to win?' in your chosen market.
2. Debate and be ruthless about 'what you have got' in terms of capability, skills, ambition and mindset in your company.
3. Play out the two

Structures are entrepreneurial and teams are small. Procedures are only rigid at the latter end of the product development cycle to avoid the embarrassment of discovering that products can't be manufactured cost effectively or service costs will be too high.

Product leaders excel at launching new products, creating disproportionate noise in crowded markets, building anticipation and that magic 'buzz'. New innovations follow rapidly to keep that product leadership position as competitor's imitations appear.

Sustaining Product Leadership is difficult. It's a hard place for young companies to be. Where dramatic developments are to be achieved, large investments and patient investors are required.

## Customer Intimacy

People always buy from people they like. It is a function of human nature that if the relationship with the customer is strong, inadequacies in the product are sometimes overlooked. If the product is good enough, though maybe not the best, and the price is reasonable, the customer will still buy if the vendor has established a quality relationship built on trust.

Customer intimate companies will deliver customer tailored service and customer specific products. They exceed customer's expectations and surprise them with the level of care about the specific customer's needs and taking responsibility for delivering results.

Successful implementation of a customer Intimate business discipline means deep knowledge of the customer's problems and opportunities in their business. Their strategy for customer interaction is proactive. Sales and service teams are among the most knowledgeable and best trained. Product strategies are developed to fit the customer's requirements in a non-disruptive manner.

Structures in a customer intimate organization are typically decentralized, pushing the power and decision making closer to the customer. Instilling a customer centric philosophy throughout all levels in an organization is one of the greatest challenges of a customer intimate company. Stories abound about the lengths that some companies' employees go to meet the needs of their customer. The culture must dictate: Do whatever it takes!

All departments in the organization have the customer as a priority. The entire interaction cycle with the customer is non-transactional. Each event is a step in the overall customer relationship. In a sales situation, objections are not overcome they are addressed. Products are not leading edge but are designed from the customer's perspective. Evolution rather than revolution is the underlying tenet of the product team's research and development. Customer charters and service level

scenarios – get one team to document what choices, actions and investments a product leadership strategy would involve and the other team to do the same for a customer intimate strategy.

4. Now debate both alternatives and try to come to alignment and agree the best path forward.

agreements are meaningful and exceeded.

Customer intimacy is frequently one advantage a small company can exhibit over its larger rivals. Small companies can respond to customer's needs quickly and usually with more flexibility than big corporations.

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