

HOW TO
DIFFERENTIATE
YOUR MSP

Even just a couple of years ago, the concept of managed services was foreign to some prospects and required an explanation. Now, you're more likely to be engaged in competition with one or more other MSPs for new business. That means that, all of a sudden, you're being asked one very important question:

“Why should I do business with you?”

If you don't have a compelling response prepared, you'll end up defaulting to either, (a) saying something that doesn't move the needle, or (b) lowering your price. Neither of those is the right answer for your business. So what is the right answer?

Let's find out.





True Differentiation

On paper, differentiation is easy – it's whatever makes you distinct from your competitors. In practice, it's a bit more complicated. For example, a lot of companies cite "great customer service" as a differentiator. The problem is that anybody can deliver great customer service, so unless this promise is backed by policies and processes that your competitors simply cannot match, chances are you're not the only one doing great customer service. **Differentiation isn't about what you do well – it's about what you do that nobody else does...or even can.**

That's true differentiation.

Hard Skills vs Soft Skills

One of the common mistakes people make is thinking that their technical skills give them a competitive advantage. Sadly, that's not usually the case. As an MSP, any technical skill you have can probably be replicated by your competitors. You can get ahead of the competition and stay ahead on hard skills, but only if you have a culture of continuous learning, have hired the (actual) smartest people, and have a good business case for continuing to add new skills.



Soft skills are more sustainable as points of differentiation. This doesn't mean service with a smile, so much as it means having a culture of going the extra mile, or owning customer problems from start to finish. It's difficult to outservice your competition, but you can do it. And of course, you don't have to do it by much; the perception of having the best service is more important than actually having the best service.

That brings us to the soft skill that is truly difficult to master, and can provide a sustained source of differentiation – your brand. If you can manage the perception of your MSP, you can have a brand that is virtually unassailable.

Analyzing the Competitive Landscape

A forgotten part of differentiation is understanding the competitive landscape in which you operate. This seems intuitive, but it takes a fair bit of work to understand who your competitors are, and how they are trying to differentiate themselves. But **a little bit of competitive intelligence is a necessary component of differentiation.**

To understand the competitive landscape you need to keep tabs on your competition, but that's not your only resource for information. Talk to clients and prospects. They might be getting calls from other MSPs, and learning how the competition is positioning themselves during a sales pitch is invaluable. You need to know about this or your efforts to differentiate will fall flat.

There's no magic bullet for analyzing the competitive landscape. It's mostly a matter of putting in the work. If you're not checking their websites and social media, and getting intel from clients and prospects, you'll end up with a knowledge gap that's difficult to overcome.

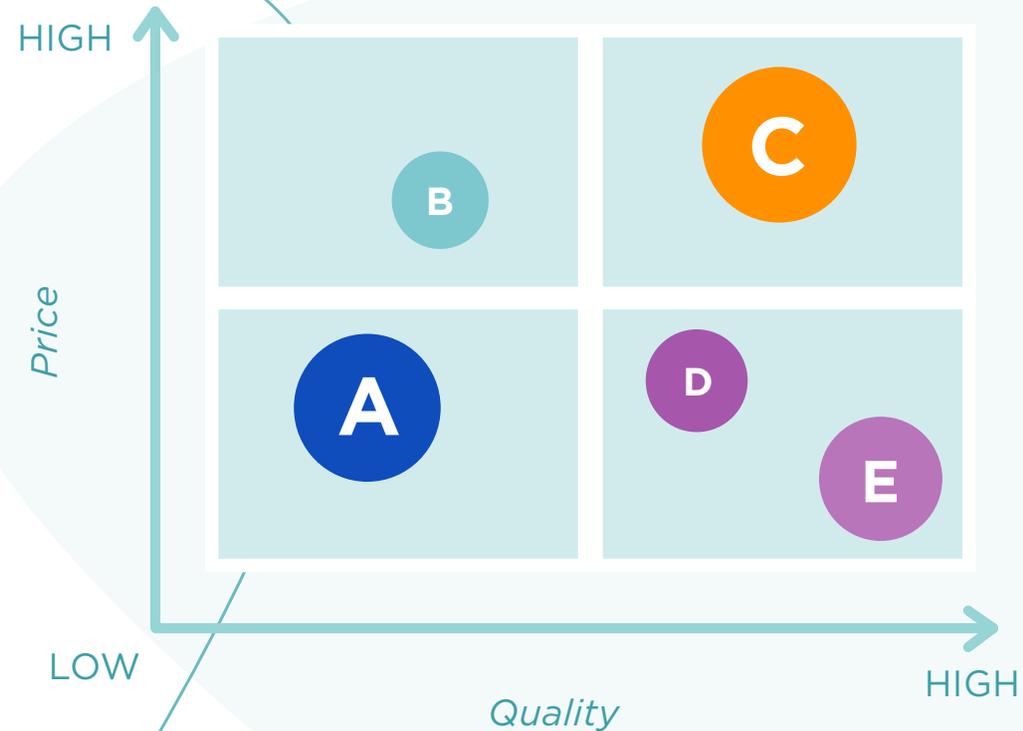


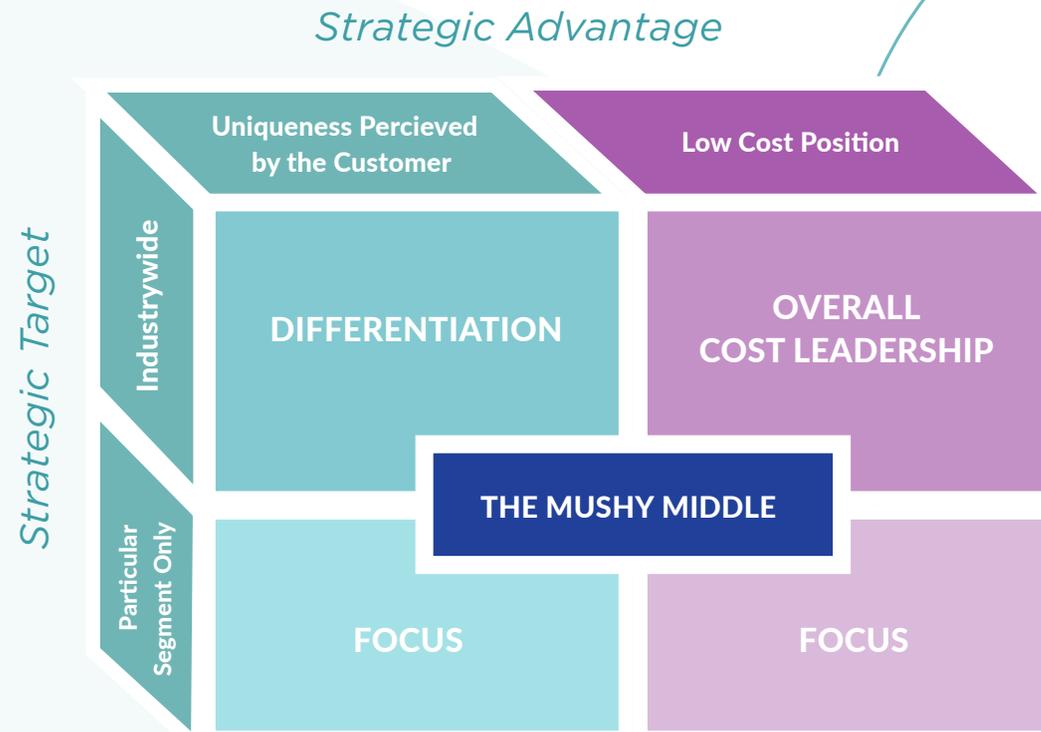
Positioning

If you have a sense of what your competitors are doing, you're on your way to creating a point of differentiation. Before you get there, start with mapping out what you do well, and what they do well. A simple way is to put price and quality on x and y axes. Are you high price or high quality? If so, who else is playing that game? Are you low price, low quality? That works for a lot of companies — but know how competitive that space is. The best situation is when there is a clear gap. If all the other MSPs in your area are cutting costs to do the low price thing, you can differentiate simply by being the best and charging for it.

You want to avoid getting stuck in the mushy middle. Some clients care only about price; some clients care about the quality of your service. In the mushy middle, there may or may not be a lot of potential clients. But if there are, you can position it as “value for money”, and run with that. But just don't shift positioning for clients of different levels (i.e. selling yourself as premium and then cutting prices to win a deal). Be consistent about who you are and why people should do business with you.

Product Positioning Map





Review Your Differentiation

The fun in differentiation begins when you realize you're working in an intensely competitive environment. If you are doing a low-cost, high-volume business, you need to either find a way to always be the lowest cost, or you need to differentiate your low cost business from everybody else's. Same thing if you're taking the high cost and high quality approach. You've narrowed down your competitive landscape to your most immediate competitors and need to figure out how to stand out from them.

Look at your SLAs – if everybody is talking about delivering great service, are you able to put it in writing? Do you have the processes and culture to back it up?

Do you offer different services than everybody else? For example, if you offer MyGlue to manage your clients' passwords, you get an entire collaboration suite as well, plus SSO, Vault and other security features lesser solutions lack. Know what things you're doing differently than your competitors, and make sure your customers and prospects know as well.



Mastering Processes

One of the big mistakes people make when they think about differentiation is that they only think about the differentiation they sell to their customers. But **what truly enables any company to differentiate themselves sustainably are the processes that underpin whatever differentiation they're selling.** In other words, having the lowest prices or the best service can only be a point of differentiation if you're using processes that allow you to always have the lowest prices or best service. Walmart wants you to think of them as having the lowest prices, but they get there by investing heavily in logistics innovation. The average customer doesn't really know how they do it, and doesn't care, but it's what goes on behind the scenes that matters.

An MSP example – if you want to have the best service, but you're documenting in spreadsheets and cheaping out on talent, you will not have the best service for very long. Once you know what you want to do better than any other MSP, become an expert on the tools and processes that will get you there – and keep you there.

What truly differentiates your business isn't what you tell your clients you do best, but the processes that ensure you will always do that thing the best.



Setting the Culture

There's a saying that culture eats strategy for breakfast. The nugget of truth behind that is that your organizational culture has the following critical attributes.

Culture:

- A Is specific to your organization
- B Supports processes and approaches that lead to differentiation
- C Is difficult to replicate
- D Can be transferred among your team



When your culture supports your key points of differentiation, and is so strong that everybody in your organization buys in completely, that can be difficult for anybody to replicate.

You may be asking, “But what exactly is culture?”

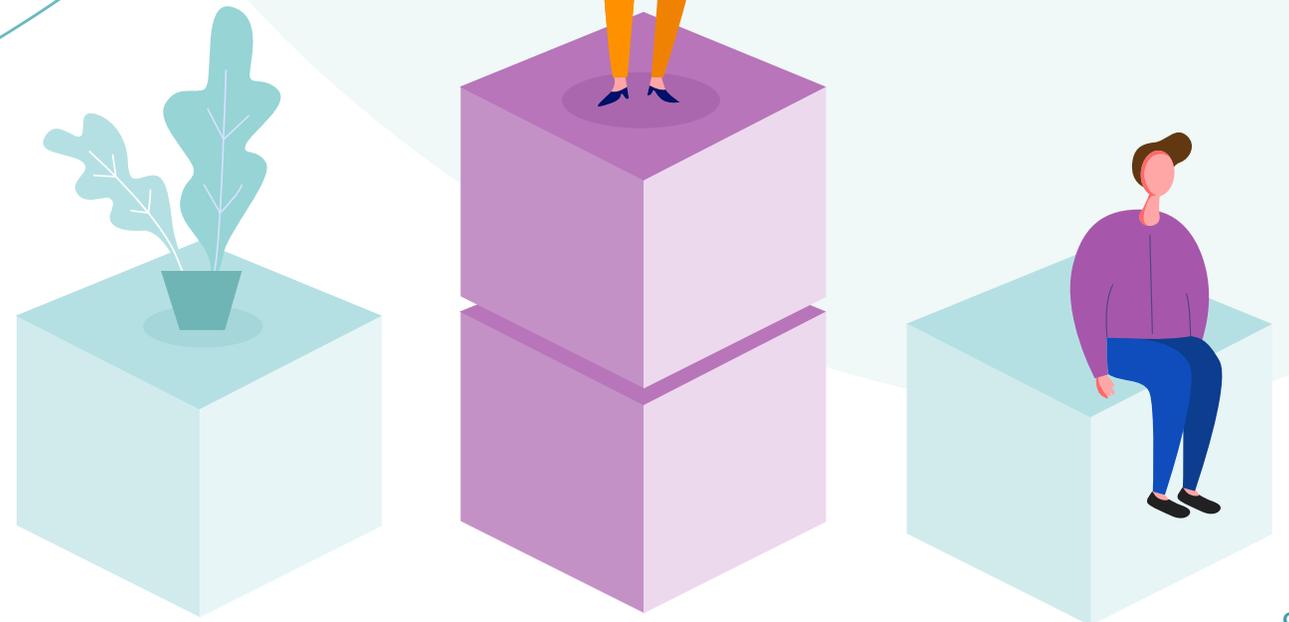
Well, it's standards. While this may not be the usual definition of culture, but standards are the outcomes of the ideal culture. In order to ensure desired standards get baked into your culture, it is critical that the leaders of your company instill and exude the standards themselves. While the company as a whole makes up the culture, what is expected and accepted starts at the top. To maintain this, a company's **leadership needs to live and breathe the standards by which it compete**. If there's conflict, like wanting to have exceptional service but then cheaping out on tools and people, the culture to support exceptional service won't stick.

So once you know what you want your MSP to be in the market, define the standards by which success will be measured, and put the processes in place that support achieving those standards.

Sustainable Competitive Advantage

When you carve out differentiation for your MSP, you want to sustain that unique position in the marketplace. After all, once your brand stands for something in the marketplace, it's hard to change that.

Culture, and the processes that support that culture, are the key elements to turning differentiation into sustainable competitive advantage. But so is assessing the marketplace at a regular cadence so that you always know if someone is moving into your space, and if they're trying, how equipped for success they are. **Never assume you can sustain differentiation or competitive advantage. In fact, it's better to assume you can't, because you want to stay a little bit hungry.**





Seeing is Believing

Salespeople love to talk, and it's important to recognize that any talk about differentiation should be supported with evidence. After all, seeing is believing. If you can show your clients evidence of what you can do for them, then you're in a much better position to demonstrate differentiation. Show an example of how you'll document their environments, and how that will translate into superior service. Show how this documentation, like a network map, will help you identify issues proactively. Highlight dark web monitoring practices.

The industry has moved into the managed services era fully and completely, but many clients still have a break-fix mentality. Strong documentation and specific examples of how that supports superior service help to make the case that smooth operations and zero downtime are exactly what the client is paying for. **Problem-free IT is not an invisible service if you've got documentation, SLA stats and other KPIs to show the value you're delivering.** Better still, put a dollar value on it – the comparison of your cost versus the cost of a few hours' downtime per month should be a pretty strong differentiator for any MSP.

Next Steps

Your friendly neighborhood documentation company can only take you so far down the road to mastering differentiation – most of the work you'll have to do yourself. What we can promise you is that having your client's IT environments fully documented, making your processes written down and accessible to everyone on your team, and having unique product offerings like the MyGlue client collaboration tool, can all play a role in how you differentiate yourself.

So why don't we help with those steps, starting with a deeper dive into how IT Glue can help you along this path.

[Let's Talk](#)

