

Paving a Path for Differentiation

By Suzanne Lowe

Call it boldness,chutzpa, or what-have-you, it helps to have it when you pursue a strategy to differentiate your firm. Saying “No” to projects. Doing the opposite of more established competitors. Building something no other firm has. These choices can seem counterintuitive at first. But if your firm has a solid strategy for differentiation, you’ll know where the path is going to lead you, and why you should stay on course along the way.

Once your firm has found its “sweet spot” of differentiation — and is enjoying profitable, interesting, seemingly easy-to-get projects — the path you took will look more like a yellow brick road. When you’re busy taking advantage of opportunities that would formerly have been out of reach, you’ll know for sure that the journey was worth it.



Beginning the Journey

Many firm leaders *think* their firm is unique, and don’t mince words on their web sites telling you things like: “We stand out because of our commitment to our clients.” Increasingly, those very same clients wonder “who wouldn’t say that?” It’s important to understand that differentiation means finding something your firm can do, be, or have that no other firm can match. No matter *how* committed your firm is to its clients or to quality, commitment does not equal a differentiation strategy.

Choosing how you differentiate your firm can seem daunting, but most firms have, somewhere within them, a seed of differentiation that can be planted and nurtured. Sometimes that seed is based on their cultural predilections. For instance, they may be risk-takers, so it would be natural to tap into that tendency and pursue a strategy that requires breaking a few unwritten rules to which other firms blindly adhere.

Jim DeStefano, founder of DeStefano Associates, a Connecticut structural engineering firm, knew he had found a potential seed for differentiation when doing historical preservation work in the 1980s. When the firm built additions to centuries-old structures, they needed to be built in the timber frame style — posts and beams fastened with wooden pegs, no metal joinery. Jim watched the timber frame marketplace shift from being an alternative, back-to-the-earth choice before the mid-1980s to a center-stage phenomenon when the TV program *This Old House*® built a new timber frame barn-house in Concord, Mass.

“Most structural engineers are schooled in how to design with steel and concrete. Faced with a timber frame structure, their first instinct is to use steel plates and bolts, which is *not* what timber framing is all about,” says DeStefano. “We’ve taken a lot of time to really study the way timber frame joinery works and how it was done centuries ago.”

DeStefano Associates thought broadly about the timber frame marketplace and where it would go in the future. DeStefano had the epiphany that timber framing might be an alternative that clients

would value, then did due diligence to go after and “own” this niche. As demand skyrocketed after *This Old House*, the firm was poised to capitalize on the demand because it had planned for the future.

Today, this is one of the firm’s strongest niches.

The Path Less Followed...

Choosing the right path can mean the difference between finding your firm’s unique sweet spot and being stuck in the middle of the pack. While there is no exact blueprint that is going to work for all firms, the most potent differentiation strategies are based upon the following:

By service offerings: “We specialize in the world’s highest skyscrapers.” Or, like DeStefano Associates “We focus on three niches: timber framing, historical preservation, and coastal development.”

By client needs addressed: “We only help clients who need guidance with historical preservation commissions.”

By the point of entry to solving client problems: “We address our clients’ construction challenges like other firms, but we begin our projects by first addressing facilities management issues.”

By staff: “We have more female partners than any other major structural engineering firm.”

By service delivery: “We are the only firm to manage complete projects from permit approvals to ribbon-cutting ceremonies and everything in between.”

By level of client served: “We only work with lead architects.”

By size of client: “We only serve clients with at least \$1 billion in revenue,” or “We focus on small firms in resort areas.”

By vertical segment: “We only serve municipalities,” or “We only work with clients in the retail sector.”

By geographic location: “We only do work in North America,” or “Europe is our sole focus.”

By value delivered: “We are the only firm whose projects have earned national design awards in 9 out of the past 10 years.”

...May be the Path with the Most Value

Naturally, whatever path a firm takes, its differentiation strategy must provide true value to its clients. Otherwise, why bother? Firm leaders need to ask themselves the following questions to help determine if they really are effectively benefiting their firm.

Q Are you providing uniquely favorable **value** for your clients?

A If clients don’t distinctly benefit from your differentiation strategy, why should they care about it?

Q Can you **protect** your differentiation platform against copy-cats?

A It’s not a very competitively-advantaged strategy if the other guys can replicate it too easily.

Q Is your differentiation strategy **credible** in the marketplace and internally, to your own people?

A If clients don't believe you can pull it off, or if your own staff displays cynicism about your plans, your differentiation strategy will falter.

Q In addition to being valuable to clients, is your differentiation strategy also **compellingly attractive** to them?

A Does it evince a "wow" from them when described? If not, it could be a dud in the marketplace, or at least so hard to promote that you'll lose enthusiasm for it before it takes hold.

Q Is the strategy **sustainable**?

A It won't do you any good if you can't keep it going, or if it can't hold up in the marketplace for the long-haul.

Q Is your differentiation strategy **narrowly focused**?

A If you try to be all things to all clients, you're not being selective enough. Dare to say NO to something; it will benefit your firm in the long run. It's all about being different, after all.



"More work than we can handle." "We command, and get, premium fees." "We turn away projects that look unrewarding and unprofitable." When you can make statements like these, it's clear that differentiation is well worth the time and effort it takes to achieve it. With a compelling strategy in hand, you can pave your own path to a differentiation sweet spot that increases your revenues and provides unparalleled value to your clients.

Then you can sit back and watch while your competitors try to gobble up one another's commodity projects. ■

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