



How SMBs Have the Deck Stacked Against Them and What Can be Done to Overcome It

Virtually every SMB (small to medium-sized business) is working against at least one or two significant challenges others in their space are not. In no particular order and not a complete list, the following are presented for your consideration:

1. **Operating in a market void of effective competition.** As a small boy, accompanying my dad while searching for a location to open a new farm-equipment store in the Texas panhandle, I asked why he chose the location that was on the same street as two competitors. His response bears wisdom applicable 50 years later. Competition increases the market size and sharpens the ax. That year, he went on to have the most sales volume of any distributor in the country and had similar success in many other markets. If you've assessed your competition and found yourself at the top of the list, do the opposite of what the average person would do. Go find competitors who would make you very nervous if they moved into your territory. Learn from them and improve your own game. Also consider starting an industry association to help lift all the boats in your lane.
2. **Operating in a market too small for your offering, or not mature enough for it.** In addition to the challenge of being in a market devoid of competition, I've seen too many examples of businesses operating in a market where the need for their offering is simply too small. Spare me the talk of the gig economy and its borderless realities, as some of these limitations are real. Additionally, there the occasional real issue of you being so far ahead of the market, you'll starve while trying to educate.
3. **Not having scale to warrant on-staff expertise needed to perform at peak efficiency.** You are outsourcing today whether you realize it or not, from the electricity your firm uses to the attorney you hire on occasion. Even Apple outsources, such as using Intel processors, but as announced in a 6/24/20 Wall Street Journal article, they will start using their own chips which have been designed internally. The average SMB is challenged to have strong talent in areas such as HR, marketing, sales, etc. because topflight resources in these areas are unabashedly expensive. However, due to perceived cost constraints and in some cases, no small dose of pride in DIY (do it yourself), companies limp along. The solution: learn to effectively outsource.
4. **Operating in a market lacking a robust vendor base.** Those who have not practiced vendor stewardship are typically clueless on the competitive strengths a strong vendor relationship can provide. Often, this ignorance is overcome due to exceptionally strong vendors. If you are not being educated on occasion by your vendors, broaden your sphere until you are, and then start managing this excellent resource beyond simple cost containment.

Paradigm Consulting can be of great assistance to you in addressing numbers 3 and 4 above. Give us a call.

