

# HOW TO COST A JOB?

## WHY COMPANIES ARE MISSING THE PLOT

BY BOB GLENISTER, CEO OF TELPRO MANAGEMENT

Part Two

In the previous article in this series, I asked you what your time is worth. In this section, I outline Positioning and Differentiation.

### POSITIONING

To understand positioning, I use examples of different companies.

Company one: this business is always very busy and offers anything at any price. Competition is fierce and tempers are frayed, there is no customer loyalty. This is a common target for a lot of players in every industry: be the cheapest. The consequence: be the busiest and fight a turf war, is not always considered. This is not my choice of a comfortable place to work, but it could be your choice.

Company two: more upmarket and a lot pricier. They make the customer feel more comfortable and encourage loyalty to some degree, but there is always a new, better model in town seducing the client. The price is less sensitive as this business will tend to develop some kind of differentiation.

Company three: They are like a long term partner (husband or wife) as they breed loyalty. This relationship involves mutual respect, trust and tolerance between the customer and the supplier.

Focusing on adding more value to the customer will keep them coming back for more and even make them forgive you for some of your errors from time to time. Its a no bullsh\*t relationship, but it's expensive.

### INDUSTRY PLAYERS WHO WASTE YOUR TIME

The pimp: these are the politicians, insurance sales people, etc. They offer you protection for a fee and they take a cut from each customer you service. They promise you much but deliver very little. Do your best to get rid of them as they are leeches sucking on your time.

Business advisors: they will tell you great stories and pontificate great theories. They will also try make you feel stupid without them, by using buzz words and fancy titles, thus stroking your ego. Become a porcupine: the moment they begin to stroke you, make your quills stand proud and growl; make them earn the right to deal with you.

The key take away from Positioning is quality versus quantity. Germany is the only country in the world with a positive trade balance with China (they export more to China than they import from them). What is the key? Quality and quality comes at a price. You can be very busy selling products at a low price, this makes sense for China as they have billions of people, but you don't want to employ hundreds of people, unless you want to start a country.

### DIFFERENTIATION

This is the art of making real profits and making the customer come back for more (it is easier to give something away than to sell it for what it is worth).

The Welsh Tree Frog is a lesson in differentiation. During mating season, the male frog emits a series of chirps that attract the females to be partnered. A select group of males, however, have added a single base note in the chirp call.

These males bed on average nine more lovely ladies than the males who issue the standard chirp.

This is the art of differentiation in a nut-shell: the same product but packaged to suit the customer. We all know what it is like to shop at a discount store like Makro. Finding someone to help is difficult, if not impossible. So why are they successful? They are playing the 'giving away' game, where the number of people who enter the store knowing what they want to buy and fully understanding the item they are buying, outweigh the number of customers who are not informed and simply walk out of the store in disgust.

Your partner (you would never do this) always buys product from a certain store. When you question why they buy from the store as it is so expensive, the answer is a simple, 'I get better service' or 'The people are so friendly'. Perhaps they won't mention the charming salesperson who makes them feel good. What is this store practising? Differentiation.


The first key for differentiation is therefore give the customer what they need in a non tangible form: a smile, information, help, advice, or a shoulder to cry on. These are small things but will keep your customers coming back at any reasonable price.

The second part of differentiation is specialisation. The tree frogs who learnt the extra base call were saying, 'Hey ladies, I have learnt this new mating call because I have taken the time to become an expert in how to please you.'

To identify your specialist area, take a good look at the people who work for you (including yourself) and determine the work that you are particularly proud of and again identify the work you are particularly ashamed of.

Once you have determined this, make sure you study the areas you are proud of until you are thought of as an expert in this field. Then look at the shameful areas and determine whether you wish to continue with this aspect of work because it is dragging all your prices down. Either get rid of it or study and practice like crazy to become an expert here too. Once you are viewed as an expert, you will be surprised how little argument you will get on price.

I hope you all turn into Welsh Tree Frogs and practise being long term partners to your customers and focus on how much quality you can deliver. Always remember that you aspire to quality, one day you will want the finest things in life, your customers are no different. People all aspire to quality, make sure they aspire to your quality.

Most of all, have fun. I have never met a successful person who was not passionate about what they do. If you are not enjoying it, you are not going to make money doing it! 

ROLAND DG (+27 11) 875 9300  
www.rolanddg.co.za