

Cattermole & Associates, LLC
Catt-alyt for Profitability

The Discipline of Market Leaders

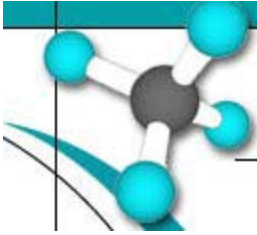
By Michael Treacy and Fred Wiersema

Review by Paul Cattermole

Since its publication in 1995 this book has been the subject of much discussion and considered by many business professionals as being the most influential marketing book that they have read.

The basic premise of the book is quite straightforward. The authors argue that companies cannot expect to offer a superior product or service in all aspects, and to attempt to do so is counter-productive because the company's focus is thereby fragmented. They describe the three mutually exclusive categories in which companies can strive to offer a superior value proposition to their customers (see below). To be a leader in one dimension, such as price, requires a different type of organization than one focused on offering products with the most up-to-date technology.

	Operational Excellence	Product Leadership	Customer Intimacy
Value Proposition	Best total cost (including time and convenience)	Best product	Best total solution for a specific customer
Representative Companies	McDonald's, Inc.	Intel Corp.	Airborne Express



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Golden Rule	Variety kills efficiency	Cannibalize your success with breakthroughs	Solve the client's broader problems
Core Processes	-End-to end product delivery -Customer service cycle	-Invention -Commercialization -Market exploitation	-Client acquisition & development -Solution development
Improvement Levers	-Process redesign -Continuous improvement	-Product technology -R&D cycle time	-Problem expertise -Service customization
Major Improvement Challenges	Shift to new asset base	Jump to new technology	Total change in solution paradigm

Of course, McDonald's may focus on Operational Excellence by offering a quick and reasonably-priced lunch, but they also must meet certain threshold levels of quality for their secondary offerings. For example, their food doesn't need to meet a gourmet's standards but it does need to meet the customer's expectations.

Bottom Line:

I found that in defense of the book's basic premise, the authors at times over generalized. But overall the book provides a meaningful way to dissect a company's value proposition by delineating its different dimensions. This exercise can help companies to better focus their marketing programs and mission statements.

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