

## Beating Bigger Companies

The American entrepreneur is alive and well and still generating a respectable portion of our nation's GNP. The Small and Medium Sized Enterprise (SME) is active in every aspect of our economy and every sector of business. Yet, one ride down any U.S. commercial center will reveal an alarming truth – the giants of industry are doing all they can to compete hard, even if it means the elimination of SMEs.

So how does the SME fight back? How can a small company defeat the giants who want the customer just as badly and have the resources to outspend the SME in the battle for the buyer's dollar?

The battle may not be as one-sided as it seems. Sure the larger companies have more money and can engage in marketing tactics that draw more attention to them. But they can't be what the SME is – small. And sometimes, despite what you may have heard, small is better.

Succeeding in spite of the bigger companies requires a commitment to compete and the diligence to construct and execute a strategy that emphasizes your strengths and allows you to play by your own rules. Tudog offers 8 hints:

1. Stick With the Fundamentals – remember what buyers are really looking for – price, quality and convenience. While you may be selling the same merchandise (and therefore quality is not a primary advantage) and you may not have the buying power of the bigger company (making price an advantage they can leverage), you definitely have convenience on your side, as you are able to deliver a distinctive and more pleasant buying experience. Also, don't be so fast to surrender on price, as you may be able to be less expensive on some items and more expensive on others, balancing out the price equation and leaving convenience (your strength) as the sole deciding factor.

2. Beat Them Where You Can – even if you are unable to compete on price, you have areas where you can win hands down, appealing to customers that are not solely price driven, but are also looking for a degree of service and courtesy only you can deliver. Remember, big companies often have big problems, and your job is to spot them and make sure you deliver the opposite. One hint: human resources. Your size allows you to better select and train your staff, enabling you to offer genuine smiles, actual courtesy, and customer service that resolves problems simply and quickly.

3. Go With Your Advantages – if there is one thing you can definitely do better than your bigger competitors it is move more quickly. Often in business speed is a tremendous advantage and you can make use of your agility by paying attention to what your customers are asking for, noticing changes in the way the market is behaving, and adjusting to those changes. This way you're selling the next best thing before your larger competitors have depleted their stock on the hot items of yesterday. Don't underestimate first mover advantage, and if you're playing the game well, it will be yours every time.

4. Remember You're Local – another key advantage you have is proximity. You do not need to worry about what customers want beyond your area of operation. The idea that business is global now and no business can succeed on the local level only is a falsehood. All business is local. Your advantage is you're always local. You are there to

serve a well defined customer base in an area well known to you (and you to them). And just because you are thinking local does not mean you cannot think big. You can engage in local marketing and local sponsorships and community events that give your small business a big presence in your market.

5. Be Sophisticated – being small is no excuse for being simple. There are all kinds of great technologies and marketing support systems available to small businesses that allow them to better compete in the larger market. You need to make sure you are aware of all your marketing options and be certain to take advantage of those that fit into your strategic plan. Being small doesn't mean you don't have to operate your business on the same field as the big companies. It means you need to apply your lessons differently. This requires more skill, not less. So study up and operate your business to win.

6. Go for a Niche – the soft spot of your large competitors is that they are everything to everyone and carry merchandise that meets the common denominator. They have no capacity for meeting special needs or the desires of niche markets. This offers you the opportunity to cater to the specific portions of the market that are having some, but not all, of their needs met by the larger companies. You will be able to draw all their business because they will not want the inconvenience of partial shopping at two different companies. The fact that you offer all they want will make you their target destination, even if you charge a bit more for the things they can get at your large competitor.

7. Form Coalitions – the major disadvantage you have against larger competitors is buying power and your selection of products/services. One way to neutralize this advantage is by forming coalitions with other small companies that are buying what you are (for better buying power) or offering synergetic products/services (for better selection). By forming these coalitions you are expanding your reach (as they will refer business to you as well as you referring to them) and you are placing the larger companies' core advantage off balance. This will require of them time and attention, which they have little of, giving you an even more satisfying result.

8. Support the Larger Company – as odd as it may sound, there are times when your best partner is your toughest competitor. Not only are you able to share in a bit of the revenue the larger company is generating, but you may also become associated with it in the minds of customers, making you a legitimate destination for their business. There may be support functions you can provide to the larger competitor, delivering something they are either not geared up to perform or offering a level of detail they cannot. In each instance, you wind up transforming a competitor that could harm you into an ally that can enrich you.

Competing against larger companies need not be as intimidating as it often seems. Sure they have a lot more money and sure they have the strategic depth to absorb whatever you throw at them, but they lack the hunger and drive of a smaller company fighting to survive and eager for even the little victories. Like a smaller army that defeats the bigger one because they had no choice, so too can the SME win enough battles to keep the larger companies at bay. And while winning is always nice, there's an even sweeter taste when it comes against the odds.