

MERCHANDISING TIP

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By Stan Pohmer

Companies need to do all things well to continue existing, but there are certain things that they need to do exceptionally well to be leaders and maintain their competitive edge and position...their core competencies.

RALLY 'ROUND THE FLAGPOLE

How do your core competencies compare with what you think and what they actually are?

When working with grower and retailer clients to help them improve their performance and craft a marketing or business plan, one of the first questions I ask the owner is, "What is the single most important thing your organization does that gives it a competitive advantage in the marketplace?"

Simple question, right? Not really. After getting over the "deer caught in the headlights" reaction, the typical response is not one thing they do well, but rather a list that keeps getting longer and longer, to the extent that one would believe they do all things well. Trying to get them re-focused, I then ask the owner to narrow down the list to just one competency, but I generally have to settle for a list of three or four.

Now it gets interesting. I take this list out to the managers of the company (without the owner being around to influence the discussions) and ask them to answer the same question. Not only do I generally get a completely different list, in many cases the manager's list doesn't even include the same whittled down owner's top three competencies.

The next step in the process is to ask the same question of the employees, and, you guessed it, I now end up with three lists that, when combined, encompass virtually every activity and program

the company is involved in. And, condensing the lists down, we end up with four or five core competencies.

Just for kicks, independently ask for the list of core competencies — the most important things that give your company your competitive advantage — from the owner, your managers and your employees in your own company. Then sit down and compare the lists...I think you'll see what I mean.

WHAT THIS MEANS

This process raises two major concerns. First, it's critical in today's hyper-competitive marketplace to define a short list of core competencies that really do set your company apart in your customers' minds and hearts and identify that number one thing you do better than anyone else. But, in my experience, very few companies in our industry can honestly and objectively provide this. And, unless you can identify your core competencies, it's virtually impossible to maintain focus on what's really important over time, to maintain your competitive edge on these competencies, and to effectively communicate and market these competencies to your customers.

The second concern is with internal communication and focus. Unless everyone in your organization, absolutely and without any possible doubt, knows what are fundamentally the most important things to

focus on, you can't achieve the almost single-minded, laser beam focus required to maintain and build on the core competency that sets you apart and can continually provide your competitive advantage.

WHAT TO FOCUS ON

So what might some core competencies be that you may focus on? Some may say being the lowest cost provider. But what happens when someone else develops technology or systems that allows them to beat your price? In this case your only option to maintain your core competency is to further reduce your prices, which may not be supportable from a profit standpoint.

Others may suggest that your core competency is producing or selling the highest quality products. But what happens if someone else develops a process or program to provide quality superior to yours?

Every company is different and there's no prescribed list of "must have" core competencies that make a company successful, but here are a few characteristics of core competencies that might be helpful in your soul-searching process.

Core competencies are sustainable...over time, throughout your organization and as the marketplace changes. Maybe it's having the newest varieties available year after year. Maybe it's focusing on offering the high-

est value-added container gardens. Maybe it's providing your customers with the best customer service. All of these can be continually enhanced and modified to maintain your position versus your competition as they improve and introduce better programs.

Core competencies are fundamental and apply to your total company's programs, not just a narrow part of your company. A core competency reaches all aspects of your company and becomes part of your culture, affecting operations and sales; accounting and distribution; advertising; and employee training and compensation.

Core competencies are difficult to duplicate. Wal-Mart's core competency isn't having the lowest prices, but rather developing and investing in the systems and technology necessary to have the information and processes in place to manage their inventory and distribution to reduce their costs of doing business which allows low prices while retaining profit, an investment and expertise skill set that is very difficult for others to duplicate.

Companies need to do all things well to continue existing, but there are certain things that they need to do exceptionally well to be leaders and maintain their competitive edge and position...their core competencies. Identifying and focusing on these core competencies brings cohesion to an organization, serves as a rallying point for its employees, provides the basis for a marketing image and acts as a benchmark against your competition to maintain your superior position. It also helps to bring focus on resource investment decisions, knowing what's important to invest time, money, people and effort on; investing in your core competencies will usually generate the greatest return on investment short and long term.

The acid test for knowing what your core competencies are (and whether or not you're successful in delivering on them) is to ask your customers. If they

identify the same ones you do, you're on the right track; too often, however, there are some major disconnects in both the perception and reality between what you and your customers

view as your strengths, your ability to execute and your competitive advantage.

But when everything is in synch, 'tis a thing of beauty to behold, and great things happen. **GPN**

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