

Six Steps to Differentiating Your Solutions Offerings

With all due respect to the U.S. Declaration of Independence, not all people are created equal. Although the intent of the phrase centered on equal rights and opportunities, people are most certainly different in nearly every other aspect: size, weight, color—right down to our ability to juggle or to memorize the Periodic Table!

Similarly, your solutions should stand apart from those of your competition. The market is flooded with me-too offerings. Busy buyers have little interest in taking the time to figure out why yours are different, if it is not immediately obvious. Neither are they likely to pay a premium for anything they consider a commodity offer.

Most important, your customers need to understand and value the differentiators that you architect into your solutions. It's not enough just to stand out from the crowd; you need to do so in ways that matter most to the market.

All too often, however, marketers fall short in demonstrating competitive differentiation with their solutions. Typical mistakes include:

- Simply listing the components and features of your solutions, paying little attention to the fact that one or more competitors are showcasing pretty much the same features
- Highlighting positive results in the market (which is a good thing) but assuming that those good results automatically mean that your solutions are different and superior to other offerings when competitors have delivered much the same results
- Emphasizing what may well be unique features and benefits but finding that customers perceive little value in those particular elements
- Overlooking the "hidden" differentiators that hold real value and would provide great appeal to customers

These shortcomings are due mainly to a lack of sufficient investment and formal process in the differentiation process. Companies spend a great deal of time developing their new solutions but, in the rush to bring them to market, tend to cut corners when it comes to identifying and communicating their differentiators. As a result, a great many solution launches end in failure or only modest success, despite the great potential of the offerings.

In contrast, the companies that typically do a good job of defining and presenting true differentiators for their solutions have created a clear process to do so and invested substantial time and resources to ensure success.

Six Steps for Solutions Differentiation

Based on our research and experience, a comprehensive process for defining and demonstrating clear and relevant differentiators for your solutions should include six steps:

1	Identify all potential differentiators
2	Articulate the real value and benefits of each potential differentiator
3	Compare your potential differentiators to those of the competition
4	Build a differentiator grid showing competitive strength and customer importance
5	Assess customer perceptions of each potential differentiator
6	Align marketing and sales investments around key customer perceptions

1. Identify All Potential Differentiators

The first step is listing everything that you believe differentiates your solution from those of the competition. Potential differentiators could be anything from unique features or supporting services to the way you write service-level agreements or the comprehensiveness of your ROI calculator.

Our Differentiation Elements Table is a useful tool to consider everything about a solution that could be viewed by your customers as superior and “best of breed.” Using the table, build a list of all possible differentiators across several major categories, such as:

- Features.** Does your solution have truly unique features? EMC, for example, claims that the design of its storage platforms allows customers to consume less energy per terabyte with its solutions than with any competitive offering.
- Processes.** Does your solution have a “secret sauce” with specific business processes that enable your products and/or services to drive more substantial value than competitive offerings? One of our clients had a particular way of building regional communication networks that truly stood apart from the competition.

Figure 1: Differentiation Elements Table

Differentiation Elements	
Features	
Processes	
Knowledge	
Other	

Source: Solutions Insights, 2010

- Knowledge.** Does your solution reflect a deeper knowledge of customer or industry problems than that of your competitors? Accenture, for example, has long claimed special knowledge of what drives “high performance” across different industries.
- Others.** Does your solution have some other type of potential differentiators? Depending on your business model, history, customer base, or other attributes, you might believe your solution stands out based on particular relationships, partnerships, geographic presence, or the like.

Remember: Your differentiators need to be visible and tangible to your customers. Your focus should be on market differentiators, not business differentiators. For example, if you have a “top gun” COO who has done wonders to improve your internal operations, you may well see this as a competitive advantage. However, it likely would not be of interest to your customers, nor would it be something

that would translate into a compelling reason to buy. Similarly, one of our clients believed that their selling methodology was a major differentiator. There is no question that an outstanding sales process will improve your chances to make a sale, but it's doubtful that you would want to promote it to your customers as a reason to buy!

2. Articulate the Value and Benefits

Determine the real customer value and benefits of each potential differentiator. Be brutally honest. If you can't articulate the value and benefits, how can you possibly communicate them to your customers? And if you can't be clear about them, how do you expect your customers to "get it"?

Let's be clear about what we mean in terms of value and benefits:

- **Value.** The actual performance or results of applying the solution
- **Benefits.** Why the value that was received is important to the company or the customer. These are usually stated as a higher level of values.

In some cases, the value and benefits are obvious. For example, one of our technology clients that provides infrastructure management solutions for the financial sector determined that a key process included the following value and benefits:

- **Value.** Lower operating cost and quicker implementation.
- **Benefits.** Predictable and reliable implementation, with less customer management time required.

To get a sense of the relative positioning of each of your potential differentiators, we suggest that you rate each potential differentiator on a 1 to 10 scale, with 10 representing extremely high value to your customers.

3. Compare with the Competition

Determine where your potential differentiators truly stand apart from those of your primary competitors. Again, be brutally honest, and do the comparisons from your customers' perspective as much as possible. To keep the process manageable, you probably want to focus on two to five of your most important competitors—and the list should be based on the competitive landscape for the specific solution, not your general business competitors (they might be different).

Score each potential differentiator against the competition to evaluate its relative strength in the market. We suggest using a 1–10 scoring system. The result of the exercise should be a clear understanding of which potential differentiators actually do separate you from the competition.

Fear not if the list is small. Few companies can come up with more than two or three true differentiators at this stage of the process. After conducting a rigorous competitive analysis for our client in the infrastructure management solutions business, for example, we agreed that they had one clearly significant differentiator for a particular solution: the ability to integrate client and network environments by applying a set of unique processes. The other potential differentiators they had first considered, such as a global footprint, were really just me-too attributes.

4. Build a Differentiator Grid

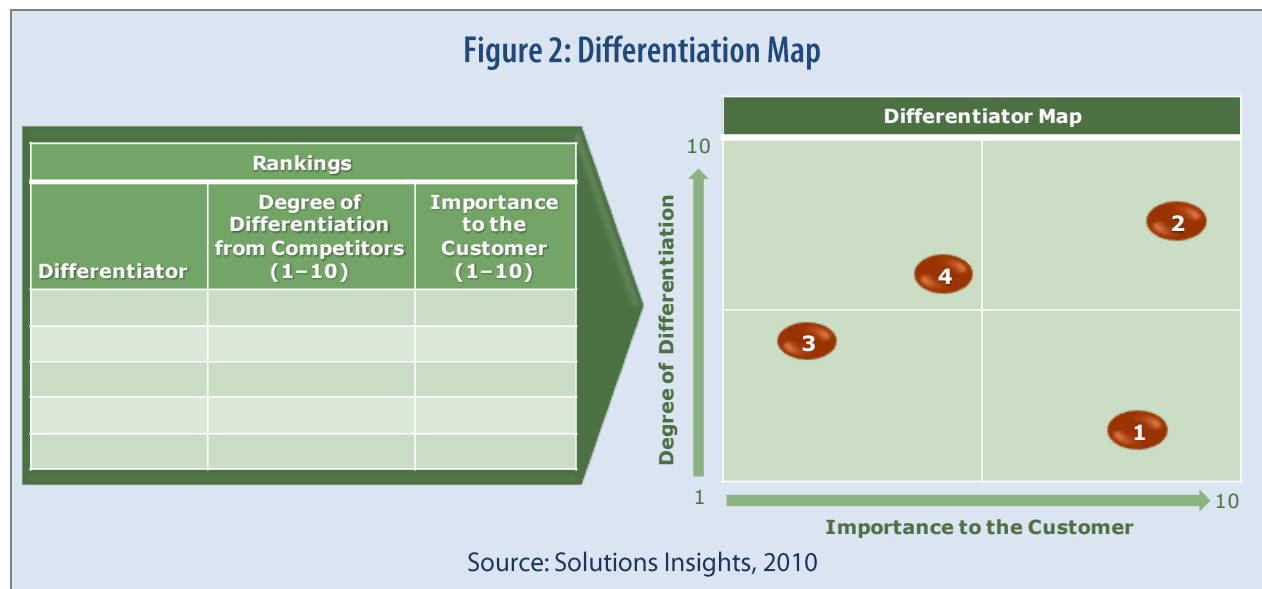
For each of your solutions, build a Differentiator Grid according to both competitive differentiation and importance to the customer.

The previous step highlights where each potential differentiator stands in relation to the competition. Now rate each of those potential differentiators on a 1–10 scale for customer importance (with 1 being not at all important, and 10 being extremely important). You might not have precise evidence for this

step, but educated guesstimates are perfectly usable to understand the relative importance of the various differentiators.

Once you have the customer importance ratings, you can plot each differentiator on a grid from bottom left (competitive weakness and not at all important to customers) to top right (competitive strength and extremely important to customers), as in Figure 2.

The grid will provide important insight into which differentiators may be most important for marketing and sales and how best to present them. You might not necessarily focus just on the ones closest to the top right of the grid, but you will talk differently about those that are less important to customers and/or where you have less competitive strength.



In the Differentiator Map in Figure 2, Differentiator #2 is clearly the one that should get the most attention from your customers; it is the one that is considered more “unique” in terms of competition, and it is rated the most important one to the customers. Differentiator #3 is also clearly positioned as the weakest of the four, seemingly of little importance to the customer and not that different from what the competition offers. The other two are not so clearly positioned. Are you better off highlighting a differentiator that is easily seen as superior to the competition but has less business value to the customer or promoting one that has higher customer impact but is easily matched by your competition? We have discovered that the choice between these two options will depend on each situation; the solution offering, the bigger competitive landscape, and so on will dictate which of these should get more attention and marketing support.

5. Assess Customer Perceptions

Assess how your customers currently perceive each of your solution’s potential differentiators. We suggest categorize the differentiators into three groups:

- a. **Real and Perceived.** You have a process, product, relationship, or the like that is truly different and your customers understand and value this point of differentiation.
- b. **Real but Not Perceived.** You are convinced that you have a true differentiator, but your customers do not agree or are not even aware of it.
- c. **Not Real but Perceived.** You have concluded that your potential differentiator is actually not that different, but for some reason your customers perceive it as superior to the competition anyway.

6. Align Marketing and Sales Investments

The combination of ranking your differentiators by impact and degree of differentiation, combined with how your customers actually perceive them, will lead you to a marketing and sales support strategy. The following grid provides some guidelines for considering these various factors and what you should do to ensure that you're getting visibility and understanding around the differentiators that will have the biggest impact in selling your solutions.

Perception Map Marketing Strategy			
Differentiator (Ranked)	Real and Perceived	Real and Not Perceived	Not Real But Perceived
Marketing Investment Alignment	Aggressively promote; leverage strong advantage; move budget to consideration and trial sales activities; ensure that the sales force can articulate them and use them as "door openers"	Aggressively promote; continue to spend on awareness activities; use marketing tools to educate the customer base; create sales tools that explain the value/benefits	Moderately promote; look to either make the differentiator into one that is real or begin to invest in a different potential differentiator; assist in consideration and trial activities; begin to reinvest in new differentiators

Source: Solutions Insights, 2010

In today's highly competitive market, the key to your success in selling solutions is your ability to articulate how your solutions are different and how these differentiators will benefit your customers' business performance. If you use our Differentiator Model, we can guarantee that you be more likely to focus on the right differentiators to the right market segments for the right reasons.

For More Information

The principals at Solutions Insights have tracked the interest of technology and other B2B firms in solutions for almost 10 years, observing how companies have moved from using "solutions" simply as a marketing term to substantially changing their business models—getting closer to customers to address core business issues, integrating internal assets and intellectual capital to develop innovative offerings, and communicating real business value. For more information on solutions strategy, marketing, and sales, contact Steve Hurley at shurley@solutionsinsights.com or +1-781-929-8570.

The Point of View Series

Solutions Insights is publishing a series of short, research-based perspectives on critical issues in solutions strategy, marketing, and sales. Current publications include:

- [Adjusting to the New Reality: Four Steps for Solutions Growth](#) (Number 1 | April 2009)
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- [Socializing Solutions: Tapping Social Media for Solutions Success](#) (Number 3 | June 2009)

About Solutions Insights

Solutions Insights is a B2B consulting and training firm that helps companies put meaning into the term "solutions." Building on deep experience in the technology and professional services industries, we provide research, strategy, and programs that create internal alignment, market distinction, and faster routes to revenue. Learn more at www.solutionsinsights.com.