

How to Select Your Differentiators

To attract buyers' attention, it's not good enough to be good at what you do. You have to choose, understand, and communicate your "differentiators," the characteristics that set you apart. Once you know how your firm is different from key competitors, you can build a compelling market position around those characteristics — a positioning that helps you stand out from the rest of the pack.

Finding Your True Differentiators

Identifying your differentiators can be surprisingly simple or one of the most difficult tasks your firm has faced. That's because most firms either have strong differentiators already, or they need to rethink aspects of their overall strategy.

Don't be discouraged if you find that your firm doesn't have strong ready-made differentiators. Many businesses don't — and adopting new differentiators is one of the most powerful steps forward a firm can take. Alternatively, you can use the power of language to turn one of your strengths into a core brand trait.

A word of caution: Identifying your true differentiators is much easier if you have a body of high-quality client research to draw upon. When you have an impartial third party talk to your clients and prospects you get a revealing, unvarnished picture of your business — from the outside in. Without these data you will have to rely on your internal perceptions and intuition, which can be unreliable.

Note: While this document is written for firms, it is equally applicable to individual experts.

Step 1. Identify Your Audiences

Who are your key audiences? It's important to keep them in mind as you develop your positioning and messaging. You can slice and dice your target audiences in various ways:

- By vertical/industry
- By role (CEO, CIO, human resources)

- By motivation (strategic partners, prospective employees)

Now, you may or may not need to address each of these dimensions. Some firms focus on only two or three audience segments. Others list six or eight. To decide which audiences you will want to address in your positioning and messaging, think about what motivates each audience. Then ask yourself the following questions:

- When you are selling your services today, are there any audiences that require a different or customized pitch?
- Are there any non-client audiences that can affect the fortunes of your business? For instance, partners, prospective employees, and industry influencers?
- Do you sell to different industries? Do you sell to them differently?
- Do you sell to different roles in an organization? For instance, do you negotiate with the CEO at smaller companies and the CIO at larger ones?

As you list your key audiences, you may decide to combine some of them into groups that would be receptive to the same set of messages. For instance, you may realize that you sell in a similar way to all but one of your target industries. No need to obsess over your groupings, however, as you can rearrange them later as you develop messages to each audience set (see *How to Write Your Messaging Architecture*).

Step 2. Develop an Initial List

To identify existing differentiators, you have a couple of options.

You can sit down with key members of your team and ask yourselves what makes your firm different. In our experience, it's pretty difficult for an internal group to put itself in the shoes of a client or prospect. Your team lacks critical objectivity and distance.

A more effective approach is to hire an impartial third party to survey your clients, lost clients, and prospects. That way you can balance internal perceptions with those of the marketplace.

Whichever approach you take, analyze your results and draw up a list of all of the things that might set you apart.

Here are ten ways you can differentiate your firm:

1. Do you have a unique business model? Do you deliver your services in an innovative way? If so, that's a terrific asset.
2. Do you have an area of specialization or an industry focus? If yes, that's a very good differentiator.
3. Do you offer a unique product (for instance, custom software)? That can be a great differentiator, especially if you can clearly articulate its benefit.

(Try to answer the question, “Exactly *how* does Product X help our clients be more successful?”)

4. Do you have a unique business model? For instance, do you provide traditional services in a new way (such as online)?
5. Do you publish frequently? Have you written a book on your area of expertise? Content can be a powerful credibility builder.
6. Do you have a track record of producing results for your clients? If so, you’re sitting on a pile of gold. This can be an excellent differentiator, especially if you can express those results in numbers.
7. Have you worked with brand-name clients? If so (and if your industry allows it), you can use them to position your firm at a higher level.
8. Does your firm have offices in multiple states? Then you may be able to talk about your national reputation.
9. Is your firm the largest in a city, state, or region? That can be a compelling differentiator.
10. Has your firm grown faster than others in your industry? Clients like to work with firms that know how to grow. Growth is most powerful when documented by a third party, such as the Inc 500/5000. Of course this status can vary from year to year, so don’t make it your primary differentiator.

Step 3. Evaluate Your List

Now take a hard look at your list. It may consist of 20 items or just two or three. No matter what’s on it now, in the end, it’s the quality of your differentiators that counts. In fact, every item on your list must pass these three tests:

1. It is true (or you are diligently working to make it true)?
2. It is relevant to your target audience?
3. Can you support it with evidence?

Now look at your list again and ask yourself a few questions:

- Could one or more of your competitors credibly claim any of these things? If you answer yes, then those are probably not great differentiators.
- Do you claim your people are your differentiator? If so, just delete this one. Unless your people are truly different in some tangible way (for instance, they all have Ph.D.s), forget it. Most undifferentiated firms say their people are their greatest asset.
- Do you say you have a proprietary process? This is probably not a differentiator — unless, of course, your process really is different. Most firms’ processes, however, don’t really meet that criterion. Be brutally honest with yourself, here. What about your process is unusual? If the answer isn’t perfectly obvious, your process probably isn’t that compelling (which, by the way, doesn’t mean it isn’t effective).

- Do you offer better service than your competitors? Good luck getting anyone to believe it, unless perhaps you have a credible, unbiased third-party endorsement (such as a J.D. Power & Associates award).

Most firms end up with a list of between four and six differentiators, though usually only one (or in rare circumstances, two) is a truly differentiating, defining characteristic.

If your list is longer, look at each item critically. For instance, remove any items that simply describe your company or its services. The goal is to make this list as tight as possible so that your positioning won't be clouded with irrelevant information.

Step 4. Prioritize Your Differentiators

Look at your list of differentiators. Is there one that stands out from the rest? Is there a particular facet to your business that is particularly different from the way your competitors approach a client engagement. Do your best to arrange your list from most important to least important. Try prioritizing with these two criteria in mind:

1. Importance to your target client
2. Strength of supporting evidence

This exercise will give you insight into how to approach your positioning statement, though you may experiment with a different order as you draft your positioning statement.

Here's what a final prioritized list of differentiators might look like:

Sample A: Differentiators for an Accounting Firm

- *We specialize in multi-location restaurants*
- *We are more than an accounting firm to our clients; we bring our deep experience in the chain restaurant marketplace to every engagement*
- *We provide an easy-to-use technology dashboard that helps restaurants quickly recognize emerging opportunities and threats*
- *Our client satisfaction is exceptional as demonstrated by our 88% referral rate*

Sample B: Differentiators for an Architecture Firm

- *We bring a rigorous, scientific methodology to design, using the latest research to help us create more functional, efficient and inspiring spaces.*

- *We work at the core of communities — enhancing their ability to provide critical health, education, retail, and civic services.*
- *Our pre-design consultation and assessment services uncover obstacles early — before they become problems — and identify opportunities to improve a project's quality and efficiency.*
- *We've been transforming northern California communities for over 70 years.*

Sidebar: What if you don't have any strong differentiators?

What if you don't have great differentiators? First of all, take solace in the fact that you're not alone. Most firms are run by practitioners, not visionaries. As a result, they offer the typical fare in the typical way to the typical clients. That doesn't leave a lot of room to be different. If you are in this boat, you have a couple of options, one hard (but rewarding) and one much easier (but less effective):

1. Change your business to focus on one or more of the following:
 - a. An industry or client group
 - b. A service offering or product
 - c. A unique way of delivering your service

2. Or, make the most of what you have and differentiate yourself in other ways, such as:
 - a. Pick a true characteristic of your firm (for example, your experts are always accessible) and build your brand around it. Most of your competitors have nothing interesting or new to say about themselves. And that means you have a real opportunity to talk about your firm in a memorable way.
 - b. Differentiate your firm with fresh words and visuals
 - c. Express your personality

Sample A above is an example of a firm with a true differentiator. This accounting firm specializes in multi-location restaurants.

Sample B, on the other hand, is an example of a firm that builds upon a characteristic or strength. This architecture firm is promoting its evidence-based approach to architecture, even though other firms also use that methodology. By making their scientific approach a central theme, this firm is able to turn an attribute into a brand strength.

Once you've settled on your differentiators you are ready to take the next step and draft your positioning statement.