

Management Article: The Secret To Beating Your Competitors The Odds Are in Your Favor! April 2008

I've just returned from speaking at the Saskatchewan Recycler Conference, where it was cold! It was four below zero. (OK, it was Centigrade!) They were gracious hosts, and most of the Canadian recyclers who attended the conference are doing very well.

After my remarks, usually one or more of attendees will come up and want to talk with me about how to cope with the brutal downward spiral in selling prices for used parts and the increased expenses of running a recycling operation.

When asked about some of the fundamentals that I've just spoken about—offering extended warranties, taking steps to reduce dismantling costs, or putting salespersons on commission—none has been done.

My response is generally the same: You just need to be a *little* better to beat your competition.

Even more encouraging: Once you make the decision to focus on beating the competition, the odds of achieving a measurable difference are way in your favor..

Let me share with you why I feel that way.

Imagine that your business has 100 competitors. Consider where most of them are in relation to these four key thresholds that lead to competitive advantage:

1. **Recognizing that there is an issue** - Most owners and managers know that they are facing pressure on earnings. Something isn't quite right, but they don't want to devote the energy to defining the issue precisely. I would estimate that only about one in four has the willingness to face issues directly. So, out of 100 competitors, simply recognizing the issue puts you in better shape than 75 of them.
2. **Zeroing in on the issue and creating a workable solution** – Now, how many of the 25 competitors left will act upon the insight? How many will invest the time to design a workable solution? Let's be generous and say that half of the remaining competitors recognize the issue and can remain focused long enough to design a solution. Now, of your hypothetical 100 competitors, only 12 remain.
3. **Quantifying the solution with goals, metrics, and milestones** – As business owners, we know that implementing a major initiative (such as shifting sales people and delivery drivers to pay for performance) doesn't happen overnight. It takes careful planning and good leadership. It requires sound management and an agreed upon measures of progress. How many of your competitors will do this step effectively? Let's be kind and say half of the remaining twelve get this far.
4. **Executing the plan** – Among the six of your competitors that have a plan with measurable milestones to deal with the issue(s) that have been identified, only half, or three, will have the gumption to carry it out. It takes a lot of energy and involves changing key processes. Before you become discouraged about competition, consider that only three of your hypothetical 100

competitors *might* be doing the right things to make meaningful improvements to their businesses.

The very good news: If you can carry out these four steps, you only have to be a *little* better than these final three to win.

You must delegate effectively to make sure that you cross all four of the key thresholds to lasting competitive advantage. If you find you're stuck, get help. It's available, and the cost is small relative to the IMMEDIATE decline in earnings you will see if you don't constantly innovate, cannibalize your old paradigms in favor of new ones, and change.

My friend used to say I threw 100 changes against the wall every year, and only a few really stuck, but they were real humdingers.

Visit our website and review the articles from earlier this year about strategic planning. Most recyclers simply don't do it. Consider joining one of our non-competitive groups of six recyclers for a one-day strategic planning session designed to assess and prioritize your proposed initiatives. You'll head home with new energy and a strategic plan that will put you miles ahead of the vast majority of your competition.

Remember, only you can make BUSINESS GREAT!

Please visit our web site www.autosalvageconsultant.com to see the last 5 years' articles posted.

AutoSalvageconsultant.com was formed in 2001 to help recyclers improve their businesses. With over fifty years of experience in three staff members, the group is THE definitive source for recyclers' management and training needs. The founder, Ron Sturgeon, is past owner of AAA Small Car World. You can review his resume, with skills and experience, at our website. In 2002, his book *How to Salvage Millions From Your Small Business* was published to help small business owners achieve significant success. It was recently reprinted in the U.S. and published in China, Korea and the Czech Republic. You can learn more about how to help your business at www.autosalvageconsultant.com. You can reach us at 5940 Eden, Haltom City, TX 76117.