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## Getting Past Best

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Keep your eyes on the summit and don't look down! When you are climbing, the pros will tell you not to think about how high you are or how far down the ground is. They tell you to focus on the summit. We work with some of the best of the best, and I am always impressed by the ways in which they incorporate this thinking into their normal business practices. Always thinking about how to drive more revenue; get the most for their product or service, what new products and services their customers would like, and putting more to the bottom line.

This is in sharp contrast to companies that get in the hunker down mode of thinking at times like this; "we'll hunker down and squeak through by trimming here and there and cancelling staff development programs and advertising and try to shrink our way through."

The best-of-the-best lean into the situation and change-up their behavior to account for changes in the environment as opposed to simply assuming that changes will result in a negative impact on them. I was recently introduced to Monte Black, the CEO of Mobile Power Wash (MPW) and he may have said it best; "there is a recession out there and we choose not to participate."

It is their overcoming spirit that makes these firms enthusiastic now and an industry leader in better times. Frontrunners use this thinking to challenge themselves and that's how they maintain frontrunner status. They survive or even thrive at times like this because so many of their competitors simply roll over and act like they are already dead. You can observe the same thing from time-to-time on the college football field. A team that was the favorite coming into the game loses heart and the game.

One of my favorite stories is an African Proverb:

Every morning in Africa, a gazelle wakes up. It knows it must run faster than the fastest lion or it will be killed. Every morning a lion wakes up. It knows it must outrun the slowest gazelle or it will starve to death. It doesn't matter whether you are a lion or gazelle. When the sun comes up, you better start running.

Whether you are a lion or a gazelle, if you lie down and give up, you do it at your own peril. So let's look at how the frontrunners keep that status. Some of their ideas are bound to be useful in your situation as well.

## ***Approaches to Challenge Thinking***

### ***Go hug a customer***

In times of change, customer's values and mindsets change. Some see risk and get more conservative, spending less. Some see lots of bargains and spend more. Stay close to your customers through direct contact so that their individual preferences and attitudes can be used to determine appropriate actions.

### ***Introduce something new***

While you're hugging your customer, listen for new needs and wants. The macro factors which effect them are changing and as they do, their focus will potentially shift. Perhaps they want a product which is more cost effective than your competitor's. If you have one in the works, now would be a great time to introduce it.

### ***Partner with a customer***

It is not uncommon for customers to have unused warehouse space, or other resources lying idle, at times like this. Perhaps now is the time to consider expanding your operation into their facility. It will reduce transportation time, get you close to your customer and potentially solve their unproductive space/resource problem.

### ***Fire an unprofitable customer***

It's important to manage customer profitability. To do this, examine the products and/or services each customer consumes and compare the cash received with the total costs required to serve that customer. For the unprofitable, communicate a price increase. If they leave, your profitability will improve. If they stay at the new price, your profitability will improve! Do this for large volume customers and for small customers. Small customers typically account for the largest number of orders or services in a year. A large number of small, unprofitable accounts can damage margins just as much as one bad large account.

### ***Do what your suppliers do***

The low volumes of downturns often expose areas of the business which are inefficient. Consider vertical integration to pull an activity in-house which was formerly conducted, less efficiently by an outside supplier. Remember also, the reverse is often true where due to low volumes it no longer makes sense to keep an activity in house and that an outsourced supplier could do it cheaper with economies of scale.

### ***Best in class components***

Know what aspects of your competitor's you should be imitating. Automakers imitate each other. They deconstruct all the competitive cars and imitate the best in class at a component level. A new Accord design combines ideas from Toyota's cup holders, BMW's seating, Ford's electronics etc. In this way, designers leapfrog the competition without taking on their weaker aspects.