

COMPETITIVE DISTANCING

A monthly newsletter dedicated to your success, using a different set of tools...to distance yourself from your competition

Vol I. No. 1



What is Competitive Distancing?

I love the Kentucky Derby. In addition to an informal kick off to summer, it's inspiring watching these fantastic athletes— yea, the horses are athletes too—give their all. After an unbelievable Kentucky Derby where he ran each quarter mile faster than the one prior, and was actually *accelerating* during the home stretch, Secretariat showed us perhaps the most dominating athletic performance of all time in the 1973 Belmont Stakes. The final jewel in the Triple Crown, in a sport that routinely sees horses winning “by a nose,” Secretariat won by 31 lengths. He was a sixteenth of a mile ahead of the field. Not only did Secretariat obliterate the world record for 1 1/2 miles by an unheard of and never before or since achieved 2 seconds plus, but if you added the cool down furlong that he ran after the race to the total time, he broke the world record for the 1 5/8 of a mile also. There have been over one million thoroughbreds race since then, and not one has come close to Secretariat's records. The entire world fell in love with Secretariat. He was a winner. On the other hand, you may also remember that other lovable horse, Mr. Ed. The talking horse.

To distance yourself from your competitors, present your project as Secretariat, and paint theirs as Mr. Ed.

THE SITUATION:

You have a phone call in 20 minutes with a prospect and you can't find any information on them. You have been advised that your main competitor has a meeting set up with them the same day.

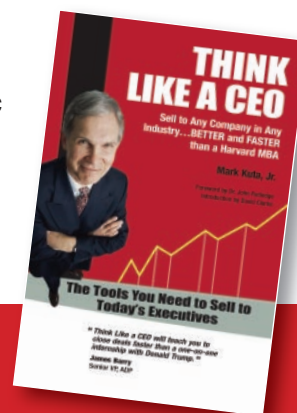
THE SOLUTION:

By accessing and interpreting hard to get data before your call, which your competitor is unlikely to do, you will not only start out your sales cycle differentiating your sales team from your competition, but you'll blow them out of the water...that's competitive distancing.

THE COMPANY:

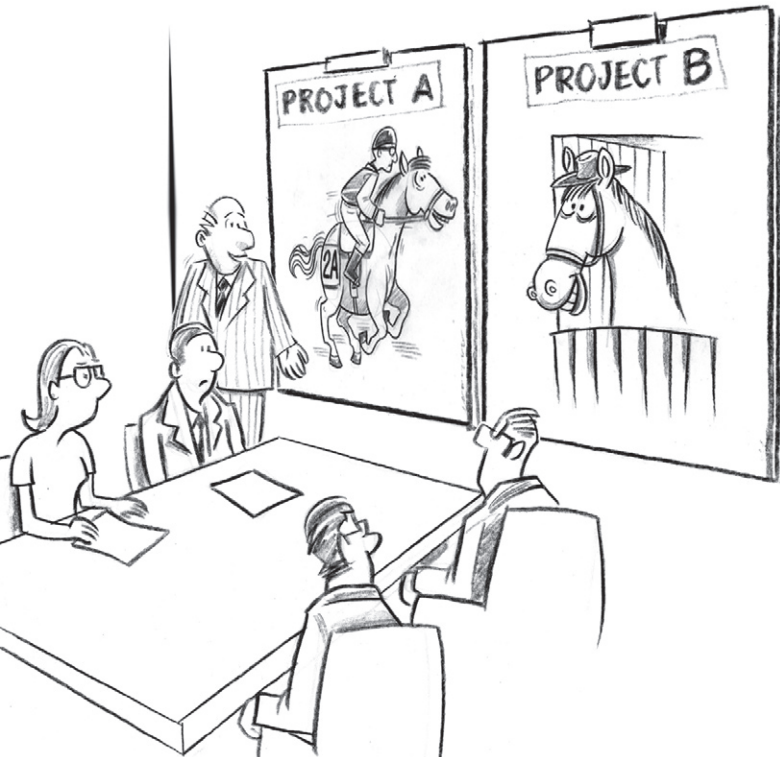
All we knew was that Knowles Electronics makes hearing aids. We couldn't find any information on them, but luckily for us, we read Think Like a CEO. Here is what we did, step by step. The total time spent prepping for this call was 25 minutes.

1. Went to www.finance.google.com/finance and put in Knowles Electronics. It told us Knowles Electronics became a subsidiary of Dover Corporation in 2005 when investment firm Doughty Hanson & Co. sold it to Dover for \$750 million. OK, so now we have something. We know that they were sold to Dover, who we quickly find out is also a public company that trades on the NYSE and does \$7.2B per year.
2. Got 10-K from Dover from www.sec.gov. We look at this report and see that Knowles Electronics is now in the Electronic Technologies division of Dover, in a group called Micro-Acoustic Components. Segment operating margin decreased from 15.2% to 13%. The Dover 10-K didn't give any information specific to the competitors of Knowles, so that led us to the next step.



www.thinklikeaceo.com

3. Checked the SEC files for Knowles financials. We go back to www.sec.gov and check for a report by Knowles, and find out that in fact, they were a public company and pull their 10-K from December 31 2004, where we see that sales were \$185M, with operating margins of 18.4%. We also pull the latest report we can, the 10-Q of June 30, 2005, where we see sales were up about 10% year over for the six month period, with margins at just over 19%.
4. From the 10-K we also get a gold mine of key information, including their competitor (Sonion Microtronic), their strategies, and the opportunities in the hearing aid market. We do an analysis on their competition focusing on productivity measures like sales per employee, gross margins, and asset TO.
5. Teamed with gross margins of less than 10%, and the fact that Knowles had negative net worth leads us to believe that this is a tough market to compete in. Capital is important. We also do the fundamental football analysis of Cash2cash Cycle so that we can use some of these information points to clarify results when we are with their executives.



"Gentlemen, the decision is obvious."

THE RESULT:

During the meeting, rather than ask basic questions, your line of questioning goes towards clarification. Now, which line of questioning differentiates you as a professional?

YOUR SALES TEAM:

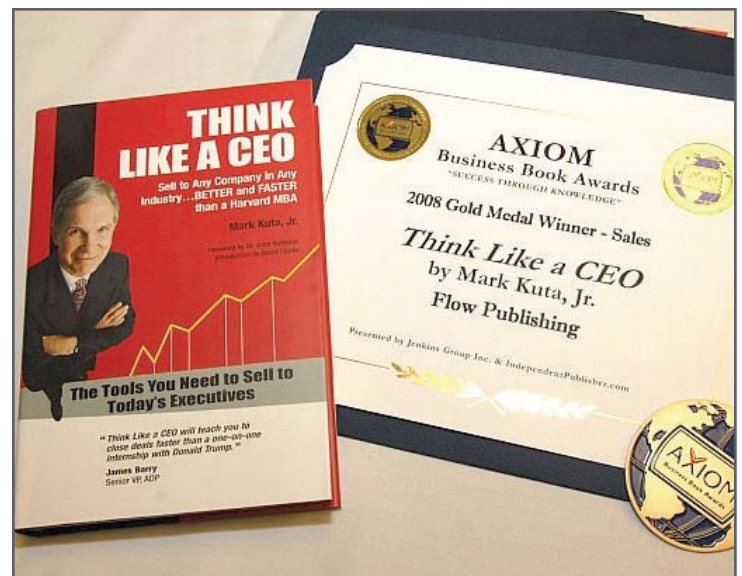
"In 2004 your revenues were \$185M, but it looks like 2005 was set to grow to approximately \$200M. Are your revenues still on track, maybe in the \$250-\$260 million range? What profit strategies are you pursuing to keep your gross margins stronger than your competition's?"

YOUR COMPETITOR:

"What are your sales revenues? What are your challenges? Do you like to fish? I like to fish..."

Think Like a CEO

Named **GOLD MEDAL WINNER** in 2008
Axiom Business Book Awards!



We are all on a trip to become the most effective sales people that we can be. Image that we're on this trip (with our kids, of course) and let's ask ourselves - over and over and over again - "Are we there yet?"

go to www.thinklikeaceo.com
AND START OUTSELLING YOUR COMPETITION