

Transforming the Independent Edge to Competitive Advantage

Where do you see your business in three years, five years or even ten years? Most small independent businesses would agree that over time a bigger business is better. That is, individually we strive for improvement and growth. In business, this means handling the demands of running a much bigger company. It's the next level; the growth concept implies a bigger company is better. But how is it better; or more importantly better for whom?

Most entrepreneurs and small business owners founded their company in view of the fact that they had the vision and passion to execute and provide products, services and ideas like no other.

Enable (*transitive verb*) -
a: to provide with the means or opportunity,
b: to make possible, practical, or easy, c: to cause to operate.

This is why independently-owned companies tend not to spend much time strategically planning about growth – it takes away from other goals and activities that they consider more important than getting as big as possible.

Consequently, does an independently owned business, unwilling to focus on growth, stand a chance in competing with the behemoths of their industry – those same publicly owned companies that are the focus of most major business magazines and newspapers, not to mention the business shows on television or the curricula of business schools? Is it beyond conventional wisdom and now an axiom that businesses must grow or die?

Enabling Your Company's Best

First, making sure a bigger company is actually better requires planning, prioritizing, and calculating risks. While growing a small business requires execution, passion, and vision. There in rests the crux of the growth dilemma, considering how a bigger business is *actually* better may force business owners to care about and plan in a manner in direct contrast to why they began a business in the first place.

When Wal-mart Stores Inc.'s announced its latest push into the growing healthcare market, with lower prices on prescription and over-the-counter drugs the other public giant retail drug stores like Rite Aid Corp., CVS Caremark Corp., and Walgreen Co., were forced to take notice and act. But what of the other small retail drug stores? Could the same thing happen to your industry? Whether you run a small temporary agency, privately-held software company or independent retail coffee shop, are Adecco, Google, and Starbucks looking at growing bigger through your customers?

Sitting back and waiting is what many small businesses do when giants move in. By then, it is too late. They hope for the best and then react when the giant start taking away market share and

begins crushing their margins. The outcome can be different. If a small business uses the edge they already have when building a competitive advantage against a giant, it can enable and leverage the best small independent businesses have to offer.

To begin with, look at differentiating best from big. Size does matter, when customers are trusting in your product (e.g., coffee), service (e.g., staffing) or idea (e.g., software-as-a-service) that they urgently need. Small businesses are able to establish close, personal, one-on-one relationships with customers that large companies can't match. This is critical in industries, if independent-owned companies are competing against cookie-cutter approaches to managing customers, locations, or projects. In today's relationship-oriented business climate, it is important to recognize that small businesses have the strength, depth and breadth of a big company with the appreciation, customer focus and flexibility of a private personal company. Customers are not just a revenue number, but relationships and priorities. Let them know your company answers to them, not to Wall Street. Large corporations have a sequence that has been established and they won't be able to respond to small business actions that differentiate your business to your customers.

Also, think of the implications of what having a giant encroaching on your market means, as an opportunity. Behemoths naturally have mechanisms for measuring risk, so they don't move into new markets without their accountants, lawyers, and bankers measuring risk versus reward. So if the giant is looking to compete with your small company, they see opportunity in your market.

Do you?
Maybe it isn't the market at present but one in



the future as it continues to change. Possibly the opportunity is a different approach, price point, or value-offering. Consider the many possibilities a small company with greater enablement and passion would be able to accomplish having the chance. But don't jump in and act – resist the urge to beat the behemoth using their strategies, approaches and tools. When faced with a potential giant competitive problem, small companies commonly approach the planning task from the wrong perspective – strike first and plan later. Unfortunately, too few small companies are willing to fill in the blanks in the planning process. Instead, invest some time and resources to plan and prioritize *your* distinct and unique approach to the new opportunity.

But don't stop there; realize when a giant steps in they are going to confiscate a portion of your business. It could be 5 percent or even 30 percent of sales. Regardless of what it is, behemoths move in and disrupt small businesses. So part of analyzing the opportunities and planning for them should include looking for additional sources of income and enabling a new competitive advantage or market. Balance this new source with the current line of business because small businesses that attempt to do too much end-up some times worse than the ones who sit back and wait.

A Bigger Business Is Better for Whom?

More importantly than how bigger business is better, the question is who is it better for? Most small businesses start with only a limited number of founders or partners. And even if a small company has grown and now has many more investors or maybe it's even employee-owned, it is still closely-held. Publicly owned companies by sales revenue, market share, profits, capital expenditures, and employees are normally bigger. It's clear for these publicly-held giants that steady increases in sales, profits, market share, and EBITDA (earnings before interest, taxes, depreciation, and amortization) are required by the company's investors, and declines in any of these may send shareholders dumping stock. So shareholders are the 'who' we are targeting for making business better. Therefore, what's in the interest of shareholders depends on who the shareholders are.

As new economic and business conditions continue to change and globalize, small independently owned businesses generally are, more than ever, determined to be the best at what they do. But more importantly, the shareholders and owners have the authority to focus on great ideals and values beyond the



conventional wisdom of bigger businesses are better. They're also interested in enabling and improving society, creating a wonderful place to work, providing superb service to customers, having true

partnership with their suppliers, making sustainable contributions to the environment where they live and work in, and finding personal growth. As a result, shareholder wealth created becomes a derivative of achievement by focusing in these areas.

In leveraging the business independent edge, most small, private business shareholders would agree that to excel in all those things, companies have to keep control limited to a group of likeminded individuals. In many situations, this means placing significant limits on how big and how fast the company should grow. To enable those choices, the small companies have had to remain privately owned, with the majority of the stock in the hands of a small group of individuals or sometimes employees.

Essentially, forget about bigger or better. Instead, begin to consider, what it will take for your company to be completely determined to be the best at what only it can accomplish.

About Webslinger

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- Strategy & Planning
- Operations & Process Management
- Supplier & Supply Chain Management
- Technology & Project Management

We focus on our client's pertinent needs, meeting and understanding your organization where you are and preparing strategies, devising processes, and identifying technology requirements that satisfy your needs now and that equip you for the future.

For more information contact us at contactus@webslingerllc.com or visit our website at www.webslingerllc.com to learn more about our professional services capabilities.

About the Author

Kha Le is Managing Partner and founder of Webslinger LLC. He is an executive consulting leader with an extensive fifteen years of process re-engineering, supplier thought leadership, global finance, and operations experience. Mr. Le has held executive leadership roles with corporations and has also performed a variety of process and management assessments and technology system designs and strategic restructurings with a variety of Global 1000 clients. In addition to his extensive business operational and finance knowledge, Mr. Le was also part of a military unit, whose primary function was personnel recovery, with emergency medical capabilities in humanitarian and combat environments. Mr. Le graduated *Cum Laude* from Regis University with a Bachelor of Science in Business Administration with an emphasis in Finance and attended University of Denver within the Integrated Master Program (MBA & Bachelors in Computer Information Systems).