

Why Are You Better? Build Preference Value To Beat The Competition

By Robert A. Potter

What is your Preference Value? What makes you unique and better than your competition? Can you quickly articulate what you do, how it is different, why that difference is important to this client, why it is difficult for competitors to match, and can you prove it in a few sentences?

Simply stated, preference value is the reason clients choose one competitor over another. A small difference in preference value can be the key to winning or losing, and there are no awards for finishing second. For example, an executive I interviewed admitted that she chose one service provider for a \$300 million contract because the winning service provider “seemed a bit more responsive.” Even though the price of the service was \$300 million, the losing competitor lost 100 percent of the business for lack of a few phone calls.

If you are not aware of, or cannot quickly establish preference over competitors, then clients will be less inclined to see you, value your services, choose you over competition, pay you what you are worth or commit to supporting your solution.

The objective of this article is to help you identify and articulate your preference value to make it easier for prospective clients to see what makes you different and better than your competition.

Charting Your Preference Value

Over the years my I have developed a simple but powerful tool called a Preference Value Chart to help service providers flesh out and then articulate their preference value. The first step in charting your preference value is to identify the selection criteria a client will use to compare you to alternatives. Selection criteria will usually focus on the reliability of execution because at this level the client is effectively turning the keys to his or her career over to you. “Who can most reliably deliver us from where we are now to where we want to be?”

For each criterion ask yourself the following:

- * What do we offer that is unique?
- * How is it different?
- * Why is that important to this client?
- * What evidence can we offer to prove it?

Consider these questions both from your company’s perspective and from your perspective as the service provider. What is unique about your company? What is unique about you? Isolate and, whenever possible, name (brand) that unique capability. Naming it or giving it a brand further distinguishes this characteristic from competitive alternatives and makes it easier for potential clients to remember you.

Here's an example of preference value charting in action. I worked with a commercial real estate company whose only offices were in New York City. This company was having difficulty winning competitive business against large national concerns. When asked to describe their services, they said they were committed to good service, had good market knowledge, offered full service expertise, had two NYC offices and had seasoned professionals in their employ. Initially, their preference value Chart looked like this:

Preference Value Chart

<i>Unique Service</i> <i>(branded)</i>	<i>Differentiator</i> <i>(How is it different?)</i>	<i>Preference Value</i> <i>("So what?" Why is it important to this client?)</i>	<i>Proof</i> <i>(What evidence do you have to prove it?)</i>
<p><i>Committed to good service</i></p> <p><i>Good market knowledge</i></p> <p><i>Full service expertise</i></p> <p><i>NYC offices</i></p>			

These are all excellent attributes but hardly unique. What company doesn't say they work hard, offer good service and have experience?

All the same, this firm's existing clients loved them, so I asked real estate company executives what they had done for their existing clients that set them apart from the national companies and used that to build their preference value.

How are you different? (Differentiator)

"Most of the nationals pitch the business with the experienced brokers, but the work is actually done by junior people who work on transactions all over the Northeast. In our case, all aspects of the transaction are handled by professionals with at least 20 years of experience in New York City. Our clients never have to deal with rookies."

So what? (Preference Value) Why is that important to the client?

"Most New York properties are sold or leased to other New Yorkers. We know the

market, and we know how to execute the deal. We know who is active, what they are looking for and what they can pay. We have all done hundreds of deals, so we can get it done with fewer mistakes and fewer surprises.”

So what? (Preference Value) What do fewer mistakes and surprises mean to the client? (Author’s hint: keep probing preference value until you reach the financial or risk impact.)

“Slow execution exposes them to market risks and ties up their funds. Our clients receive faster and smoother execution from us, which translates into less market risk and more liquidity.”

Can you give evidence that your preference value yields better results? (Proof)

The real estate firm was able to demonstrate consistently faster asset sales averaging between 90 to 120 days. The firm also provided evidence in the form of references from existing clients that favorably compared their performance to national firms. They branded their execution capabilities “No Rookies Execution” to emphasize their unique transaction experience. Now take a look at their preference value chart:

Preference Value Chart

<i>Unique Service</i>	<i>Differentiator</i>	<i>Preference Value</i>	<i>Proof</i>
“No Rookies Execution” Team	Buyer and seller will only deal with someone with at least 20 years of NYC experience.	Faster execution Fewer mistakes Less market risk More liquidity	Comparative references 90- 120- day dispositions Resumes

With a newly found awareness of and ability to articulate their preference value, this company was able to turn weakness into strength.

“Our ‘*No Rookies Execution*’ means that you and potential investors will only deal with a professional who has had at least 20 years of experience in New York City. That means higher quality representation, faster execution, fewer mistakes and more liquidity. That also means no more hand holding junior staff through the process. On average, our dispositions close within 120 days of initial marketing. Here are the résumés of our No Rookies team.”

The “*No Rookies*” brand successfully positioned their reliable execution and made the nationals seem riskier. National firms may be broader, but now this local firm could prove they were deeper and more experienced in this market.

Try building a Preference Value Chart for your own services. Focus on a single major theme. Positioning yourself as the best in everything dilutes your brand and your credibility. Your chart will make it easier for you to express and easier for your client to appreciate what makes you unique and better than your competition.

The boom and bust economy has probably obscured your brand in the minds of your professional and in the marketplace. The lack of awareness and inability of professionals to clearly see or articulate why they are different and better than competitors makes winning critical pursuits that much harder. If they can't see it, how can the clients who must choose them among alternatives see it?

On the other hand a clear preference value recognition and expression not only makes it easier for clients to choose you, it also becomes a self fulfilling prophecy as you dedicate resources to reinforce the characteristics that make you different and better. That builds your business, and it builds the moral of your professionals as they increasingly feel part of a unique and winning team.

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