

THE DONALD COOPER CORPORATION

Speaking and coaching internationally on management, marketing and profitability



Management tool #A-3:©

Our business has 3 kinds of challenges...how are we doing?
...the 'straight goods' on our external, internal and regulatory challenges.

Every business has so many challenges and opportunities that, often, it gets overwhelming. Just listing and then prioritizing them could take days....and we're bound to miss some. Then, solving those challenges and turning them into marketing and operational competitive advantages is a whole other matter. So, first, here's some clear insight about identifying and organizing your challenges in a way that they become clear, manageable and, therefore, fixable. Then, we'll give you some tips on how to get started on solving the specific challenges that need your most urgent attention.

Basically, every business has just three categories of challenges...external market related challenges, internal challenges and 'regulatory & key influencer' challenges. That's it. Within each of these three broad categories there are several specific challenges.

Check out the three lists of challenges below and ask yourself, honestly, how are you doing in dealing with each of them? **Using the check boxes, put an X beside each challenge that requires improvement and needs your attention.** Then, prioritize them. You can't fix everything at once...but you can start, somewhere...now.

For each challenge that needs to be addressed in our business or Department, specifically what will be done, by whom, by when, at what cost, measured how and rewarded how, to fix what needs fixing? Businesses don't die from a single shot to the head...they die slowly, but surely, from a thousand uncompleted tasks.

Note: It will be helpful and important to engage each member of your management and supervisory team in this important exercise of determining what your challenges are, how you're currently doing in addressing them...and how you'll take action to turn challenges into opportunities or powerful competitive advantages.

1) Our external market - related challenges:

Every industry and every market is over-served and under-differentiated. There are too many other businesses selling what we sell. In which of the 3 'external market-related 'challenge areas', listed below, do we need to improve, innovate or commit to?

- ☐ **1.** The challenge of increasing sales which is really the challenge of a) creating clear and compelling value and then b) communicating, promoting and selling that value more effectively than our competitors.
 - a)** So, first we must do the work to become the clear 'wise choice' for our target customers. To be that 'wise choice' we must deliver compelling functional, emotional and financial value and extraordinary customer experiences that 'grab' our target customers, clearly differentiate us from our competitors, make us famous...and grow our bottom line. The world doesn't need one more mediocre 'anything'.
 - b)** The challenge of effectively communicating, promoting and selling our value story in a crowded and cynical marketplace. There's no point in being the best if we're also the best kept secret

- ☐ 2. Our market or our entire industry is being, or will be, disrupted or replaced by new competitors with new business models and / or new technologies that pose a significant threat to our more traditional way of doing business.
- ☐ 3. Our industry is consolidating with large 'players' buying out many of the smaller independent businesses. To thrive or even survive in this new reality, we have 4 clear choices:
 - a) be a buyer.
 - b) be a seller,
 - c) find a small, profitable niche market that the big guys can't or won't serve,
 - d) sit on our behinds, do nothing and slowly fade away.

2) Our internal organizational and operational challenges:

It's interesting that while many businesses believe that most of their challenges are 'external', and often beyond their control, we'll see below that many of our real challenges are internal...and, therefore, in our control. The 10 most common internal challenges are:

- ☐ 1. Lack of clarity at the top and throughout the organization. As business owners and managers, our 1st job is 'clarity'. This includes:
 - a) creating a clear direction for the business,
 - b) clear commitments to customers, to the Team, to profitability, to the community and the plane,
 - c) clear and timely decisions,
 - d) clear and effective communication,
 - e) effective implementation, performance measurement and accountability,

Note: Problems on the front-line are generally a symptom of a lack of clarity, decisiveness or urgency at the top.
- ☐ 2. Creating, delivering and communicating our clear and compelling value promise that 'grabs' our target customers, clearly differentiates us from our competitors, makes us 'famous...and grows our bottom line.

Note: Delivering and communicating our compelling value is listed as an external challenge on Page #1. But, actually, creating our value proposition, delivering it, communicating and selling it, all originate internally. So, while these challenges manifest themselves in the external market place as 'competitive, marketing and sales challenges', they actually must be solved internally.
- ☐ 3. Developing innovative high-value new products and services that make us the clear performance, convenience, style, taste or value leader.
- ☐ 4. The challenge of attracting, engaging and retaining a top-performing Team. The real battle in business today is the battle for talent. Then, we must create a culture of excellence, innovation, urgency, energy, integrity, fairness and fun that engages our Team, creates pride and commitment and makes them want to stay, excel and grow. We can't grow our business without growing our people...and ourselves! We must celebrate and reward success and deal firmly, fairly and quickly with non-performance. Failure to deal with non-performance is one of the biggest challenges in business today!

Our business has 3 kinds of challenges...how are we doing?.....Page 3:

- ☐ 5. The challenge of expense control and cash management. Understanding the 'math of profitability' and making prudent, profitable and timely business decisions.
- ☐ 6. The challenge of creating world-class operational and logistical efficiency in every part of our business. Embracing effective systems, processes, machinery, equipment and disciplines that make us price-competitive, service competitive and profitable.
- ☐ 7. The challenge of adjusting or completely changing our business model as the market changes and as technology changes how business is done and how our customers buy.
- ☐ 8. The challenge of developing a prudent 3–5 year growth strategy (our Vision) an annual Mission and a step-by-step Implementation Plan. Then, growing our people and our systems to support that growth.

Note: For expert help in creating our clear 3-5 year business Vision, annual Mission and step-by step Implementation Plan see Donald Cooper's 34-page **Vision Critical Guide**, just \$24 at donaldcooper.com. This Guide will help us create clarity about where we're going and how we'll get there. It will also inform, focus, challenge and inspire everyone on our Team.

- ☐ 9. Developing a Succession Plan for **a)** all our key people, and **b)** for the business itself.
- ☐ 10. The added challenges of a family business or partnership. In family businesses and partnerships, there are many additional business and emotional personal challenges that must be dealt with.
 - a)** which partners or family members will have what jobs?
 - b)** are they the best choice? How much will they be paid?
 - c)** will they live by the same rules as all other employees?
 - d)** how will decisions be made...majority vote, by consensus, a dictatorship of the most powerful, or decisions are not made at all to avoid conflict?
 - e)** how will ownership and authority be transferred?
 - f)** when and at what price?
 - g)** how will family members who are not involved in the business be compensated when the business is transferred?

Note: For any partnership or family business to prosper, all the key 'players' must have 6 things in common:

- Shared Vision for the future of the business.
- Shared values for their business and their personal lives.
- Shared commitment to the business.
- Confidence in each other's competence.
- Rapport with each other's personality.
- The ability to have 'courageous conversations' and 'respectful debate'.

3) Our regulatory and 'key influencer' challenges are...

- ☐ **1.** Legislation and regulation from any level of Government, or industry regulatory body. While regulatory challenges can be 'a pain', they're generally not negotiable, so suck it up and get with the program. In fact, if we embrace the regulations and exceed their requirements, that can be a strong marketing edge for us, if positioned correctly.
- ☐ **2.** Regional, bi-lateral or global Trade Agreements. Challenges stemming from Trade Agreements between States, Provinces or Nations are also generally not 'fixable' by individual companies, unless they're huge, but sometimes can be influenced by industry Trade Associations. The solution to these kinds of challenge often involves some reinvention of what we do, where we do it or for whom we do it.
- ☐ **3.** Publicity or pressure from the media or from environmental, aboriginal or other special interest groups that can influence politicians, regulators and consumers. Responding to the opinions and actions of special interest groups can be particularly tricky, frustrating and costly. Our choices run from ignoring them to waging a costly PR battle, to working with them to create a productive and respectful outcome.
- ☐ **4.** Bloggers or tweeters who can influence thousands of our target customers...instantly. Bloggers and tweeters can make us 'famous' when we delight them and can be a nightmare when we don't. So, the best solution here is to delight all customers and don't screw up.

Note from Donald: So, there you have it. Three types of challenges...and 17 specific challenges in all. Seventeen challenges that need to be addressed in every business ...including yours. Nobody ever said that running a business is easy.

But the amazing thing is that most business owners and managers spend about 10% of their time working on stuff like this. The other 90% of their time is spent working "IN" the business on low-value, day-to-day problems, and often they do that to avoid having to deal with all this 'challenging stuff'.

Depending on the size and complexity of your business, I suggest that, for a start, you schedule 6 to 12 hours a week on these key challenges. This is your real job. This is what management is all about and where your focus needs to be. It's what you're paid to do.

Create a file for each challenge that you've put an X beside. Start generating ideas. Get your team involved. They know stuff and they hate it when you don't ask. Make decisions, take action, delegate tasks. Every time you delegate a task or project ask the million-dollar question, *"By when can we agree that this will be completed?"* Ask for a commitment. Document the commitment and follow up. Always follow up. Celebrate and reward success and deal firmly, fairly and quickly with non-performance. You'll be amazed at the results!

Donald Cooper, MBA, CSP, HoF, has been both a world-class manufacturer and an award-winning retailer. Now, as a Toronto-based international management speaker and coach, he helps business owners and managers rethink, refocus and re-energize their business to sell more, manage smarter, grow their bottom line...and have a life.

Donald can be reached at 416-252-3703...or by email at donald@donaldcooper.com. For more information, or to receive our free, weekly 'straight talk' Management Blog, go to donaldcooper.com.