



**JONATHAN
GOLDHILL**

CEO

The Goldhill Group

How to Compete Against Low-Cost Operators

In a recent survey of landscape contractors conducted this summer by my firm, competition from low-cost operators was cited as the #1 challenge in their business. So, marketing would appear to be the first area to address while surviving a down economy. After all, marketing is about educating your customer (or prospect) on the unique and superior benefits of doing business with your company. And, when lower-cost operators are being chosen over your firm, your prospective customer is defaulting to price as the key differentiator in their selection process.

Whereas it is difficult to differentiate your design-build firm from competitors; differentiating a construction or maintenance or lawn care firm can seem almost impossible! Proof positive: my casual conversation with the CEO of an eighty year old \$600M per year general construction firm revealed that his firm actively works on this and still has difficulty communicating what's unique about them.

But, this issue is important to CEOs if you are going to lead your company to new heights. To drive success, you need to constantly innovate and evaluate what position you hold in your customer's mind. Peter Drucker, the father of modern management, observed, "Because the purpose of business is to create a customer, the business enterprise has two and only two basic functions: marketing and innovation. Marketing and innovation produce results, all the rest are costs." Marketing and innovation are the distinguishing, unique functions of your business that you must focus more attention on if you want to compete.

So, ask yourself. On a scale of 1-10, with 10 being high, how high would you rank your company's effectiveness in marketing? If it's not at least an 8, what are you doing to improve your marketing? And if you do nothing, what's that going to cost you? And finally, how long can you live with the current situation without making any changes?

Harry Beckwith, author of *Selling the Invisible*, explains in his book what's broken in most service businesses: THEIR SERVICE. Huh, you say? That's right! Most service businesses' service STINKS! If your service isn't terrific, what's missing from making it great? While some customers are buying your credentials or reputation, most are buying your firm's personality. So, work on your firm's personality. Ask questions like "Who are we competing against? What's different about us? What unique benefits do we offer our clients?" Asking even bigger questions like "Who are we?" and "What business are we in?" Answering these questions help you develop an even more compelling statement about your firm's desired position in the marketplace.

Marketing your business in an effective manner is a complex issue for many entrepreneurs and even marketers. So, knowing how to think about and tackle your marketing is the main issue here. Many people tend to lack the proper process to effectively think

about their marketing. Most have so much junk in their heads that they can't think clearly about it. Instead, they get overwhelmed and very often go into a state of denial, leading to raging problems. If that is you, then get help from someone who has a structured process to help you think about your marketing.

To analyze any company's marketing, I like to start first with a focused approach like a SWOT (strengths, weaknesses, opportunities, threats) Assessment. Be honest with yourself. Face the reality about your company. Involve your key people in this exercise.

Focus on creating clarity about what's working and what's not in your marketing and your service. Get some clarity around your firm's purpose, personality and direction. Understand not only

where you are today but how you want to be perceived tomorrow. This type of facing reality process has been proven to be one of the best management disciplines in business.

Second, I like to consider all the possible ways your company can compete in the market-

place. Again, following a structured process to think about your marketing really helps here. If you think about it, there are only a few ways to grow your business. This in itself is the subject of another article. But, for now, think about how you can communicate your value better, improve your service, grow your revenues, etc.

Keeping up with changes in the broader economy, your local economy and your industry are also beneficial. Reading business and industry magazines, participating in trade association events and joining CEO and industry peer groups are good ways to stay informed and be receptive to innovation and new approaches.

Once you have clarity, develop a focused, written action plan. Then, seek out someone you trust and respect either inside or outside your organization to provide on-going accountability toward achieving the objectives in that plan.

A continuous cycle of planning, execution and evaluation is critical and urgent. Companies who are more diligent about planning react to changes in market forces faster and outperform the competition. Don't leave planning to the big boys in your industry, and don't let the scrappier, lower-cost operators eat your lunch.

Business is a contact sport. Focus on making your relationships matter. Work on generating more business from your referral network. Get out in front of your customers, referral business partners, etc. more frequently and listen to what they say about your business to clarify what's working and what's not in the way you market and tell your message.

Now that you are on your way to improving your marketing, you can start thinking about how to innovate the delivery of your service.

Jonathan Goldhill, The Growth Coach, coaches leaders of growing companies in the landscape industry. Learn more about his peer webinar group coaching programs at www.TheGrowthCoachLA.com. Jonathan can be reached at (818) 716-8826 or Jon@TheGrowthCoachLA.com and followed on LinkedIn or Twitter at [Coach2CEOs](#).

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