

North American Management Briefs

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You Should Know...

China's Wired

China now has 253 million citizens with internet access compared to 223 million in the U.S., reports the *Chicago Tribune*.

The Point: If you thought the world was getting smaller before, just watch.

Play the Odds

Over the course of a lifetime the average American stands a one in 5,500 chance of dying in a plane crash (including small, private planes). In a car, only one in 247 reports *The New York Times*.

The Point: Despite the recent 777 mishaps, flying is still much safer than driving.

Unintended Consequences

The 2005 Bankruptcy Act was supposed to punish deadbeats and reduce borrowing costs. Unfortunately borrowing costs have risen by 17% since then.

The Point: Usury laws anyone?

Europe Loves McDonald's... Really

Europe has now surpassed the U.S. as McDonald's biggest region in revenue. With fewer than one-quarter of the locations as the U.S. McDonald's in Europe earned \$8.9 billion versus \$7.9 billion in the U.S. reports *Business Week*.

The Point: Dislike American foreign policy but like American fast food?

April's Quote

"Of all the liars in the world, sometimes the worst are your own fears."

Rudyard Kipling

A Word About Strategy

Unfortunately there's no short cut to success. It simply comes from doing a lot of small things right over an extended period of time. The foundation of success, however, is always the same, a clear focused strategy based on quantifiable data and efficiently executed. A recent study identified five strategic factors which successful U.S. manufacturers of B-to-B products believe most contribute to their long-term success. They are:

- **An understanding of competitive strategy.** Competitive battles are not fought over every SKU or transaction. Competition is waged between alternate business systems and models. Don't let "day-to-day fires" distract you. Think bigger.
- **Employee productivity.** The difference in employee productivity between successful and unsuccessful B-to-B manufacturers is only 6% to 8%. Clear direction, rewards, and minimizing the fear of failure are the key factors in increasing employee productivity.
- **De-commoditization.** De-commoditizing products by adding value via service is a critical factor in ensuring the long-term success of an organization. Differentiation is really relationship marketing and its absence is the principle cause of price competition.
- **Profit focus.** The maximization of dollar profits is more important than the maximization of dollar sales or the minimization of investment.

Profits and cash flow provide management with the freedom to test new models, invest in new processes, and take the risks necessary to overcome competitors.

- **Internal understanding of profit drivers.** A clear understanding of how profits are generated and/or destroyed by employee actions is another critical issue in success.

Focusing on these strategic factors will not guarantee success. It will, however, help you avoid big, costly failures, those that can render your organization uncompetitive. Of course effective operating procedures are also important. Focusing on these five factors, however, will create an environment in which effective operations can and will deliver high profit margins.

The Point: You guessed it. Hard work and consistent focus of all employees on the company's strategy is the key to long-term success and profitability.

Countries with the Oldest Populations

| Country | % Over Age 65 |
|--------------|---------------|
| 1. Monaco | 22.7 |
| 2. Japan | 20.6 |
| 3. Italy | 19.9 |
| 4. Germany | 19.8 |
| 5. Greece | 19.0 |
| 6. Sweden | 17.9 |
| 7. Spain | 17.8 |
| 8. = Belgium | 17.4 |
| = Bulgaria | 17.4 |
| 10. Portugal | 17.3 |
| World | 7.5 |
| USA | 12.6 |

Source: U.S. Census Bureau, International Data Base