

How to Establish a Clear Competitive Advantage (and Make Your Business an Attractive Acquisition Target)

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If your exit strategy is to grow your business until it's able to be acquired by a larger company, you can't play it safe. A safe, conservative business with predictable revenue and slow growth isn't attractive to most large organizations. They want to acquire companies that are distinct and set apart. You can position your business in this light by establishing a clear competitive advantage.

It's impossible for someone outside of your organization to tell you exactly how to establish a competitive advantage (after all, if everyone could see the opportunity, your other competitors would already have done it by now). Instead, I'm going to give you some specific examples of different categorical ways you can create an advantage. Use them to begin thinking creatively about applications for your business:

1. Niche down

The first and most obvious option is to niche down to a specific part of the marketplace. By zooming in, you can make your business the go-to resource for XYZ, rather than just another option among a myriad of products and services.

Let's say, for example, that your business manufactures and sells water bottles. If you try to go to market selling water bottles to anyone and everyone, you'll find it difficult to stand out. However, if you market your water bottles as the go-to water bottles for construction workers who want something extremely durable that keeps water cold in hot temperatures, you stand a much better chance of creating a competitive advantage.

Related: [How Niching Down Gives You the Power to Dominate Your Market](#)

2. Develop a USP

Your business needs a USP, which stands for Unique Sales Proposition. This is a one-sentence phrase that explains exactly what makes your business unique and compelling.

There are dozens of different ways to come up with a USP, but here's one good formula: "We help [NICHE] achieve [DESIRE] without [PAIN]." Using the water bottle example above, a good USP would be: "We design water bottles for construction workers that keep water ice-cold even in 90-100-degree weather so that you never run out of energy."

As you can see, there's plenty of room for flexibility. The key is to call out a specific niche, mention a desire that your product/service helps them achieve, and highlight a pain point that your product/service helps them avoid.

3. Establish a unique mechanism

One thing that can really help is identifying a unique mechanism that allows your technology or process to seem unique and proprietary.

This is something the Schlitz Brewing company did back in the 1920s. Legendary advertiser Claude Hopkins was touring the

facility one time when he saw the extensive process they used to purify their beer. He was amazed – so much so that he asked the owners why they never shared this process in their marketing. Their response: “Every beer manufacturer in the industry does it this same way.” But Hopkins’ point was that nobody had ever told this story before, which meant customers in the marketplace had no idea how extensive the beer purification process was. After running a new marketing campaign emphasizing all of the steps of purification, Schlitz shot up from the fifth-ranked beer in the U.S. to the first-ranked beer company in a matter of 60 days.

What’s your unique mechanism? What process, technology or unique approach do you use? Even if everyone else is doing something similar, you can establish a competitive advantage by taking ownership over it.

Related: [3 Ways to Identify Your Company’s Unique Marketing Angle](#)

4. Enhance customer service

Let’s say you have the same product serving the same market as everyone else. In this case, your best option may be to differentiate and establish a competitive advantage with superior customer service. If you can wow people with your customer service, you’ll create a loyal tribe of customers who will consistently choose you over the competition (even in situations where your prices are higher or your product options are more limited).

5. Make your business an attractive acquisition target

A competitive advantage alone will not guarantee acquisition offers. It does, however, set you up well for these conversations and give you much greater leverage in

negotiations and due diligence. If you have something that no other companies in the industry have (or something they can't easily replicate), it adds a certain intrinsic value to your organization.

With this in mind, it would be wise to spend the next several months focused on how you can create a competitive advantage or strengthen one that you already have. This is your ticket to success.

Related: How to Position Your Business for a Strategic Acquisition

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