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Failed Auto Dealerships Hold A Lesson For All Business

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Recently General Motors decided that one of the best ways to dig themselves out of the financial mess they were in was to do the unthinkable; eliminate thousands of their sales outlets for the very product General Motors produces.

I'm sure that leagues of accountants arrived at this decision after a great deal of work, but the reasoning for this escapes me. Solid marketing suggests that if the public doesn't embrace a product, you don't kill the messenger, you change the message. In this case, the "message" is the product itself. To make the determination that it is in the best interest of General Motors to make it even more difficult for the buying public to purchase vehicles is a line of reasoning that borders on laughable, except for the fact that thousands of people, their families and their communities will suffer the consequences of this action for years to come.

Perhaps there is a lesson here for all business. Consider what General Motors has targeted as dealerships whose franchise agreements they will not renew, and why. In many cases, the media has been full of stories of auto dealers who have been selling General Motors products for decades, if not generations, whose legacy suddenly ended with a letter indicating that General Motors was no longer interested in renewing their franchise agreement. Stories abound about dealers who have been in the same community, in the same location, since the first Great Depression. These family businesses constitute the majority of the General Motors closures.

Businesses and corporations are much like people. They go through the same cycles that a person who is maturing does; from unceasing enthusiasm and boundless energy in their youth, to a wise and seemingly untouchable strength as they mature, to the realization of one's mortality and sense that the control and power one once had is slipping from one's grasp as one enters those "twilight years".

The difference is that business can survive and thrive long after an original founder has passed on these mortal coils. Even legacy businesses that are bought by new and younger owners suddenly find a new reason for living, growing and profiting, echoing the management essence of their new owners and management team. Other businesses simply die a slow death and fade from memory. The reasons why are worth examination.

A business's "middle age" can be life threatening. There will always be a new kid on the block who wants to prove something, and is willing to do almost anything to get noticed, grab attention, and take business from others. Today there are more new businesses than ever, and that block is almost planetary in scope. Businesses across town, across the state,



and halfway around the world are aggressively pursuing customers anywhere they can find them. Mature businesses “play it safe”, hedging their bets, relying on what has always worked before, simply because “it always worked before.” But “before” typically was before more stringent regulation, before the internet, before an ever changing workforce and workforce attitude, and before there was competition not just across town, but across the country. Mature businesses focus on spreadsheets; young businesses focus on customers. Mature businesses try to maximize profit; young businesses try to maximize the customer’s experience. Mature businesses talk about their longevity and their history; young businesses talk about what they are going to prove today, and tomorrow. It’s risk taker versus risk aversion. And no business ever made a name for itself by running for cover.

The auto dealers who will represent General Motors in the future are those risk takers. They are the ones left standing who decided early on that it wasn’t enough to stand still and hope that someone would notice them, or that people should simply come to them because they’ve been in business a long time. It is management’s own passion that fuels the engine of business, and that passion is never limited by age.

The challenge, then, for mature businesses that have stagnated is to first acknowledge the fact that your business is a ship that is becalmed and taking on water. Eventually, if you keep doing the same things, you will drown.

Second, rediscover that passion and nurture it. I often ask business leaders the simple question, “If you had to do it all over again, what would you do differently?” Typically, the regrets that I hear are all about missed opportunity. Look for opportunity and take the chance. And if one isn’t apparent, “make something happen”.

Finally, surround yourself with managers, supervisors, and team leaders who have a passion for reaching the horizon. These men and women are the future of your company. If you haven’t got that team in place now, then the time was yesterday to make changes.

Ultimately, you and every one else on board your business may very well be faced with having to pick up an oar and row. This will take a significant amount of energy, with very little to show for it. Eventually, physics will take over, and momentum will begin to take hold. Suddenly, an opportunity will make itself known, appearing out of nowhere much like a breeze. Sails will unfurl, and your business will find itself gaining traction that you may have once thought impossible. And everything will once again seem possible.

The elixir of life for business is not necessarily youth, but a youthful attitude that sees possibilities, and has the freedom and desire to pursue them.

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