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## Why Would I Want To Distinguish My Company From The Competition.. or Where Are All The Locally Owned Drugstores I Remember From My Youth

For The Lowell Sun Business Column – THOUGHTS ABOUT BUSINESS BY CRAIG

By

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I don't have to tell anybody in business that competition today is stronger, more aggressive and less sensitive to the impact it has on local competition. We only have to look at *category killer stores* (BestBuy, CompUSA, Linen N Things) together with *big-box stores* (WalMart/Target/etc) to get a sense of how different today's marketplace is from that of even as recently as 20 years ago.

The difference is most heavily felt with retailers whose cost of product they buy from vendors is significantly higher than that of their mega competitors. How big a difference? It can be as much as 20-30%. This explains why clients and friends in business often say that "*X competitor*" is *selling product at less than I can buy it from my vendors*".

What is the result? Not good things for the local businessperson. The best example I can think of this scenario is the almost complete demise of the locally owned. Ten-fifteen years ago, I remember the many times I found myself talking with local pharmacy owners who explained why they were selling out. Always it was I could no longer compete. So in many of these cases, these drug storeowners became employees of one of the big guys.

Its happened in so many fields that one could draw the conclusion that this was NOT a *trend* – it's a *fact of business life*.

So what do savvy small companies do to fight and win? They have little choice but to distinguish themselves from the big guys by finding a niche or a more successful way to sell their product or service and stand apart.

Lets take a look at one example of a regional company who have been successful in pulling this off:

Office Products – a \$3 million dollar dealer (commercial and retail) of office products, Jerry, President, worked with his Dad and brother in the family business. 12 years ago, all of a sudden, office products super stores appeared in his market. He knew he had to do something. What did he do? He created a MICRO SUPER STORE pushing the local ownership factor and began negotiating with his vendors to get better pricing based on projected increases in volume. What happened? This dealer was able to build revenue in each of his micro super stores to an average of \$3.5 million each – plus office furniture sales that added \$12 million to his overall revenue stream. All of a sudden he became a "player". He could buy better. He started to acquire other companies and over a ten-year period, grew his business to \$150 million. How did Jerry distinguish himself from the mega competition? He decided to play their game and compete using the same merchandising technique they used – going one better with them.

So what can local companies do to identify a strategy that will enable them to achieve similar success? They follow a logical process that enables them to identify a better way to market their product/services that allows them to compete. Consider this possible scenario:

- Become eclectic – gather as much information as you can from your industry publications and from conversations you have with suppliers/vendors that identify successful business building strategies others have used in this country – ideally in your area. List these in a document that you will refer to as this process moves forward.
- Call your industry's trade publications and speak with their editor. Ask them for their thoughts about strategies that have worked for smaller companies. Often in these publications you will see *examples* of successful business people who have done it another way. Learn from these articles and add these ideas to your list.
- Get out and visit competitors (both small and the mega players in your business). Find out what they are doing and add it to your list. If most of the examples of smaller businesses who have succeeded are located in another area/state/region, fly out and visit with them.
- Now take your list and review it carefully identifying what strategies that make sense for your market. You can even call the company and speak with the principal executive to get more information
- Make a decision – any decision is better than the *no decision, decision*. If the decision is not to do anything, then you've made your decision. Hopefully you'll have some great ideas from this process.
- Determine what you have to do to convert your business into one that uses the chosen business model.
- Begin developing your project plan to convert your company to the new business model. Keep in mind that everything doesn't have to be done all at once – it can be done over time. *So don't break the bank by trying to do more than you can afford.*
- And make sure you have a plan to communicate your *new business model* to your market.

If you follow the above scenario, you should see a dramatic enhancement of your revenue stream and success.