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The Secret to Becoming a Market Leader

by

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Summary.

Winning companies aren't led by customers. They target the customers they want, they then do as much as they can to satisfy those customers' needs, and they don't let themselves get distracted.

The best-kept secret about strategy is that *you are in control*. You get to choose the game you want to play and how you might win it. Further, *you can choose* to lead on a variety of dimensions – market share, innovation, product quality, or customer service. You can tip the odds of success in your favor with these decisions.

If shoes were your business, for example, is your market “shoe retailing”? Or is it the retailing of “high-priced, custom-made women's leather sandals”? Your answer will determine your chances of becoming a market leader. You may have no chance of dominating the shoe market in general, but you may become a market leader in your niche. So why not forget about school shoes, sneakers, and slippers and focus on the part of the market that interests you the most?

Choose Your Marketspace

FCB Group, which now describes itself as “Australia's leading workplace relations specialists,” was faced with the need to define its market during the early stages of its existence. It began in 1995 as a mediocre employment services firm. Years into its existence the partners realized that the firm was never going to become a market leader by spreading itself thinly over a wide range of expertise and an even bigger range of customers. They had to bite the bullet and clearly define the firm's market.

FCB zeroed in on the medium-sized enterprise with “complex employment structures” in three industries – logistics, retail, and manufacturing of fast-moving consumer goods. They reasoned that clients in this category lacked the required in-house legal expertise to successfully deal with legal issues, while still being big enough to create them.

The partners decided that FCB Group would become these clients' outsourced legal department in human resources. Its early mantra was "timely access to a quality response." And it worked. They chose their market, focused on it, and reinvigorated the business. Today FCB is the market leader in its niche.

This realization can be like an epiphany. After a recent online strategy workshop, I asked participants for feedback on which of my five sessions they found the most beneficial. The CEO of an IT contracting firm told me, "Defining your market and focusing on your target customer. We've let ourselves be led around by big clients. We haven't *built* the business," he said. "After the session finished, I immediately got on the phone to my two senior managers and told them we have to sort this out. We've been mucking around with this issue for years."

Of course, you must be very thoughtful about how you select a focus. Defining your market requires an assessment of both client needs and your business's capabilities. You need to find a market demand large enough to support your business's growth.

Go Deep to Dominate

Narrowing your view of "the market" allows you to go deep and dominate. By focusing you can meet more of your customer's specific needs.

Take the German manufacturer of dishwashers, Winterhalter, as an example. It explains its awakening thus: "We analyzed the entire market for commercial dishwashers and found that our world market share was well below 5%. We were an insignificant follower. This prompted us to completely realign our strategy. We tailored our services to serve hotels and restaurants exclusively."

In doing so the company decided to go deep ensuring that the end-result for its customers is close to perfect. Instead of chasing fickle trends in the domestic retail market, the executive team pivoted to present their chosen market with new services, including state-of-the-art water treatment devices, effective detergents and rinse aids, and close-to-the-customer service.

FCB Group has also gone deep to build the customer experience using technology and a subscription model. Over the last ten years FCB Group has progressively "technologically enabled" its routine work. This move has allowed its professionals to concentrate on providing high-level, in-depth expert advice and systems to support it. One example of this is enableHR. It's a cloud-based technology that provides a centralized employee records system with standard contracts for the employment of staff and contractors. It also houses

best-practice guides on work health and safety procedures. One client, [Solotel](#), runs 19 hotels and restaurants with 1,200 employees.

This move has been coupled with a subscription model that builds a close and on-going relationship with clients. The firm found that many of its clients struggled with costs – specifically the hourly rates of lawyers. They regarded them as “really expensive.” So, the Group introduced a monthly fee based on the number of employees, contractors, and volunteers a client had. EnableHR, for example, has over 11,000 subscribers. FCB uses its close relationship with its market to anticipate needs for products and services. In other words, it proactively leads the market, rather than reacting to it.

Gather the Courage

The CEO of the IT contracting firm I mentioned said that “we lacked the courage to make the necessary decisions.” This trepidation holds entrepreneurs and CEOs back from making a commitment to focus. Instead, they play it safe by trying to be all things to all customers. Mediocrity and average returns become the result – at best.

Remember what [Steve Jobs](#), once CEO of Apple and its co-founder, said: “Deciding what not to do is as important as deciding what to do. That’s true for companies, and it’s true for products.” So, think differently about your “market.” Doing so will boost your chances of success and of becoming a market leader.

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