



HOW CAN SMES ACHIEVE MARKET LEADERSHIP?

by Leigh Wallinger

Much has been written about the disciplines of market leaders.

In most discussions about market leaders we talk about organisations that also happen to have big brand awareness. For operational excellence we think of McDonald's or Dell. For product leadership we think Sony or Apple. For customer intimacy we think Lexus.

How can a small company, without a widely recognized brand, become a market leader?

To achieve this, an SME needs to be very focused on what it does so that those people or organisations in its target market recognize that it is in a leadership position. If you are running a small business it is imperative that you think long and hard about the answers to the following two questions:

**Exactly what business are we in?
What precisely is our target market?**

Let's recap on the disciplines of market leaders. In their book *"The Disciplines of Market Leaders"*, Treacy & Wiersema identified the concept of value disciplines. They defined three value disciplines and all successful companies are good at all three. To be in a Leadership position, though, you have to excel in at least 1 of the three disciplines.

Treacy & Weirsema identified the three value disciplines as:

- Product Leadership
- Operational Excellence
- Customer Intimacy

A company with a good product that is poorly organised and inefficient in its business processes or which is a little off-hand with its customers can never be in a Leadership role. For SMEs, the most achievable value discipline in which to excel is Customer Intimacy. Provided the company has a marketable product and efficient operational processes then it can achieve a leadership position through excellent customer intimacy.

Excellent "customer care" will help to reduce the sales cost to revenue ratio. Firstly, customers will return and buy more from you (especially if you adopt appropriate up-selling and cross-selling techniques). Secondly, your customers will tell others about their experiences (word of mouth marketing) and thirdly, your customers will be more willing to give you referrals (all you have to do is ask for them).

For those organisations, large and small, that have a greater focus on product leadership or operational excellence should remember the following truism. A dissatisfied customer will tell far more people about their bad experience than a happy customer tells about their good experience. So even if you can't yet find a way to "wow" your customers, make absolutely sure they are not unhappy.

How do you know how well you are doing in terms of customer intimacy?

The easiest way to find out is to talk to your customers on a regular basis. Find out what they perceive are your strengths and what steps they think you can take to improve on your weaknesses.



Explain to them your strategy to become recognised as providing exceptional customer care in your specific market. Ask them to give you quarterly feedback on how your performance is improving.

What will your customers begin to look for as you progress towards leadership in customer intimacy? They will look for the same things that you would look for from your suppliers. Put yourself in their shoes and

- Whenever they have a query they want to be able to contact you. Be accessible.
- They want to think they are your most important customer. Be proactive. Make contact with them first.
- They want to know your business is stable and financially sound. Keep them informed.
- They want to know if something goes wrong you will help them quickly. Make it easy for them to ask for help.
- They want value for money. Keep reminding them of the value you are giving them.
- They want to believe they have made a sound buying decision after they have bought from you. Tell them. Remind them of all the benefits they get through this purchase.

If you achieve this, your customers will be well disposed towards your Company. This is a great time to gain referrals from them, which will lead you to other customers, or perhaps they could provide you with a written testimonial to load onto your website.

Striving for a Leadership position through Customer Intimacy will produce numerous, positive side-effects. For SMEs these positive side effects can help improve profitability as the cost of future sales will be reduced through referrals and recommendations.

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