

# THE MYTH OF EXCELLENCE

## Why Great Companies Never Try to Be the Best at Everything

FRED CRAWFORD & RYAN MATHEWS

**FRED CRAWFORD** is an executive vice president at Cap Gemini Ernst & Young, a management consulting and systems integration firm. He currently serves as managing director of the consumer products, retail and distribution practice. Mr. Crawford is an internationally recognized strategist, a sought-after speaker for industry events and a contributor to business and trade publications.

**RYAN MATHEWS** is a futurist at FirstMatter, a consulting business specializing in creative business solutions. His expertise is in the fields of consumer goods, demographics and lifestyle analysis. Mr. Mathews has provided consulting services to a wide variety of international companies.

The Web site for this book is at <http://www.us.cgey.com/consumerelevancy/>

**SUMMARIES.COM** is a concentrated business information service. Every week, subscribers are e-mailed a concise summary of a different business book. Each summary is about 8 pages long and contains the stripped-down essential ideas from the entire book in a time-saving format. By investing less than one hour per week in these summaries, subscribers gain a working knowledge of the top business titles. Subscriptions are available on a monthly or yearly basis. Further information is available at <http://www.summaries.com>.

**MAIN IDEA**

Many businesses fall into the trap of trying to be all things to all people and instead end up becoming just the same as everyone else. This happens whenever a firm tries to excel in all the five key attributes of commercial transactions: (1) price; (2) product; (3) access; (4) experience; and (5) service.

By contrast, great companies do something entirely different – they listen to their customers and then decide on one attribute where they will dominate (be world class) and one attribute where they will differentiate (be above average). Then they focus all their resources on excelling in those two key attributes and do everything else to general industry standards level.

The Five Consumer Relevancy Factors / Attributes	
Price	Honest prices – not necessarily the cheapest.
Product	Consistent products – not always the best.
Access	Convenient navigation – not too many hurdles.
Experience	Personalization – not maximizing revenue.
Service	Complete basic service – not just good add-ons.

Thus, the key to success isn't simply offering customers the highest quality products at the lowest possible prices. Nor is it providing easy access to a fun and stimulating sales environment, having a great Web site or being able to customize products just the way the consumer prefers. Instead, the success stories of the future will be those companies that align their commercial offerings with the value systems of their customers. The context within which the commercial transaction occurs is rapidly becoming more critical than the content of the product or service offering itself. Smart companies already understand and use that reality to good advantage.

1. The Concept of Consumer Relevancy . . . . . Page 2

Consumer relevancy is the art of framing commercial offerings in ways that resonate with the consumer and align with the way they define value in goods and services. Or put another way, consumer relevancy is a way of speaking to customers in their own language, rather than use tired cliches or the usual advertising-speak.

2. The Five Consumer Relevancy Factors . . . . . Pages 3 - 7

1. Price

Most businesses automatically assume customers want the lowest price possible. In reality, consumers want prices that are fair and honest rather than cheap. They don't want prices to be artificially increased just so they can be marked down by impressive amounts during sales promotions.

2. Product

Business assume customers want the highest possible quality. In reality, consumers want products that are consistent with their given price point. That way, they can avoid spending more money for top-of-the-line products if a less expensive item is good enough for their needs.

3. Access

Historically, for a business, access meant location. Today's consumers value good navigation – being able to get something done with a minimum of fuss, confusion or distraction. That may even mean less of a selection to avoid confusion.

4. Experience

Many businesses mistakenly equate experience with entertainment. Consumers don't want to be entertained – they want to be treated like unique individuals and offered products and services which are specific to their situation.

5. Service

Consumers hate it when a business offers "value-added" services in one area while failing miserably to do something basic in other areas. Instead of loads of options, consumers want consistent and reliable service which can be customized as needed.

3. The Application of Consumer Relevancy Theory . . . . . Page 8

The main challenges in applying consumer relevancy theory are:

1. Making it work.
2. Dealing with supply chain realities.
3. Adapting it to the future needs of the business.

None of these challenges are insurmountable and each holds the opportunity to gain a sustainable competitive advantage that will position a business advantageously for whatever the future brings.

