

THE MYRDDIN GROUP

- A NEW TYPE OF COMPETITION -

Let's say for a minute that we are in the business of transporting people over the ocean and we are able to do this with a sloop that can comfortably transport five passengers in addition to the crew. As business grows for us we buy another sloop and then another and so forth. We are now considering ourselves as a big business because we are successful and have so many passengers that use us on a regular basis. Things are going well for us for a number of years until a cruise ship capable of carrying 3000 passengers at one time shows up in our homeport. Eager to match our new competition we hold a strategy session to see what we could do to counter this new threat to our business. After all, we have been successful for so many years servicing our customers in our familiar way that it should be a fairly simple process to make a few simple adjustments and win back all that business we lost. Once we have made those changes we can tout all of those years of experience we have in the business and our customers will certainly see the value in that and flock back to us.



So what can we do? We can't just tie all those smaller sloops together and call it a bigger ship because although that would look good on paper and may work in a calm harbor it would just prove to be unwieldy out at sea and that creation would just break up and founder when the times got tough.

How about the leadership we will need? Even if we gather all of our sloop captains together and add up all of their experience at sea safely transporting our customers to their destinations on time, none of that experience involves handling a larger vessel. Their titles are impressive but the required credentials are sorely lacking.



We're stuck for answers so we do some research on how our new competitors with this sleek new form of competitive organization are able to manage it. What we find out is, for us, a very new and strange way to run the business. Instead of a go-to captain who had answers to everything we found systems in place to handle the engineering, navigation, propulsion, maid service, food preparation, and passenger entertainment operations. Within each of those systems there was a clearly defined line of development and progression for those working in them to allow them to master the increasingly complex skills that they acquire as they move up this line of progression. We even find that universities such as merchant marine academies, engineering universities, hospitality universities, culinary schools, and several specialized degree programs at other universities also support some of these skills. After several years of experience, training, and education we see that it is then and only then that those most competent are able to move up the organization chart of this competing cruise ship.

We look inside our own now “big” organization and find we have none who have the experience, education, and training to expect them to be proficient in working in this new way of servicing our customers on the high seas. After much soul searching we see that going this new way is clearly beyond our capabilities so we make the hard decision to sell many of our sloops and revert back to servicing customers in those harbors that are too small to be reached by our newer and larger competitors.

In retrospect we asked ourselves how we let this happen and the answer was quite simple. In those years when we were doing quite well we simply didn’t look out far enough to envision the newer possibilities for competition or prepare ourselves for that eventuality.

We learned that bunching a lot of sloops together made us a big company but it was big only in the ways that junk yards or cemeteries get big. It was just big, not better. We also found that while we had many years of leadership experience in these smaller boats, we had none in the newer larger ships and that was the future of the business.

While I suppose we could have begun the process of retraining our people and recruiting for those skills we were lacking, we decided against that when we learned the scope of what was now involved and how much farther ahead our new competition was in these areas. Rather than throw good money after bad we just threw in the towel and took those pieces of the business that were left for us.

With us, “better late than never” didn’t work because late was forever.

Of course after this happened to us we looked out and saw that it also happened 150 years ago in the oil business, 90 years ago in the automotive industry, 20 – 30 years ago in the hotel and restaurant businesses, and is currently happening in the banking and software businesses. There are those who say it also started in the promotional products business a few years ago, and is occurring on both the supplier and distributor side of the business right now.

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