



Donald's "Quote of the Month"

"Mediocrity is no longer an option. Whatever business you're in, you should aim to be #1...#2...or you should seriously think about packing it in before it's too late."

Greetings and welcome. This month's Management Newsletter delivers many helpful business insights *and* our July Trivia Quiz, with semi-valuable prizes. The entire Newsletter will take about 7 minutes to read.

1. Why you should be #1 or #2 in your market...or just pack it in:

(time to read this piece is about 60 seconds)

I've worked with business owners and managers in over 40 industries around the world and it's pretty clear that virtually every market is over-served. Whatever product or service you sell, there are probably too many other people selling it...and only the best of you will make a decent living.

Using an example of a market that can support 3 competitors but, unfortunately, there are 5, here's what I've discovered about profitability...

- a) The #1 market leader will typically generate a Return-On-Investment (ROI) of 15% to 20%.
- b) The # 2 company will have an ROI of 10% to 12%.
- c) The # 3 company will "break even".
- d) #4 and #5 will lose money and be gone!

On the surface, it appears that this situation has now self-corrected because, with competitors #4 and #5 out of business, the market should now be rationalized. Company #3 will finally get enough business to be profitable and #1 and #2 will each add to their market share and profitability. "Problem solved!", you say.

But it's not that simple. What usually happens in these situations is that as soon as companies #4 and #5 are safely resting in the arms of the trustee in bankruptcy, at least four brilliant entrepreneurs suddenly conclude that there is now a "huge opportunity" in the market...and they jump in with both feet, thus screwing things up more than they were in the first place. The market that couldn't support five competitors, now has seven.

The new guys mess up the market with predatory pricing for a couple of years trying to attract customers and then, when they decide that there's no room for them after all, they mess it up some more by dumping the assets that they never should have acquired or produced in the first place. And so it continues, over and over. I've seen it hundreds of times.

General Electric, consistently one of the world's most successful and respected companies, is in several different businesses, with global total sales of over \$170 billion. Their policy for each of their divisions in each market is simple. Be #1 or #2...or get the heck out! And now you know why. It just doesn't make sense to be anything else.

So what's your plan? Is it to be #1, #2...or perhaps #5? Life is full of choices.

2. Six business lessons from an air conditioning guy:

(time to read this section is about 2 minutes)

Since the weatherman promised an extraordinarily hot July and August this year (so far he's been dead wrong), we decided to have central air conditioning installed at our country home in Muskoka.

We contacted one of the local "expert" mechanical contractors who promptly informed us that our furnace was not designed to accept air conditioning and would have to be completely replaced at great expense. Apparently, our plenum (the air chamber just above the furnace) is too short.

So, we called another contractor, **Mid-North Mechanical in Orillia, Ontario**, who came to check out our "short plenum" problem and they assured us that, while our plenum is short, there's an excellent unit specially designed for such a situation and he could install it in a week.

He also noticed that our humidifier is an old and inefficient model and that all of our air management controls were amateurishly and inconveniently located under the cottage. He suggested fixing all of that while they were doing the air conditioning and, of course, I agreed. His quote arrived by email first thing next morning and an appointment was made for 9 AM Thursday to do the work.

At 9:05 on Thursday morning the phone rang. It was Diane from Mid-North calling to say that the crew was running about 15 minutes late but they were on their way. Now, I've built, repaired or renovated no fewer than 9 residences in my convoluted life and such a call has never taken place. My Lord...somebody finally "gets it". Somebody understands what it's like to be a customer and has the courtesy, professionalism and good manners to proactively communicate.

The guys arrived 10 minutes later, as advised, did their work in one day and, are you ready for this, they cleaned up after themselves before leaving. Most contractors will show up a week late, never call, leave a mess behind...and think that's all OK.

The following day the cheerful Diane lady called again to say that she was completing the paperwork for the equipment Warrantee on our behalf and just needed our Postal Code. She said that she keeps records of all Warrantees in her files so there's no problem if we misplace our copy.

Wayne, their Sales Manager is coming by tomorrow to show us how to operate and maintain the system to achieve optimum comfort and energy efficiency.

So, let's look at the six business lessons here from all of us...

- 1) First, they had superior **product knowledge** that allowed them to do what their competitor said couldn't be done. So, they got the business and we saved \$5000.

Do you know 'stuff' or have 'stuff' that your competitors don't? Are you a real expert? Are you the 'go to' people for the difficult jobs, challenging assignments or extraordinary products...or are you mediocre?

- 2) They also **knew and cared enough** to suggest how they could improve the equipment that we already had. They got the add-on sale and I no longer have to go outside into a basement crawl space to change furnace or humidifier settings. All controls are now neatly located on the living room wall, where they should have been in the first place.

Are you always looking for additional ways to be helpful, to make life easier for your customers ...and to make the add-on sale?

- 3) They **did what they said they would do when they said they'd do it** and **they communicated** as soon as there was even a slight 'burp' in their promised service delivery.

Do you do what you say you're going to do...and do you have the good manners, professionalism and courage to proactively communicate when there's a problem or delay of any kind?

4) They proactively **looked after the fiddly paperwork** and they have a **back-up system** to ensure that we're properly looked after in the future.

Do you go out of your way to take care of the little details that your customers don't want to, or don't know how to do? Do you look after them now and in the future?

5) They will **coach us on how to be successful** with what they've sold us.

Are you committed to being the 'caring coach'? Do you help your customers to wisely choose and effectively use what you sell? Do you help them to get the most value and enjoyment from doing business with you?

6) And, finally, do you do all of this with **joy and grace**? Whatever you sell, people come to you for that, plus JOY. You are in the "joy" business...but you can't deliver joy if you have none yourself. Do you truly love what you do, who you do it for...and who you do it with?

So, honestly, how do you stack up? Are you as good at what you do as Mid-North Mechanical is at what they do? If a heating and air conditioning contractor in Orillia, Ontario can be extraordinary, what's holding you back? Go over the six points above one more time and for each point make notes about something that you commit to do to be extraordinary.

3. If your industry is consolidating...and most are...you have 4 clear choices!

(time to read this article is about 30 seconds)

Over the past few years I've spoken or coached in over 40 different industries. Every one of those industries is undergoing some degree of consolidation in which the "big few" are gobbling up the "smaller many".

We see it in retail, manufacturing, hotels, accounting firms, law firms, technology, agriculture, automobile collision repair and even funeral parlours. Often, consolidation doesn't even make sense, but that won't stop it.

If your industry is consolidating, you and your business have a choice of four clear strategies...and only three of them are worth a damn:

- 1) You can be a buyer.
- 2) You can be a seller.
- 3) You can find a viable niche market that will insulate you from the "big guys" by focusing on a part of the market that's too small or too difficult for them to serve effectively.
- 4) You can do nothing and be comfortably mediocre so that in five years you have no money to be a buyer and nothing left to sell.

That's it...four strategies to choose from. What will your choice be?

4. Report on last month's survey as to whether business is still "fun":

(time to read this article is about 30 seconds)

In last month's Newsletter I wrote about a friend of mine in the UK who has just sold his business because it wasn't fun anymore. Customers who used to be friends had become ruthless predators. Suppliers who used to be friends had become unreliable and deceitful. Staff who had been a pleasure to work with, refused to embrace the changes needed to move the business forward. And the government, who should be encouraging and facilitating business growth, kept throwing more and more obstacles in the way.

Then, I asked you readers to let me know if business is still fun for you or not...and the results were interesting. Sadly, half of the responses were on the "NO" side. If this is a typical sample, that means that 50% of folks aren't having fun doing what they do for a living. If you're one of those "it's not fun anymore" people, what will you proactively do, either to make what you do and where you do it more joyful...or to move on? Or have you just given up?

5. Bits and Pieces:

(time to read this section is about 90 seconds)

Item #1: A simple way to check the status of any North American Flight: To check the status of any scheduled airline flight in North America, before or after it takes off, simply go into Google and type the airline name and flight # into the search line...I.E. "Air Canada 212", then press the Enter key on your keyboard.

Then, click on www.flightstatus.com, which will typically be the first site listed, and the status of that flight will appear, including its historical on-time record and the type of aircraft being used.

Item #2: Dreams and commitments: A commitment is a quantified dream with a deadline. For example, "I want a comfortable retirement." is a dream. But, "I will have a net worth of \$2 million by my 65th birthday" is a commitment. It is quantified, it has a deadline...and it's much more likely to actually happen.

In both your business and your personal life, are you a dreamer or a committer?

Item #3: If you're traveling in Muskoka this summer, don't miss "North...the restaurant". This Newsletter goes out to folks all around the world but for those of you in the Toronto area who travel to Muskoka during this glorious summer season, don't miss North, the wonderful new restaurant in the town of Gravenhurst. Their telephone number is (705) 687-8618.

Chef Alain Irvine has been with Fairmont Hotels in the Canadian Rockies and with Four Seasons Hotels & Resorts in a number of locations, so he knows his stuff. But, like so many other talented folks, Alain has decided to get out of the "rat-race" and do something extraordinary but less stressful to create more balance and joy for himself and his family. Good on you, Alain.

Item #4: A few things learned on our trip to The Hamptons: For those not familiar, "The Hamptons" are a beautiful and very affluent resort area located on the eastern half of Long Island, NY. It's like Cape Cod on steroids. We spent a week there earlier this month and here are a few random observations that we picked up along the way:

- a) Even in good neighbourhoods, about 80% of all businesses are mediocre and don't deserve to survive. The biggest disappointment in The Hamptons was Gurney's Resort, near Montauk. It may have been wonderful 80 years ago...but not lately. Their website should receive the "Master of Deception" award.
- b) Never order a strawberry smoothie from Dunkin Donuts. It is the most vile, toxic concoction created by mankind since the barium enema.
- c) If you ever lose your job, you can always find employment as a hedge clipper, gardener or lawn cutter in The Hamptons. I've never seen such beautifully kept properties anywhere...and so many busy landscape contractors. Everyone seems to take pride in their property...it makes a huge difference.
- d) Canada Geese are everywhere. They seem to be Canada's biggest export. They poop endlessly and everywhere and they're giving Canadians a bad reputation. People in other nations generally like Canadians...but they hate Canada Geese. We need a name change here to save our national dignity. If you have a suggestion, let me know.
- e) While touring High Falls Gorge near Lake Placid, NY, we were told that the surrounding rocks are 1.5 billion years old. But, while visiting Oklahoma recently, I was told by a high school science teacher that the entire universe is only 6000 years old. I'm confused.
- f) I had clam or seafood chowder twice every day on this trip and I remain convinced that the best seafood chowder anywhere is the recipe on our own Donald Cooper website. If you want the world's best chowder, by far, save your money, stay home and make mine. This recipe can be found at the end of this Newsletter.

6. Are you giving your customers a choice?

(time to read this article is about 30 seconds)

Choice empowers people. It puts them in charge...and they love that. But too much choice confuses and stresses them. Your job is to understand your customers so well that you get the number of choices down to a manageable level that honours but does not stress them.

For example, Holiday Inns now offer guests a choice of 4 kinds of pillows to ensure a good night's sleep. They explain the properties and benefits of each of the 4 pillow choices on a small card left on the bed and they invite you to dial "Housekeeping" to order the pillow of your choice.

Personally, I'd make the pillow selection a part of the check-in procedure so that it becomes part of the human interaction on arrival. And then I'd make sure that each customer's preference was logged into a chain-wide master computer so that the right pillow would automatically be provided on each subsequent visit to any Holiday Inn, anywhere in the world. Now, that would be amazing.

So, are you giving your customers "manageable choices" and once they choose, are you making sure that you automatically, always, give them that?

7. Our Quiz of the Month:

(time to read this section is about 40 seconds)

"Thanks" to all of you who answered our June Quiz, which was, *"How many pounds of grain does it take to create one pound of beef for human consumption?"*

The answer we were looking for was 16 pounds. By the way, we had many differing opinions on this and some agricultural experts pointed out that it all depends on how the animal is raised and whether you're measuring "beef" as the whole animal ready for market, or cut and trimmed beef ready for the grill.

Anyway, the point is that it takes a lot grain to produce one pound of beef and as the developing world increases its consumption of beef, we will run into an exponential increase in the demand for and price of grain, which will exacerbate the gap between the "haves" and the "have nots" in the world.

Congratulations to Steve Kendall of Flanagan Foodservices. He takes home our "Creating a Winning Culture" DVD Seminar as his prize.

This month's Quiz Question:

It's summer here in the Northern Hemisphere and time to enjoy one of the world's great treats...ice cream. So many flavours to choose from...from Pistachio to Rocky Road to Moose Tracks, the choice seems endless.

But one flavour dominates. One flavor accounts for almost 30% of all ice cream consumed, according to the International Ice Cream Association in Washington, DC. The #2 flavor is less than 10% of the market. This month's Quiz question is ***"What is, by far, the biggest selling ice cream flavor...and what is #2?"***

Send your guess to Sharen Skene, our wonderful Director of Marketing, at sharen@donaldcooper.com. Each correct answer received within 10 days will go into the 'pot' and **one winner will be randomly selected**. The winner will receive his or her choice of any of our excellent DVD Seminars.

8. Are you telling your compelling-value story every chance you get?

(time to read this section is about 30 seconds)

As we drove from Toronto to Long Island, N.Y. and back last week, we passed hundreds of hotels and motels along the way. But only one of them was smart enough and proactive enough to tell their value story on their roadside sign. The rest of them just blended into a roadside blur of mediocrity and apathy...and most of them, I suspect, were half empty.

The roadside sign on the one motel that "gets it" said, simply, "**Clean and Quiet...Weekly Rates!**" They addressed three important things that travellers want to know. In addition, their grass was neatly cut and their roadside gardens were beautiful...and, did I mention, their parking lot was full.

It's not rocket science...it's just a matter of thinking and feeling like a customer, creating the value and experience that they want and then **communicating that in everything you do**. All it takes is some understanding, a little creativity and a commitment to be extraordinary.

So, cut to the chase here; what do your customers really want? When they're looking to buy what you sell...

- a) What are they really trying to **do**?
- b) What do they want or need to **know**?...and,
- c) How do they want to **feel**?

If you can help your target customers to **do, know and feel** what they want...and if you then communicate that in everything you do...you will deserve their business and their loyalty.

9. That's all for this month:

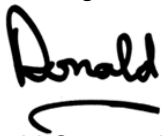
(time to read this section is about 15 seconds)

Thanks for all of your great feedback and suggestions. We especially love to hear of your successes using our insights.

Don't forget to visit our Free Articles section on our website for lots more valuable info on how to sell more, manage smarter and make more money in your business.

Also, let us know what you'd like to hear more about...or less about. And, do send us your stories and examples of great, horrible or just plain bizarre business practices that you find in your travels.

Kindest regards,



Donald Cooper, MBA
Certified Speaking Professional

“Cooper’s Famous Chowder”

INGREDIENTS

- 2 lbs large scallops
- 1/2 lb. bacon
- 1/4 cup butter
- 10 cups potatoes
- 3 cups onion
- 2 cups celery
- 1/4 cup white vinegar
- 1 quart milk
- 1 quart light cream
- 6 tablespoons all-purpose flour
- 3 teaspoons salt



Warning! If you hate seafood, this chowder could change your mind!

This long-time family recipe is for an absolutely fabulous, loaded with flavour **Scallop Chowder** that is a huge hit, especially in the Fall and Winter months.

If you're on a budget, replace half the scallops with a firm fish like cod or haddock, and if you're allergic to scallops, use fish only. If you want to “upgrade” your chowder to impress your friends, add some shrimp or lobster. Sometimes I've also added some fresh or dried Rosemary and Thyme just as I'm ready to bring the mixture to a boil near the end. If you like your chowder with a bit of a “bite”, add a little Cayenne pepper.

Note: This is a “BIG” batch of soup! It makes about 20 servings, which means you can give some to special friends, or hog it all for yourself and be happy for days! Of course you can also cut the recipe in half.

Cooper's Famous Chowder Recipe... Cont'd

INSTRUCTIONS

Peel and cube potatoes into ¼ inch cubes. Dice onions and celery into ¼ inch pieces. Halfway through the peeling and dicing process, start cooking the bacon over low heat. Fry slowly until crisp, using the butter to obtain as much liquid fat as possible. When the bacon is crisp, separate the meat and the liquid fat and set both aside.

Put potatoes, onion and celery in a large pot with 6 cups of water, salt, vinegar and the fat from the bacon. Cook for 15 to 20 minutes at a boil.

Cut large scallops into about four pieces and dice the bacon pieces.

When the vegetables are cooked, put 6 cups in the blender and puree them. Add the puree back in with the vegetables. Add the diced scallops, bacon pieces, cream, milk (set aside 1/2 cup). Blend the 1/2 cup milk with the flour and stir into the chowder when hot. Mix the milk and flour mixture into the chowder very well so that there are no lumps.

If you're adding some fresh or dried Rosemary or Thyme, now's the time to do it. Heat just to a boil, then turn off the heat. Taste and add, salt and pepper to your liking. Cover for at least 15 minutes to let flavors blend.

To gussie it up like the restaurants do, stick a sprig of Rosemary or Thyme in the top of each serving.

Enjoy with my compliments!!

Donald Cooper

When he's not busy making delicious chowder, Donald travels the world speaking to business owners, leaders and managers about how to rethink, refeel, and reinvent themselves to...

1. Sell more,
2. Manage smarter,
3. Make more money...and have a life!

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