



TIP OF THE WEEK

June 12, 2007

In their book, *The Discipline of Market Leaders*, Michael Treacey and Fred Wiersema tell us that we must decide between three basic business models. They are: operational excellence, customer intimacy and product innovation. Companies must be good at all, but cannot be great at all. Therefore to excel, your company needs to choose which business model will help you to become great - how to differentiate so you attract the type of customer that floats your economic boat.

An example of customer intimate in the hotel world would be "Four Seasons" because they differentiate on satisfaction. Operational excellence, "Red Roof Inn" because they differentiate on price. And product innovation "The Ice Hotel of Norway" - because if you want to stay in a big block of ice, you can only point your sled in their direction.

Most entrepreneurial firms are customer intimate. That means they have to focus on providing customized solutions, world-class service and maximizing customer satisfaction.

After you know what model fits your organization, make sure that everyone who works there knows what he or she must to do to achieve the objective.

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Good luck. Work **ON** your business. Stay in touch.

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