

Good morning, everybody. Dennis Engelbrecht with our encore series of Digging Deeper.

Today, I want to talk about differentiation. What is differentiation? Basically, it's the why you? Why should somebody use your company, your services versus somebody else? How have you presented yourself to make yourself more worthy for this project that's coming out? Why you? Why not somebody else?

And of course, in construction, sometimes the ability to get the low price's the why you, but that's not a great way to success in construction because if you have to get low to get your work, that's not the best strategy to get there. You end up with low margins and low profit.

So, I think differentiation is becoming more and more important. For one thing in construction, a lot more work seems to be coming out in the collaborative forms, in the more negotiated collaborative delivery methods, which means essentially, it's a beauty contest. Who looks better? Who can do this better? Why you? Right? Why you, versus these other three companies. Oh, and by the way, these other three companies are all terrific too. Right? Everybody can build it. It's sort of construction's become a commodity at a certain level because everybody's going to deliver a complete construction project in the end, right? Their contract sort of guarantees that.

So how do you differentiate? First of all, the book, *Good to Great*, by Jim Collins, gives us some great ways to think about differentiation. He asks two very good questions when he talks about his hedgehog concept, one of which is, at what can you be the very best? So, when you look out at your competitors, what are you better at, or can be better at, than those competitors? If you can't see anything, perhaps it's time to get your team together and do a little work and see what you could possibly change, or do differently, to be better than your competitors.

The second question. About what are you the most passionate? Now, those two can go hand-in-hand because you're oftentimes going to be very good at what you're passionate about. So, think about your own passions, the passions of your teams, your company. What are you the most passionate about and what can you be the very best?

So, that's a good place to start. Then, what you've got to do is rally your troops around that. Make sure... You know, every leader probably should have a consistent rallying cry that lasts for a period of time. You don't want your rallying cry to be different every day. Come in and say, "All right, today we're marching this way. Tomorrow, we're marching that way." Right? A rallying cry should be something that "We're going to finish on time, every time," and over and over again. You're pounding it into your people. When your people think of what we do well, they can tell you what you do well because they've heard it and they're living it, and they start to believe it and that's really what you want your differentiation to be. You want them to have everybody in your whole organization to have belief in that differentiation that you have. And then when they're out there with the customers, they're selling that, they're reinforcing that, and they're striving to achieve that differentiation.

So that also, by the way, builds pride. So your differentiation that you have in your markets, actually feeds into the differentiation that you need to attract good people as well. Because if you've got that pride and you've got these things you do better, people want to be part of that. Vice versa, if there is no rallying cry, if there is no thing that sort of instills pride or says, "We are great," or "We are better," it might be harder to retain people even. So, you want to make sure you're doing that.

The last encouragement I want to give you today is, you want to build your business around lifetime customers. Lifetime customers become lifetime customers because you're good at something. You do it better than everybody else. They want to come to you. They want to give you their business because they trust you. You're going to do it better than everybody else. You're going to allow them to sleep well at night.

Now, when you have lifetime customers, you don't have to be the lowest cost at all times. So that allows you, if you can build your business around lifetime customers, first of all, you'll have more consistency through down economies. You'll also have better margins and better profits for your company. And sometimes you can't have a hundred percent of your business around lifetime customers but if you're 25%, try to move that to 40%. If you're 40%, move it to 60%. If you're 60%, shoot for 80%. If you don't have any lifetime customers, well start working on your differentiation and then look for those lifetime customers around that differentiation.

So, differentiate your business, Dennis Engelbrecht, Digging Deeper.