Seven Steps to Make Money Off Your Competition
by Betsi Bixby

How many times have you stayed late in your office or perhaps a quiet rainy weekend trying to figure out how to make more money? Surely there must be a magic bullet somewhere!

You might even be looking at your volume report showing a decline and wondering when will the good old days reappear? And there may be a feeling deep in your gut that questions, “What if they don’t? What will happen when a few of my contracts expire?”

Recently, I was talking with a family going through exactly this realization. The gross profit from one large chain of c-stores was over one-third their bottom-line profit. That chain had decided to negotiate a direct supply contract. Ouch!

When demand is down, no matter what your margins are doing, it should serve as a wake-up call for you that the only way to make money from fuel and lubes is off your competition! After all, you can’t just manufacture new volume. The state of the economy in the US and fuel demand decline simply is what it is. And what if your competition realizes this zero-sum game, gets stupid, and simply begins cutting prices? And what if that competition has a lower buying price than you do? OK, I think you get the picture!

So, the key right now is to make money off your competition, but it’s got to be done smartly – not through margin and profit sacrificing price-slashing. Yes, you will need your competition’s customers, but only the profitable ones. Here is a proven seven-step method to get that done:

1. Get crystal clear clarity on why you are better than your competitor. People don’t switch horses in mid-stream without a reason. Sure, you can wait for the competitor to make a major error and then swoop in like a white knight but waiting for that moment is not proactive and can take years. Instead, gather your team and from a customer’s perspective, list all the reasons why anyone should do business with you. They must be areas where you are significantly different and better than your competitors. Once your list is complete, ask yourself if the differences on your list are ones that truly matter to customers. Throw out any that don’t matter. Now you have your weapons.
What if you do this and you can’t come up with a list. Face the fact that you need help. Your company may not be suffering now, but if you don’t make serious changes and differentiate your company from the competition, you will fall backwards. There is no such thing as staying where you are. Eventually your competitor will eat your lunch.

2. Put your list to the ultimate test. You are going to test your “why we are the better choice” list. Now this step takes courage but is absolutely vital to your credibility in the marketplace and ultimately your success. As CEO, with your list in hand, go to a handful of top “don’t want to lose them” customers, explain to them what you and your team did, and ask them to tell you if you got the list right. However, before you reveal the list, tell them you want their brutal honesty. Would they delete anything on the list? Add anything? Put your ego aside and listen! These are your top customers you want to keep! They may say yes and give you a few more (that’s the best case). Worst case, they tell you your list is garbage. Ask them what is important in their world. Revise your list as needed using key customer feedback.

3. Create a marketing message. Now it’s time to tell your whole organization and the world why you are the better choice. Start internally and drill this down to every driver, every cashier, maintenance staff – everyone! The marketing message needs to be written in elementary school level short customer benefit statements. Many marketing messages tout features, not true benefits to the customer. As you write your short statements, get down to benefits by asking the question “so what?” Here’s an example:

Feature: We have 24-hour dispatch. (So what?)
   o So, you (Mr. Customer) never run out of fuel. (So what?)
   o So, you (Mr. Customer) can receive your deliveries at the most convenient time for you. (So what?)
   o So, we don’t disrupt your business and profits. Oh….Mr. Customer says. I get it. I might even make more money by having you haul my fuel instead of XYZ Competitor.

Now this example is a bit over simplified but I think you can understand from the example how to work the “So what?” technique to the advantage list to come up with a clear benefits driven marketing message.

4. Determine the exact target for the message. You’ve just created your weapon, your missile for the war. Don’t make the mistake of deploying without a target. Your target is just like your existing best customers. You know the ones where you make decent margin, they pay you on
time and they don’t hassle your staff. As you think about those targets, you must ask yourself, “are the prospects we want in our current geography?” If not, will you need to expand your borders? If you decide to expand, do you have the personnel talent to deliver on your promises? These are all questions that need answers.

5. Cost-effectively market the message. You have the weapons; you have the targets, now it’s time to deploy. You must design system(s) that effectively reach your targets. The old “stick a salesman in a truck” system is outdated and hugely costly. To make money off the competition means you must create systems using a ratio of cost to acquire versus lifetime value of customer. This benchmark will allow you to spend appropriate marketing dollars in comparison to what you will reap from the customer. There are literally hundreds of marketing methods and it’s a science in of itself which is why many marketers are starting to hire people with college marketing degrees on their staffs. It takes a smart plan, a budget that makes sense and precision execution. It requires constantly measuring results. It’s become so important that I’m adding a complete module on Marketing to my Total Team Coaching program.

6. Close the deal and enjoy the sweet satisfaction of making money off your competition! Enough said. This is the fun part as you watch your volume and profit grow each month.

7. Repeat annually. Because the economy changes, our customers change, and our competitors change, this process should be an annual event. Think of it as continuous improvement or tweaking. Conversely, complacency breeds obsolescence. I’ve seen blow and go marketers sputter because they got fat and happy. Don’t let this happen to you. Make sure you adjust the list each year. Make it a practice to take off at least one benefit from your list and add at least one even stronger and better replacement each year.

Wishing you much success as you increase the money you make off your competition this year!

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