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Attack…or be attacked!

Romantically, some folk in the workplace don't like attacking their nearest competitors, exclusively preferring a 'Blue Ocean' strategy of going where there's no competition. But for some companies that's like planning a crime free neighbourhood on Mars. Your share price, job security, salaries, benefits, growth opportunities…are all on the line if you think you are *not* at war within your industry sector.

> ***"Toyota, Dell, and Wal-Mart all play rough, and play to win. No need to apologize for enjoying making your competitors squirm",*** G Stalk and R Lachenauer. (HBR, April 2004)
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> **Southwest Airlines has an extreme hardball attitude: *"We came. We saw. We kicked tail."* They did not just want a Competitive Advantage; they wanted an *Extreme* Competitive Advantage. In several cities where the competition was fiercest, Southwest employees came to work wearing camouflage outfits and battle helmets.**

Here's why we need to know how to attack the Industry Leader?
If you're the industry leader, you need insight into how *you* will be attacked. Has the success of your past blinkered your future? Secondly, if you're *not* the leader, you may need to attack the leader (or your nearest competitor) to gain market share. In a hypercompetitive 'ocean' there are probably only unattractive untapped segments. There's a reason the leader *is* 'fishing' his segment…and a reason why they have not targeted the sardine-scented air-freshener market.

Here's why we *don't* like attacking.
50% of us are passive, softball type personalities - the Introverted Planners or Flexible Socialisers. The other 50% are assertive personality styles, the Extrovert Developers or Inflexible Organisers - they understand that before the competition shakes your tree, *'the tree of your economic freedom needs to be nourished with a battle'*. Interestingly, to play hardball, we need all the styles - head & guts types to make up a good team. A hardball attitude is not an option; it's your future and you owe it to your loyal subordinates. Softball-dress-rehearsals went out with sanctions and apartheid.

Michael E Porter's Suggestions. (Chapter 15: Competitive Advantage)
Porters 557 page classic culminates in "Attack an Industry Leader." Porter channels all his experience on Competitive Advantage into this chapter, and reduces it down to 4- Rules to tackle your leader. (Competitive Advantage: "*The most influential management book of the last century."* Financial Times)

4 x Rules (Detailed on next page herewith)

1. **Don't Imitate the Leader, reach parity on some of their Key Success Factors**
2. **Have a clear Sustainable Competitive Advantage:** (i.e. Low Cost and/or Differentiation)
3. **Reach Parity on 'other' Key Success Factors** (Read 'Curse of The USP' to brush up on KSFs, i.e. McDonald's = Convenience, Consistency, Value-for-money, Kids)
4. **Blunt Leaders Retaliation**

3 x How do we do it?

1. Reconfiguration	**2. Redefinition**	**3. Pure Spend!**
Look at value-chain activities, Superior production, Superior 4P Mix, Service, Sales Team, Forward Integrate, Reposition the Product.	Change the rules. Go global. Go very niche. Wal-Mart defined their industry as 'logistics'. Deintegrate. Work with a related industry.	Risky. 'Buy' market share by throwing superior resources at the problem. Challenger does not have a CA, thus silly & risky.

More on attacking for serious marketers!

Cardinal Rules: Attacking your Leader

1) Don’t Imitate the Leader:
Tackling head on, known as a frontal attack, requires a force several times superior than that of the opponent’s. Rather use the leveraging forces of an indirect attack, a ‘Blue Ocean Strategy’ or Develop a Key Success Factor that the Leader can’t or won’t want to tackle. Don’t tackle head-on with an IMITATIVE Strategy – think Pepsi taking on Coke in SA. Find a different strategy through Innovation or a new Value Chain. Change the rules-of-the-game. If you imitate you will be attacked with *little time* to gain a Cost or Differentiation advantage, the Leader will exhaust you, while typically making the Leader Stronger.

2) Have a clear Sustainable Competitive Advantage: (i.e. Low Cost and/or Differentiation)
Choose a relevant ‘hot’ Key Success Factor (KSF) or Generic Competitive Thrust i.e. Low Cost, Differentiation, Pre-emptive Move, Synergistic Alliance or find a Niche Segment, and make sure you can sustain it throughout your battle. Most companies don’t even know what their CA is; hardball companies know EXACTLY which KSFs they’re wielding. Have a will to win, and realise that your KSF will give you a gap before the enemy can imitate you. Your cost or differentiated strategy should give you better GPs; reinvest the profit and widen the gap. Wal-Mart focussed heavily on Low Cost in the form of logistics. They **Reconfigured** the value-chain, and **Redefined** their Industry to ‘logistics’. Assisted by super-computers, they radically dropped their inventory and transportation costs.

3) Reach Parity on other Key Success Factors: (i.e. Low Cost, Differentiation, Synergy)
Apart from your ‘hot’ Key Success Factor or CA above, choose **other Key Success Factors** which the opponent is good at, and reach proximity/parity on these. For example, offset the competition by at least being EQUAL on some of *their* KSFs, BUT have your ‘hot’ KSF for a no-contest situation. You may even need to drop your GP%, but enjoy economies-of-scale.

4) Blunt Leaders Retaliation:
When Pepsi took on Coke SA with a frontal-attack, Coke responded by taking Pepsi on with ‘distribution’. Pepsi Could not retaliate. Southwest airlines attacked the major airlines in the USA by dominating small routes. Traditional airlines had invested too much in the main routes to be seen as a ‘straddler’ of both, but more importantly, they did not have the KSFs/CA to retaliate, and the ‘gap’ was just too wide. Leaders also may not want to upset the equilibrium (Mont Blank vs. Bic). If they were focussing on the premium price segment, they would cheapen their image by dropping prices. Toyota’s production system is their CA; nobody will attempt to take them on there…the gap is already way too wide! The leader may also be fast asleep, and not realise the profitability of the ‘small-engine’ market (Harley Davidson vs. Honda). They also may not be able to meet your Low Cost or Service Advantage, and by the time they do, your gap may be too wide.
Timing when to attack? When you have the latest technology, when the leader is asleep or management is complacent, their customers have changed radically, if you have a new superior business model, if you can dramatically reduce your input cost or increase quality, if the leader does not have a CA, if the leader’s parent company is only worried about short-term results and does not support the SA concern, PESTIE environment, and/or if leader has serious issues in Porter’s 5-Forces Model (i.e. Trends of Buyers, Suppliers, new Entrants, Substitutes)

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