



# Crossroads Consultants

Because all Business is Personal

## Three key ingredients to succeeding in business

- No matter what the economy or the competition is doing

Today the news is not good. No matter where you turn there are doom and gloom reports about our economy and business. The economy is so bad and it looks like it is only going to get worse. The real estate market is crashing and the banking and foreclosure situation is a national crisis. Oil is at an historic high and is only going to go higher. The global competition from China, India, and everywhere is threatening our existence as an economic world power. Terrorism can strike at any time, which will cripple America. These are tough times.

Unfortunately, many American business owners have not really seen tough times. Since the early to mid 1980's our nation has been enjoying a relatively prosperous economy. Our economy is in general quite healthy today, even for today's standards. So what are we to make of all this disaster talk and near panic of all these so-called reports? We do what America does best, we go out into the world and we use our creativity and ingenuity and we provide solutions to these problems like we have for the last four hundred years.

The reward system that is most efficient in providing these solutions is the free enterprise system. It is men and women with determination and skills and innovation working together to provide for the needs of others. It is a culture that has made this nation the greatest nation in the world. Not because we are better than anyone. Not that we have more natural resources than anyone else. We succeed as a nation because we reward individuals who are willing to create solutions and apply those solutions to the needs and wants of society here at home and abroad.

Yet while our nation is proud to hold the principles of rewarding those who solve these types of problems we must acknowledge that every year in this country hundreds of thousands of businesses go out of business. Every year individuals attempt to start a business and a large percentage of those businesses will fail within the first year and a majority of them will not be around for their fifth anniversary. What is it that makes a business successful? Why can one business start and become a major player in commerce while another with a seemingly strong start fails?

## The ingredients to business success

There are many factors within a business that affect its success or failure. Many times the autopsy on a failed business cannot really point to one cause. Usually the business owner can give you a one or two point answer such as the wrong location, or new, larger competition. Another analysis may say that they did not have sufficient capital to sustain the business or a more philosophical explanation is that the business lost its identity or focus and had no uniqueness. But all these "excuses" are immaterial to the investors who have lost their investment. Are there secrets to a



successful business? Well it seems there must be, because some businesses succeed and others fail. But the secrets are available to everyone.

While there are thousands of books written on how to be successful in your business and most of them carry excellent thoughts and ideas, few of them are sufficient for solving a business owner's real business problems. You can learn how to calculate the internal rate of return on the purchase of new equipment. You can learn how to create a new brand for your widget. You can learn how to save on your taxes or market to the billions of people through the Internet. But what basic components, or combination of such, will provide the basis for a successful business venture?

There are three basic ingredients that when captured by a business owner and embraced to the point of making it a part of their business core values and culture, they will succeed. Almost any business failure can be boiled down to not keeping one or more of these ingredients a priority in the business.

## Your Resources

No matter what business you start, you must have the resources to open the store, provide the services, and begin the business. These are your suppliers, your advisors, investors, bankers, etc. These are the individuals and businesses that provide you with all of the materials, and substances that you will need to launch and be successful.

The choices about who you buy your raw materials from and which of your necessary services to obtain, has a lot to do with the success of your business. When I was young I thought I would make some money by selling some school type items at a flea market. I found a "wholesaler" and bought a hundred dollars or so worth of stuff and off I went. Needless to say, my "wholesaler" didn't provide me with goods at a price that I could really make any money. Later I learned that he wasn't a wholesaler at all, he was a specialty dealer and there was not a discount at all compared to general merchandise items. Needless to say my enterprise went out of business quickly. My supplier contributed to my failure.



So making sure that your vendors are the right suppliers of goods and services for your business is critical to your success. In fact it is an essential ingredient that you develop the relationship with your vendors that will provide you with an advantage over your competition. This was the basic philosophy of Wal-Mart and still is today. They encourage their vendors to provide them with exceptionally low prices on their goods and services and then more. Many vendors stock the shelves for Wal-Mart. They know that price is only a part of the value that they need to get from their vendors. There are other aspects of a vendor that may be important to your business in addition to price.

Developing the relationship with your vendors so that they are willing to work with you in ways that make your business unique is just a part of this special relationship. If a vendor will drop ship an order to your customer's doorstep, or provide special packaging just for you, it can make a big difference. The key to this value-added ingredient is understanding how your relationship with your vendors can be leveraged to your maximum advantage. It is not enough to have a friendly relationship with their sales team, or to find a vendor who has item that you need. You need to develop your relationship with your primary vendors in such a way that they become your partners in your business. They understand what makes you unique in the market place and are able to help you to use that uniqueness in working with your customers.

While this sounds simple, far too many business owners while enjoying a good relationship with their vendors still have not learned how to leverage the maximum amount of value out

of that relationship to help both of their businesses. This is one ingredient that makes the difference between the surviving businesses and thriving businesses.

## **The source of your uniqueness**

Operations are “what you do”. When you are asked by a stranger, “what do you do?” you respond by telling them essentially about the operations of your business. “We manufacture widgets”, or “We install widgets”, etc. the core of your business is usually considered the technical part, that area that is unique to you. Every business has an accounting department, or marketing, or shipping. It is the operations of your business that makes you appear unique from other companies. But what makes you unique from companies that have the same “operations” as you do? How is your “widget manufacturing” different from the “widget manufacturing” down the street? So while the core operations of your business is important it isn't the most important aspect of your uniqueness.

What is it about your company that truly makes you unique? Your vendors could supply your competitors with the same goods and services. Their banker and investors could supply them with sufficient capital just like yours, and your special equipment that you use could probably be purchased, or maybe even better, newer equipment. So what do you have that no other competitor has? What can you claim is truly unique about your company? Your people!

Your employees are unique. From the sole proprietor to the mega corporation, it is the employees that make a company truly unique. But you say, what about marketing, or the business processes, or other mechanical areas of the business? All of that, from decision to implementation is dependent on people.

Each person in your business contributes his or her skills, knowledge, and talents in providing a value-added service. Each task should be considered necessary for the ultimate good of the company. When individuals do not give 100% of themselves while working on the job, that hurts your productivity and your cost of providing those goods and services goes up and you become less competitive.

Developing a close relationship with your employees and creating an environment that is most conducive to your business style is critical in being successful. Business owners need to seriously consider the type of culture that exists within the business. Is it the kind that encourages creativity and risk taking or is it regimented to the suppression of ideas and flexibility? Your employees will affect your efficiency, effectiveness and competitiveness.

If you have not developed the proper culture and relationship with your employees you will never truly realize your full potential or the greatest possible efficiency. Your costs will be higher than they otherwise could be. As we say, “your employees know where the holes are in your bucket, they may not tell you but they know.” If your employees do not take ownership with you for the business they will not see the negative affect that their silence is costing you and ultimately themselves. How is your relationship with your employees? Again, sometimes they may not feel like being 100% honest and up front with you. What you think is a quality relationship, may in fact only be average.

## **The main ingredient to growth and success**

If your vendors are the foundation to starting your business and its raw materials, and your employees are critical to giving you the value-added advantage of efficiency and effectiveness, the last ingredient is absolutely critical to you growth and long-term success in business. You must develop solid and dependable sources of income. You cannot have

just a lot of customers and you cannot have a few great customers. It is not the customer's character that is the issue; it is your ability to meet the needs and want of customers. Great customers can buy more from your competitor than you. A lot of customers doesn't today doesn't necessarily mean sales and profits tomorrow. Customers can be finicky.

Everyday the needs and desires of your customers change. Some changes are small and essentially undetectable. Other changes are specific or dramatic and are obvious to everyone. Your responsibility is to develop your relationship with your customer so that not only can you meet their needs, but you also can meet their wants as well. But if your competition is serious about their business they also will develop the ability to meet your customer's needs and wants. Therefore, you need to stay ahead of your competition and get to know your clients so well that you can start to anticipate what their needs are before they need them and want them.

As a simple illustration a hardware store may need to buy snow shovels long before the first snow falls, knowing that in the snow-belt areas of the country your customers are going to want them. If you run out they will be forced to go see your competitor. This will give your competitors the chance to prove that they are just as worthy of your customer's patronage as you are. The business that can effectively develop and maintain their customer relationships the best will over time have the best chance of survival.

## **Mixing the ingredients properly**

The ability of a company to be competitive in the market place is not about advertising or lower prices. It is about a company that has vendors as partners and employees who own the process, as well as a marketing system that completely exceeds the customer's expectations. When a business owner can pull all that together and keep it together over a sufficient period of time, then they will be rewarded with a growing and dynamic business.

Unfortunately most business owners honestly believe that they have these three ingredients. They believe they have quality vendors, good employees and a great marketing plan, when in reality they are just average. They have fallen into the trap of the status quo. They have not had any major innovations in service, product or process for a while. They are defensive when you talk about any aspect of their business being less than their best. And instead of striving to become a world-class organization that constantly seeks excellence in every aspect of their business, they settle for second or even last place. As long as they are still meeting their bills that is the best that they can hope for. Because you are reading this article you have the desire to build a growing successful business.

Why is it that some businesses grow at twenty or thirty percent each year while others in the same industry barely grow at all or are going out of business? It is the ability to put together a plan, a strategic plan or business plan, that unique recipe for success that is unique to their business. It is the ability to develop your relationships with your vendors, employees and your customers beyond the normal business relationship. It is that passion for excellence that requires constant improvement, innovation, and deep rich relationships. Excellence and world-class are not slogan, they are attributes of the finest most successful businesses in America and the world.

It is easy to get caught up in the everyday activities of business and lose sight of the mission and vision of your business. By being willing to stretch your mind and work past your comfort zone you will have the opportunity to see great things happen in your business and your own personal future. It's hard, it's frustrating, and it is an extraordinary experience to know that your business is growing on dynamic principles of being the best, of excellence in every aspect of business.

**Come begin the journey!**

**Navigating the crossroads of business and life, because all business is personal.**



*If your business has not been growing at least 20% each year or you would like to see significant changes in your business, Crossroads Consultants can help you. Call us at 980-241-0189 to talk with a business advisor about your particular situation.*

*Crossroads Consultants is a business-consulting firm that specializes in Strategic planning, as well as Performance and Marketing management. For more information see our website at: [www.MyCrossroadsConsultants.com](http://www.MyCrossroadsConsultants.com) or call your Business Advisor at 980-241-0189*