



## **Donald's "Quote of the Month"**

"One of the biggest mistakes that business people make is having an emotional attachment to an uneconomic asset, or an obsolete business model. By not recognizing reality and taking the necessary corrective action, they risk losing everything!"

Greetings! Sorry that we did not have an October Newsletter. It was a crazy busy month, plus I had a little work done on my heart, which took me out of circulation (no pun intended) for a bit. All is now well and we have several timely, thought-provoking articles for you below...all of which will take a total of about 9 minutes to read.

### **1. Do you have an emotional attachment to an uneconomic asset or an obsolete business model that's putting your future at risk?**

(time to read this article is about 3 minutes)

While researching a presentation for the agricultural sector last year I was told that a farm in the Province of Ontario, growing grain crops, needs to be about 3000 acres to make a decent return. However, the average Ontario farm in this category is only 300 acres.

Originally, in pioneer times, farms were just 100 acres because that's what one man with a team of horses and a two-furrow plough could cultivate, working six days a week. So, in the 1800s and early 1900s a 100 acre farm was a business model that made sense. But now efficient farm machinery can handle hundreds of acres in just a few days and it costs hundreds of thousands of dollars to buy. So, except in certain specialty or value-added niche farm operations, the old business model simply doesn't work any more.

But, sadly, thousands of farmers have an emotional attachment to their uneconomic asset. Their family has farmed that land for 3 or 4 generations, so the emotional attachment is understandable. I have a huge emotional attachment to our one and a half acre cottage lot on the south shore of Sparrow Lake...but I don't try to feed my family from it.

And so it is with other industries. Retailers have an attachment to stores that are in the wrong part of town or in the wrong town...or stores that are too small or too large. Automakers and steel producers have an attachment to obsolete facilities and processes that make them inefficient and vulnerable. Many travel agents cling to a business model that simply isn't working for them and they refuse to reinvent themselves...and on and on it goes!

Then, when the bottom line disappears, it's so much easier to blame something or someone else for that. But it's up to us to face reality, to get creative and fix what needs fixing it. Fine-tuning an obsolete business model doesn't cut it and whining doesn't create a new one.

Financial Advisor clients of mine recently changed their business model to serve only clients with a minimum of \$500,000 to invest. In doing so they will focus their services to be compelling to more clearly defined target customers, they will streamline their organization, work fewer hours and double their bottom line.

When I spoke to a group of engine rebuilders recently, most of them complained about shrinking sales and profits (the industry is shrinking about 4% a year).

Typically, automobile engine rebuilders will have four employees to whom they pay \$44,000 each a year, while paying themselves about \$50,000 in salary and return on their investment in the business. So, the extra pay for investing \$300,000, hiring and supervising four people, managing the business, going begging to the bank for money, dealing with customers and the government is \$6,000 before taxes. This is not a business model that makes sense.

When I asked them what they had done to reinvent themselves, most of them they said that there really wasn't much that could be done. They were stuck with both an uneconomic business asset and a defeatist attitude. Those two often go together!

However, just one of these rebuilders told me that business was booming and he couldn't keep up with the demand. I asked him what he had done to proactively transform his business and here's a bit of what he told me...

**1)** First, he told me that the old business model in his industry simply doesn't work any more. So, rather than keep customers waiting the usual 2 to 3 days while he rebuilds and returns their engine, he expanded his building to carry 30 already rebuilt engines and 200 rebuilt cylinder heads in stock for immediate shipment. Then, in the shop, he accumulates a quantity of engines and heads and rebuilds them all at once in a way that smoothes out the workflow and creates economies of scale.

When I asked other rebuilders if they had considered this possibility, they told me it wouldn't work. *"We don't have the space for inventory and besides, they want their own engine back."*

**2)** Next he told me that many of the local garages who are his direct customers don't like doing engine replacements because the job ties up a bay and hoist for too long. They can make more money doing other repair work.

So my entrepreneurial friend sends a tow truck to pick up the crippled car from the local garage and tows it to his shop where his expert crew will remove the engine, replace it and deliver the repaired vehicle back to the local garage within two days. The local garage will then mark the work up by a couple of hundred bucks, and they're thrilled.

To make this work, he had to hire auto mechanics to work along with his machinists as a team...so he did. This guy reinvented himself, changed his business model, expanded his building and rethought his processes to add value, offer total solutions and grow his bottom line!

**3)** Third, he proactively went out and told his value-and-service story to all the local garages in his area...and he kept revisiting them until they gave him a try.

**4)** Then, as his business grows, he contacts each of the engine rebuilders in his area who are closing down and offers jobs to their best people. They flock to him and love the job security of being with a winner!

So, here's the point...are you hanging onto uneconomic business assets or an obsolete business model that are simply not working any more? What location, process, policy, ownership model, asset or customer profile needs to be dealt with? Will you face reality, figure out a new and better way and then get on with it...or will you wait until it's too late?

## 2. Are you thinking of all your 'customers'?

(time to read this article is about 45 seconds)

A quick look under the hood of your own vehicle will tell you that the folks who designed and manufactured it didn't give much thought to all of their 'customers'. They sure didn't think of the mechanics who have to service and repair it over the next 8 or 10 years.

My mechanic told me recently that he had to unbolt the engine of a BMW from the frame and move the whole thing three inches forward, just to replace a \$10 hose. Total cost...about \$900.

Many businesses think that their customers are those people who buy what they sell. But it's my belief that a 'customer' is anyone who interacts in any way with our products or services. That includes anyone who...

- 1) Produces what we sell.
- 2) Purchases it.
- 3) Resells it.
- 4) Transports or handles it in any way.
- 5) Installs or services it.
- 6) Operates it.
- 7) Uses or consumes it.
- 8) Disposes of it.
- 9) Is affected in any way by what we do.

When we had a large manufacturing plant on the edge of a residential community we considered our neighbours to be 'customers' and made sure that they were not negatively affected in any way by noise, pollution or traffic congestion as a result of our being there.

Years later, as retailers of ladies clothing, we understood that husbands and children who came to our store were also 'customers' so we offered electric massage chairs and a pirate ship play area to keep them occupied and happy.

So, what will you commit to do to identify, truly understand and more effectively serve ALL of your 'customers'? First, use the nine point list above to identify them. Then, get creative as to how you will make their lives easier, safer, more productive, less confusing and more enjoyable.

## 3. Canadian small businesses can offer affordable benefit plans by joining their local Chamber of Commerce.

(time to read this section is about 20 seconds)

One of the big challenges for small businesses in attracting top employees is their inability to offer benefit plans that are comprehensive and affordable. What most small biz owners don't realize is that they can access such benefit plans just by joining their local Chamber of Commerce.

900 Chambers across Canada have partnered with the Johnston Group in Winnipeg to deliver these programs. They have plans for businesses with one to 25 employees and other plans for companies with more than 25 employees.

The Johnston Group is a first-rate organization and have been named one of Canada's 50 best managed companies.

There's nothing in this for me. They don't even know I'm writing this...it's just important information that most small businesses don't know.

## 4. This is the perfect time of year to look at what needs "fixing" in your business.

(time to read this section is about 20 seconds)

As we approach the end of the year, this is the time to think about which areas of our business need clarity, focus and improvement in 2007. My free and newly updated 14-point Business Audit Checklist that will help you identify your major business challenges in under four minutes. You'll find this document at the end of this Newsletter.

Once you've determined what needs 'fixing', you can create an Action Plan, including specifically who will do what, by when. Then, follow up religiously, reward progress and deal with non-performance.

If you have a Managers' Conference coming up in the next few months and would like clear insights and effective tools to help you fix what needs fixing...that's what I do. Just contact the wonderful Sharen lady at 1-416-252-3704 or [sharen@donaldcooper.com](mailto:sharen@donaldcooper.com). If you've checked more than three items on the Audit Checklist, consider calling sooner rather than later.

## 5. Here's an outstanding Christmas gift for your business... or for a friend who is starting a business!

(time to read this section is about 30 seconds)

One delighted client recently referred to our package of 5 outstanding DVD video Business Management Seminars as an "**MBA in a Box**". These 5 Seminars, complete with step-by-step **Implementation Guides**, include...

- 1) "How to sell more, manage smarter, make more money...and have a life!"
- 2) "Human Marketing® ...how to increase market share & profitability in the face of ever-stronger competition!"
- 3) "The 8 essential steps to finding and keeping the best staff!"
- 4) "The simple truth about effective business leadership!"
- 5) "Creating a winning culture...how to win the battle for more profitable customers and a great team!"

If you bought these five DVD Video Seminars and Implementation Guides individually, one at a time, they'd cost you \$360...and they'd be worth every penny. But, following our client's suggestion, we're combining them together as a Christmas gift pack for only \$220. **That's \$220 for an "MBA in a Box"**. So, to buy your business a very special gift...or to do a huge favour for someone just starting out in business, just print the order form (which you'll find at the end of this Newsletter) and fax it to us.

## 6. Bits & Pieces:

(time to read this section is about one minute)

**Item #1:** If you think **North American car makers** are in big trouble now...you ain't seen nothin' yet! A recent headline on CNN.com read, "*In just 10 years most of the world's cars will be made in China.*"

If they're only half right, this means a massive change in the North American economy for thousands of businesses plus millions of employees and their families. What might this mean for you...and what's your plan to deal with it?

**Item #2:** My brother John Cooper, our honorary VP of customer service research, reports to me that he recently spent **71 minutes on hold** with Allstream, his internet service provider, during which time he was told 62 times, by a recording, that his call is important to them. This is rude, stupid and dishonouring. How is it that huge companies can get it so wrong?

But the question is, are you doing anything remotely like that in your business?

**Item #3:** Sales of music CDs and other physical music formats **declined almost 16%** in the first half of 2006 because of internet downloading. What technology is about to change your industry, your business and your bottom line...and are you ready for it? How must you change your business model to lead the next revolution in your industry rather than being the victim of it?

**Item #4:** Alan Mulally, **the new President & CEO of Ford, drives a Lexus LS430.** He says that it's the finest car in the world.

**Item #5:** Both the Toronto General Hospital and Toronto's Pearson International Airport now offer **valet parking for an additional charge.**

In the case of the Hospital, they realized that many of those arriving at their door to either deliver or visit patients needed this convenience and that it could become a profit center. How simple...how thoughtful...how clever.

The Airport managers also realized that lots of folks simply don't want to drive around their huge and confusing parking garage looking for a spot. And now, for a fee, they don't have to!

What additional services could you add to your business model that could WOW customers and turn into profit centers?

**Item #6:** It's Autumn in our part of North America and the time of year that I start thinking about making up a big batch of my **famous seafood chowder.** We spent 10 days in Cape Cod a few years ago trying to find a better chowder than ours...and there wasn't one!

Lots of our readers have made this wonderful thick and creamy chowder and have raved about it. So, if you want to delight your stomach and amaze family and friends, just [click here](#) for the recipe. Bon appetite!

## **7. Will you be an 'offshoring' entrepreneur...or an 'offshoring' victim?**

(time to read this article is about 40 seconds)

You've read lots about how much of our North American manufacturing has moved to the Far East and you know about the Call Centres, Tech Support groups and Software Development teams that are now based in India.

So what's the next thing to go? Well, Dupont USA is now farming out legal work to the Philippines. They have, for a start, 30 Philippine attorneys, including three who have passed American Bar exams, working in three shifts seven days a week.

Much of the legal work in any court action involves studying thousands of pages of documents. This work is tedious, time consuming and expensive. US law firms typically charge \$150 per hour for this work. In the Philippines the cost is about \$30 per hour.

The technology of real time document sharing facilitates the process and, because the Philippine legal system is modeled after the American system, the resulting similarities make it easy for these offshore lawyers to be extremely effective.

As with every 'offshoring' venture, there are those entrepreneurial thinkers who will make a lot of money facilitating these moves and there will be the victims of these moves. More and more of us will some day be making the choice between being 'offshoring' entrepreneurs...or 'offshoring' victims. Which will you choose?

## 8. Our "Quiz of the Month":

"Thanks" to all of you who answered our September Quiz question which was, "In Business Week Magazine's first-ever study on 'best places for young people to launch a career', which American company was ranked #1?" " **Believe it or not, the answer is The Walt Disney Company.**

**Congratulations** to Allan Lie of Golden West Radio this month's winner who selected as his prize of our "The 8 essential steps to finding & keeping the best staff!" DVD Seminar.

### This month's Quiz:

With all the talk about China's impact on the world economy, we tend to forget about another emerging giant. It is the world's largest democracy. 35% of the population, or approximately 380,000,000 people, **live on less than one dollar a day** so most of them would jump at the chance to work in a factory for \$5.00 a day. Think about that! More people than live in the entire United States who would be thrilled to work six days a week for \$5.00 a day.

**So, this month's Quiz is...what country is this other emerging giant?**

Send your guess to Sharen Skene, our wonderful Director of Marketing, at [sharen@donaldcooper.com](mailto:sharen@donaldcooper.com). Each correct answer received within 15 days will go into the 'pot' and **one winner will be randomly selected**. The winner will receive their choice of any of our excellent Video Seminars worth \$60 to \$80.

## 9. Are you using your special connections, experience or limitations to grow your business?

(time to read this section is about 2 minutes)

We are all unique and in that uniqueness we have experiences, connections...even disabilities that create wonderful possibilities for us in creating and growing our business.

Here are three examples of people who have understood that and made it work for them and one person who didn't. Read on and think about how you can make these insights work for you.

**Example #1:** I recently met a very bright lady from Bosnia whose family fled to Canada some years ago when that part of the world was falling apart. She finished her education here and married a Canadian guy from Alberta, a booming province with a huge shortage of skilled trades people, truck drivers, etc.

Combining her connections in Eastern Europe, her ability to communicate in four languages and her understanding of the labour crunch in Alberta, this brilliant entrepreneur started a company that brings skilled eastern Europeans to Alberta on contract to work for specific periods for specific companies.

She finds them, does the immigration paperwork, arranges transportation, housing, interpreters etc...and business is booming.

**Example #2:** In researching a presentation recently for a Home Security business, I spoke with a young man whose business model is to hire commission sales people to do door to door selling.

When I asked him how he finds people who are trained at going door to door, effectively selling and dealing with lots of rejection he said that as a Mormon he has unlimited access to hundreds of clean-cut young people in their mid-twenties who have, as young Mormons do, just returned from two years of door to door missionary work somewhere in the world.

They've been trained by their church, they know how to "sell", they know how to deal with rejection, and they're now back home and looking for work. This is brilliant!

**Example #3:** Some years ago I read about a lady in San Francisco who has turned her hearing disability into a powerful niche marketing advantage. She is one of the most successful sellers of insurance and other financial services in the area and her target customers are the over 40,000 hearing impaired adults with whom she has a special connection.

She's the only financial services advisor who can communicate with them...and she's the only one they trust. I guess it's just the old "glass half full or half empty" thing all over again.

**Example #4:** And finally, here's the example of someone who had a very special connection that could have led to a successful business...and didn't even realize it.

I was picked up at the Edmonton airport last year by a taxi driver who spoke beautiful English... but with a Russian accent. From our conversation I knew that he was highly educated and very bright. I learned from him that he had been born and raised in Afghanistan and educated in Russia. In fact, he had been a lawyer in Moscow before bringing his family to Canada to provide a better future for his children. Unfortunately, his Russian law degree and experience mean nothing in Canada, so he's driving a cab.

I immediately thought of all the Canadian resource companies, manufacturers, importers and exporters who would love to start doing business in Russia but who don't speak the language, don't understand the culture and who are afraid that they will "fall into the wrong hands" over there.

These people need a facilitator they can trust to guide them...and who better to do it than a Russian lawyer who speaks excellent English and who understands our culture and the Russian culture and law. This man has insights, experience and connections around which he could create a significant and prosperous business. This has "opportunity" written all over it...and he had never thought of it.

In our brief time together I tried to lay out the first steps of a business plan for him, and all the time fearing that this guy had become all too comfortable behind the wheel of an Edmonton cab.

So, what special experience, relationships, knowledge or even disability do you have that can lead to a business opportunity or special marketing connection...and how will you use that to create or grow your business?

## 10. That's all for this month!

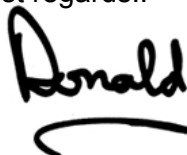
**"Thanks"** for all of your great feedback and suggestions! We especially love to hear of your successes using our insights.

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.

Finally, if you know of others, anywhere in the world, who will find value in this E-Newsletter, we'll appreciate your sending this along to them and inviting them to sign up at [www.donaldcooper.com](http://www.donaldcooper.com).

Kindest regards!!



**Donald Cooper, MBA**  
Certified Speaking Professional

# THE DONALD COOPER CORPORATION



Speaking and coaching on marketing, management and business excellence

## “KEY CHALLENGES” AUDIT SHEET

Clients find this Audit Sheet to be helpful in identifying areas in their business that need focus and innovation. Use the spaces to the left below to indicate with an ‘X’ the challenges that your business is currently facing, or will likely face over the next 3 to 5 years.

<b>Full Name</b>	<b>Tel. #</b>
<b>Company</b>	<b>Email</b>

Put <b>X</b> on all that apply.	<b>Key Challenges Audit</b>
<input type="checkbox"/>	We face increased competition for our customers’ loyalty, money, time and attention.
<input type="checkbox"/>	Shrinking margins.
<input type="checkbox"/>	We need to better understand our target customers...who they are, why they buy and what they <i>really</i> want.
<input type="checkbox"/>	How to do more business with existing customers and how to attract new and profitable customers.
<input type="checkbox"/>	We need to do a better job of creating and delivering compelling customer-owning Value that will “grab” our target customers, clearly differentiate us from our competitors and grow our bottom line.
<input type="checkbox"/>	Communicating our Value story more effectively in a marketplace suffering from increased competition, customer confusion, cynicism and communication overload.
<input type="checkbox"/>	We need to find innovative and affordable ways to promote our business in a market where traditional advertising is too expensive.
<input type="checkbox"/>	We need to find, motivate and keep top performers at every level of our organization.
<input type="checkbox"/>	There is a need to improve our focus and productivity. We need to create a culture of commitment and accountability...and deal more effectively with non-performance.
<input type="checkbox"/>	We need more effective and consistent implementation of our ideas, decisions and processes.
<input type="checkbox"/>	Achieving true two-way communication throughout our organization in a way that improves service, efficiency, profitability and employee satisfaction.
<input type="checkbox"/>	Our industry and market are changing quickly and our current business model may not get us where we need to be. We need to redefine and/or reinvent some aspects of our business in order to be a profitable market leader in 3 to 5 years.
<input type="checkbox"/>	We need to define a clear purpose and direction for our business...and then, we need to focus and inspire our entire team to embrace and commit to that purpose.
<input type="checkbox"/>	There’s a lack of clarity about who will lead, manage and/or own our business in the future.

**If you wish to send your completed Audit Sheet to Donald Cooper in confidence, you may do so using Fax # 1-905-813-8986. Donald’s email address is [donald@donaldcooper.com](mailto:donald@donaldcooper.com).**

**Tel: 1-416-252-3704      Toronto, Canada**

# PRODUCT ORDER FORM

THE DONALD COOPER CORPORATION

November special "MBA in a Box" (expires November 30, 2006)

DESCRIPTION
<b>NOTE:</b> All products include step-by-step downloadable <b>Implementation Guides</b>
<b>How to sell more, manage smarter, make more money...and have a life</b> DVD - 3 hours
<b>Human Marketing</b> - DVD - 3 hours
<b>Effective business leadership</b> – DVD - 1.5 hours
<b>8 essential steps to finding &amp; keeping the best staff</b> – DVD - 1.5 hours
<b>Creating a Winning Culture</b> – DVD - 2.5 hours



Number of sets  at \$220 /set

**SHIPPING:** Canada and USA \$10.00 per set  
International orders, shipping is \$25.00 per set  
For large orders, we will contact you with an exact shipping amount.

GST # 868 161 043 Pre-Tax Total

## SHIPPING DETAILS:

ADD 8% PST for Ontario Destinations

First name: \_\_\_\_\_

ADD 6% GST for Canadian Destinations

Last name: \_\_\_\_\_

OR ADD 14% HST for Nfld, NS, NB Destinations

Company: \_\_\_\_\_

**TOTAL PAYMENT**

Shipping address: \_\_\_\_\_  
\_\_\_\_\_

City: \_\_\_\_\_ Prov./State: \_\_\_\_\_ Postal/ Zip \_\_\_\_\_ Country: \_\_\_\_\_

Tel: (\_\_\_\_\_) \_\_\_\_\_ Email address: \_\_\_\_\_

## PAYMENT DETAILS:

PLEASE CHECK METHOD OF PAYMENT:  Cheque enclosed  Credit Card

Credit Card # (Visa or MasterCard) |\_\_\_\_\_|\_|\_\_\_\_\_|\_|\_\_\_\_\_|\_|\_\_\_\_\_| EXP DATE: |\_\_\_\_|/|\_\_\_\_|

Cardholder's name: \_\_\_\_\_

Signature of Cardholder: \_\_\_\_\_

\* Cardholder will pay total amount shown to card issuer according to cardholder agreement

Cheques payable to: **The Donald Cooper Corporation**

1 Palace Pier Court, Suite 3406, Toronto, ON M8V 3W9 Canada E-Mail: sharen@donaldcooper.com  
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