

Winning Without Competition: How to Break Out of a Commodity Market

An Educational Leadership Series for Precast Concrete Company Strategic Leaders

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The educational program, Creating your Desired Future, includes an author's introduction and a series of seven instructional pamphlets. The introduction briefly explains the purpose of each pamphlet and describes cases in which the content may be valuable to your organization. Each pamphlet is self-contained, so you may read them in any order.

To access the introduction or a pamphlet, simply click on the underlined type.

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Author's Introduction

Winning without Competition: Breaking Out of the Commodity Box

As a CEO, general manager or other senior leader of your organization, are you spending the majority of your time planning the future competitiveness of your organization. If not, then who will?

Senior leadership teams that ignore their most critical role – that of establishing and executing the strategic direction of their company – leave its fate in others' hands, analogous to putting a boat out to sea at high winds without a tiller or sails. While leaders cannot control every factor that may affect their organization's future, choosing competitive strategies and aligning the organization with the desired direction enables them to manage risks and address emerging opportunities. In the end, this creates more value for customers, owners, employees and local communities.

This series, Creating Your Desired Future, was commissioned by the Precast/Prestressed Concrete Institute (PCI) to help leadership teams of PCI member companies become stronger strategic leaders of their organizations. The material contained in this series summarizes the content of training sessions conducted from 1995-1999, which were attended by leaders of precast companies involved in the PC-21 Transformation Process (For a description of PC-21, please see the sidebar below).

What is PC-21?

PC-21 is a community of PCI members who share the aim of transforming the precast concrete industry from one which competes on price as “commodity” suppliers to one which competes as differentiated suppliers of innovative products and services. PC-21’s key strategy is to dramatically enhance the leadership skills of precast company managers and to better leverage PCI as an instrument of industry change. Market share gains against competitive building products and enhanced company and industry financial performance will result. PC-21’s founders hoped to dramatically enhance the potential of precast companies to create their desired future. These intentions are summarized in PC-21’s vision: *“Creating the Future as the Solution of Choice.”*

Throughout the course of the PC-21 training process, many companies engaged in change initiatives, both major and minor. In publishing this Web-based educational series, PCI leadership hopes to encourage those companies to continue their change processes. They also hope this material will serve as a catalyst to non-PC-21 companies learning how to break out of commodity markets.

Using this Series of Pamphlets

As a reminder, each pamphlet within the Creating Your Desired Future series is self-contained, so you may read them in any order. The following guidelines may help you select the pamphlets most pertinent to your company situation.

Start with this pamphlet	If:
Pamphlet 1: Breaking Out of the Commodity Box	Your organization is stuck in a commodity market and you do not know why or how to get out of it.
Pamphlet 2: The Role of the Senior Executive Team in Creating Differentiation	If you are starting a major change initiative in your organization or are involved in one. This is also good reading if the leadership team is overly involved in operational work (i.e., making sure today's work gets done) at the expense of strategic work (i.e.,securing the future success of the company).
Pamphlet 3: The Design that Created Your Problems Will not Solve Them Pamphlet 4: Strategic Decision-Making	Your leadership team is working well and it is time to define new competitive strategies.
Pamphlet 5: Strategic Alignment: Creating Differentiation in Fact versus in Theory	Your company knows what type of differentiation (versus the competition) it is trying to create, but execution is either not yet planned, or not working. This pamphlet also contains an in-depth discussion of whether to add dedicated marketing resources.
Pamphlet 6: Developing Strategic Leadership Skills	You want to learn how to be a better leader in your organization and learn what transformational change is all about. Also helpful for PC-21 members who want a refresher on leadership skills or to train other managers on leadership. (This is also a great starting point for companies and managers that are not part of PC-21.)
Pamphlet 7: Sustaining a Differentiated Position through Cultural and Personal Change	Your change initiative is slowing down and you sense that the old "culture" is grinding change to a halt. Or, you deeply desire creating a much stronger organization.

All of the pamphlets, one through seven, contain team exercises; in addition, pamphlets six and seven contain a number of individual exercises. These are designed to apply the educational material to your specific firm and situation. Ideally, the senior leadership team, with the addition of other key members of the change coalition in your company, should do the team exercises.

As author and facilitator of the PC-21 training programs, I helped individual precast companies, both in a group setting and on a one-on-one basis, to design and execute strategies to break out of commodity markets. In the process, I grew to understand and deeply respect the technology and the professionals who bring it to market.

I wish to extend special thanks to the many participants in PC-21 meetings who listened with an open mind and took personal risks to become stronger leaders. Your momentum has left an invaluable legacy to your co-workers and their families and communities. PC-21 also led to my own change process. My hard-earned changes, like yours, have brought great personal joy and an expanded ability to help others.

Special thanks to Bob Finfrock whose help in this project and PC-21 is a mark of his leadership and enduring friendship. Mona Jacobson and Kim Witek, my able and trusted colleagues, provided friendship, encouragement and capable assistance along the way. Dan Oestrich has been an invaluable learning partner. Much of my growth as a consultant stems from the work we do collaboratively. Scott Cooper helped me understand how to translate strategy into a marketing plan and, along with Mike Quinlan and Brian Goodmiller, was a key force behind PCI's newly defined marketing initiatives. Dave Sprague, John Nanna and Ken Kruse provided needed support and encouragement throughout my PC-21 involvement. All of these individuals made my learning experience both deeper and more fulfilling.

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PCI CEO Introduction

For many of us, PC-21 started back in 1994. After enjoying the economic good times in construction in the late 80's and early 90's, we found ourselves with low backlogs, low margins, and low esteem with respect to our goods and services. We basically were selling on price and wondered why the marketplace treated us as commodities. We had been so busy getting the bread out of the door, that we were exhausted when it came time for strategic planning. And we never really understood our role as leaders.

The very beginning of the industry change process started in May, 1994 in Washington, D.C. Dr. Sheila Sheinberg instructed the C.E.O.s of our industry about change. She helped create the provocation for change, encouraging industry CEO's to do what other leaders in industry had done for their companies.

After Dr. Sheinberg helped us see why we had to change, Kay Plantes showed us how to change. Over a four-year period, we had many business sessions conducted by Kay. We brought our key people and learned. It was hard, frustrating work. Many companies gave up and succumbed to the narcotic of everyday business operations. Fortunately, many did not. They brought back great tools that could be used down and across an organization to make things better and different. As a result, their companies and PCI as a whole began to change, resulting in more value for precast customers and more rewarding work for precast companies and employees.

This book is about these tools. In our opinion, they are timeless. Your children will use these in their business life. They are that good. Good luck with your implementation. It is well worth the journey.

John Nanna and Bob Finfrock

Sidebar: Winning Without Competition

Act One: Readiness—Create the provocation for change

- Assess readiness to change and start to close key gaps (Pamphlet One)
- Create the provocation for change by recognizing the gap that exists between today's reality and employee's vision for tomorrow (Pamphlet One)
- Form a change coalition
- Provide time for all leaders, and the executive as a whole, to improve their leadership team practices (Pamphlets Three and Four)

Act Two: Design—Redefine what your business is designed to accomplish

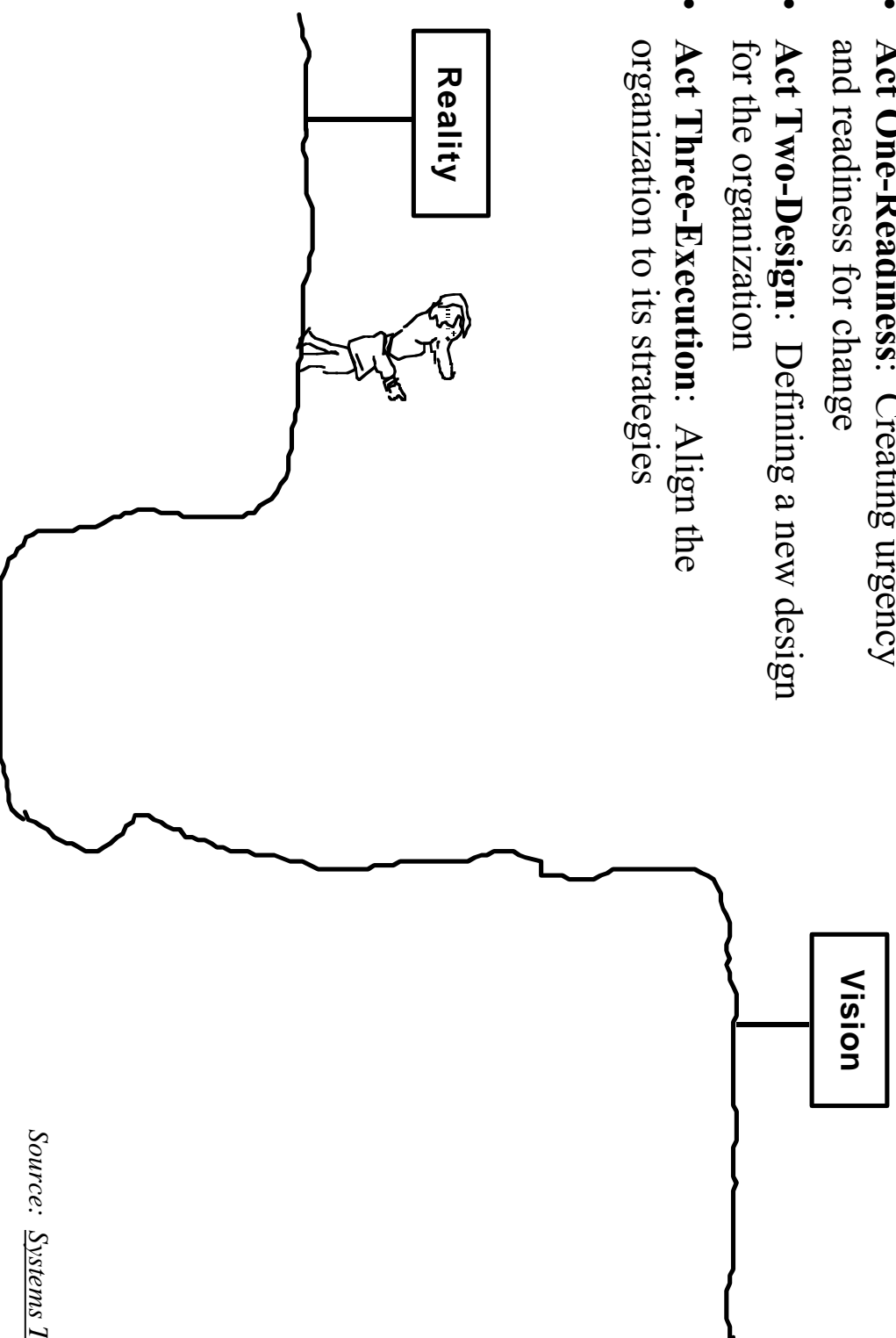
- Define a clear route to the vision by developing a new competitive strategy (Pamphlets One and Two)
- Refine the vision and develop a meaningful, shared purpose and set of guiding principles that encourage commitment, not just compliance (Pamphlet Three)
- Define strategic goals (Pamphlet Five)
- Communicate the vision, purpose, guiding principles and competitive strategy broadly and regularly
- Maintain momentum and spirit by showing how reality is far from vision in a way that helps people feel they can reach the vision (Pamphlet Four)

Act Three: Alignment--Fitting the organization to its competitive strategy

- Make sure you are creating advantage and underlying core competencies that create real points of distinction and secure strong strategic positionings (Pamphlets Five and Six)
- Align the organization's structure, processes, skills and capabilities to "fit" the strategy (Pamphlet Six)
- Identify elements of the culture that must change to unleash the full potential of new strategies and initiate culture change (Pamphlet Seven)
- Deploy resources to create change by action planning: go after both quick hits and longer term milestones to maintain momentum within the organization (Pamphlet Six)
- Empower others to act on the vision—involve them in defining objectives and action plans (Pamphlets Four and Six)
- Consolidate improvements and produce still more change
- Anchor changes in the organization's culture (Pamphlet Seven)

Breaking Out of a Commodity Box

- **Act One-Readiness:** Creating urgency and readiness for change
- **Act Two-Design:** Defining a new design for the organization
- **Act Three-Execution:** Align the organization to its strategies



Source: *Systems Thinker*