

Why Do Business with Me?

By

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Often at SCORE we work with individuals to assist them in developing a comprehensive business plan. What individuals often learn about attempting to start a new small business is that this process requires a great deal of thought and time. We strongly believe that it's better to discover potential road blocks and areas for opportunity during the planning process versus after making a substantial personal and financial commitment to the business.

One question you should always ask is how do you differentiate your business over that of your competitor? Said another way, if a potential client walked into your business and the price for your service was the same as that of your competitor, how would you demonstrate to the prospect that the value of doing business with you is better than doing such with your competitor? Or, if the price of your service was higher than your competition, how would you demonstrate the value of your service to attract the prospect to do business with you?

If you cannot answer the value question then the default may be to lower your price at or below your competition to attract the customer to do business with you. Unfortunately, this may be a going out of business strategy if the cost to run your business is more expensive than that of your competition.

I'm not suggesting that a low cost strategy is not effective in a business model. If such is the intent, then your business must generate a lower cost structure and efficiency to that of your competition. Remember, it's about the profit margin so that you can continue to invest in growing your business.

As you think about your business in strategic terms, think about what differentiates you and hone in on where your business is most competent. A strong business strategy tells you where you should focus and what you should avoid.