

# 5 tips for coping with smaller business competition

[Business](#)



Have you ever tried doing a business where there was no competition?

Where do you get the drive to be better? How do you even sustain an idea and grow it if there is no competition. For instance, I observe the way Facebook is growing daily and how relevant it is becoming to our daily lives. It couldn't be this big if it was the only social media platform.

My point? Competition is good basically, but then it can also itch us the wrong way at times. Many businesses see competition only in the entities that do exactly what they do and thereby offer direct competition. But, what do you do when you are losing a large chunk of business to the smaller companies that do a fraction of what you do?

If your business is auto care and you do everything ranging from car washes to detailing, repairs and maintenance, plus even car sales; you will be amazed at the amount of money you are losing to the vibrant car wash around the corner. You may think, but they only wash cars... well, do the math, plus they need far less capital than you do.

The question is how to you scratch that itch? Especially when the competition is considerably smaller but still bleeding you subtly? Here are a few good tips you could use.

### **1. Cut out the dead parts.**

To some people this is the craziest advice you can give them and some will have my head for even thinking it. While a lot of people run business emotionally, smart business persons run business logically. The latter we say have basic business sense.

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Am I asking you to concede a part of your business? A part of your vision? Well... yes. That is exactly what I am saying, it is called . The problem with most medium to large sized businesses is that they are doing too many things. Often times this can be pulled off, but sometimes it just doesn't work.

It can be a problem if your competition, though smaller, has been around the block for a while and has acquired greater specialization in that aspect which your business also offers. Rather than spend too much trying to offer a service too few people are paying for, cut off those dead parts. Appearing more compact can be really attractive for a business.

This is not to say, that some businesses cannot pull off the jack of all trades stunt.. This is not a decision to be taken lightly as it must be taken before making it.

## **2. Enter a mutual agreement.**

This is more or less as an addition to the first, what do you do after you have thrown out the dead parts? Strike a deal with the competition. For example, in our auto care/ car wash illustration, you can strike a deal that enables all those who wash their cars at the car wash to be referred to you for detailing, maintenance and repairs.

This friendly relationship will also get the car wash some customers who come for your services, this symbiotic relationship can increase profit and enhance specialization. This kind of strategic alliance is often a very potent option.

### **3. Use the employment weapon.**

While some people are looking for means to peacefully co exist a few others want to go for the jugular, either way these two approaches fall within the purview of “ coping”. There has been some debate on the Ethics of Lateral Hiring. Is poaching the competitions employees an unethical business practice?

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, an associate professor of management at presented a popular paper and in his words; “ Companies that declare an ethical breach following the loss of an employee to a rival are claiming ownership of employees in a way that hearkens back to feudalism and indentured servitude”

The truth is that with smaller businesses customers are usually attached to the staff and owners of the business than they are to the business itself. This way, employing key staff of these companies will usually bring with it new loyal customers who can attest to their quality.

### **4. Assimilate the competition.**

If you are having exactly the kind of itch I am referring to then this means, you are a considerably bigger business than the competition. Assimilation of a smaller business with better specialization in an area of your business is a business strategy that is increasingly becoming popular especially in internet based businesses, with Facebook acquiring WhatsApp and Instagram.

Companies like Google have acquired over 170 companies over the 18 years of their existence, which include YouTube and Skybox.

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Companies like has also towed this line, Altium, an Australian owned public software company that provides PC-based electronics design software for engineers, in 2010 acquired a developer of visual design tools for engineering and deploying cloud-based software applications

Incidentally, , former CEO of Morfik is now the CEO of Altium, because in assimilation, the staff remains as the smaller business becomes part of the larger one. It's a civil option to poaching employees and it will work for both businesses that do what you do on a smaller scale as well as businesses that do an aspect of what you do pretty well.

## **5. Don't ignore the competition.**

It is just not wise to do this, whatever strategy you choose to use, don't ignore the small guy. They often have little to lose; they are not restricted by bureaucracy and have a more direct route to customers.

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Make whatever decision suits your business the most as long as you don't start playing dirty; trim down your business, take the lateral employment route, enter agreements or assimilate the company, but whatever you do, don't ignore the competition.