4 Ways to Keep Your Competitors from Eating Your Lunch

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Prospering in the era of disruption.

When Angela Ahrendts became CEO of 160-year-old British clothing maker Burberry in 2006, an industry analyst asked her to name the company's most worrisome rival. Was it Louis Vuitton, Gucci, or some other luxury brand? No, Ahrendts replied: "It's Burberry online." The urgent question, as she saw it, was how Burberry stores could entice millennial shoppers to pay premium prices for products that were readily available for less on discount-designer sites like Gilt.com — and sometimes even on Burberry.com.

The tale of how Ahrendts remade Burberry's entire marketing effort, including a digital overhaul of its brick-and-mortar stores, illustrates one of the main points of a thought-provoking new book, *Matter: Move Beyond the Competition, Create More Value, and Become the Obvious Choice*, by Peter Sheahan and Julie Williamson.

The authors are CEO and a vice president, respectively, of consulting firm Karrikins Group, whose clients include Microsoft, AT&T, and Wells Fargo.

Noting that the tenure of the average company on the *Fortune* 500 list has shrunk from 50 years to just 15, *Matter* says one survival strategy is to follow Burberry's lead and "embrace disruption. Great companies…don't try to stick to business as usual. They see disruption as an opportunity." Ahrendts — and then-creative director Christopher Bailey, who recently departed as CEO — took an imaginative leap, transforming a visit to a Burberry store into a high-tech, multimedia experience that wowed the young "digital native" customers the company needed to win. Investors were pretty happy, too. Between 2006 and mid-2015, Burberry's share price more than tripled.

Matter's colorful case studies — drawn from the authors' research into 30 companies in 15 countries — suggest 3 more strategies that work:

- **Meet a need your competition hasn't noticed (yet)**. What do customers want that your rivals aren't giving them right now? When BlueShore Financial asked that question, the onetime blue-collar credit union in British Columbia found that none of its bigger-bank competitors was taking a "conscierge" approach tailored to each individual customer. So about 10 years ago, BlueShore launched boutique-like financial "spas", with stylishly minimal "West Coast Zen" décor, that offered expert investment advice and, most important, personalized service. The spas have proven so popular with upscale clients that BlueShore's assets under management have soared from $800 million to $3.5 billion, and keep on climbing.

- **Seek out the right partners.** Smart companies "create strategic partnerships to help mitigate the volatility and velocity" of disruption in their markets, the authors write. A fascinating example is diamond empire DeBeers. A few years ago, new Russian mines started producing a bumper crop of diamonds that threatened to flood the world with relatively cheap stones. *Matter* tells in intriguing detail how DeBeers worked out partnership agreements with the Russians to prevent that. DeBeers is now the Russian mines' sole distributor, and has maintained its longtime grip on the global diamond supply.

- **Care about more than profits.** When CVS stopped selling tobacco products in 2014, the announcement made a big splash — in part because it was going to cost the company about $2 billion a year in sales. But its continuing anti-smoking crusade has been good for CVS, with profits up 11% last year on increased pharmacy sales of $5.4 billion.

A reputation for both doing well and doing good can be a powerful recruiting tool. "In today's tight labor pool, this may be one of the most interesting reasons to take a hard look at the role your company plays in the broader community," the authors note. "The best companies attract the best talent because they do the right thing" — and, like CVS, make sure everyone knows they're doing it.

Angela Ahrendts, senior vice president of retail at Apple Inc., right, shakes hands with an employee inside the company's new flagship store at Union Square in San Francisco, California on May 19, 2016.

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