

Navigating a Crisis

Lesson 6-6: Re-evaluate the Business Model

Discussion Guide – Confidentiality Reminder

One Word Check-in

Update – Personal, Business, Leadership

“Don’t wear yourself out trying to get rich. Be wise enough to know when to quit.” Proverbs 23:4 (NLT)

Periodically, every business should pause and evaluate, “Am I doing this right?” The pandemic and financial crises exposed weaknesses in every business. Many look back on their business thinking, “Why did I do this?” or “Why am I still doing this?” The reality is that every business must periodically look in the mirror to examine itself, to evaluate everything that it does and how it invests its hard-earned money for the future. One of the worst things for a business is to keep doing the same thing the same way year after year. This business will eventually fail or quietly go out of business.

Be realistic about your competitive position. Many company owners have a naive view of their business. They believe their company is unique (and quite valuable), leading them to overstate their competitive position. Because of this, owners have an overinflated view of their business that no one else has, especially its customers and competitors. A company may be above average, but all businesses are subject to the same business principles. Matthew S. Olson and Derek van Bever demonstrate in their book [Stall Points](#) that once a company runs up against a major stall in its growth, it has less than a 10% chance of ever fully recovering.

Here are some hard questions to ask:

- Is my business significantly profitable?
- Are we tracking data that delineates profitable services or products from unprofitable ones?
- Is my business growing?
- Do I have a business strategy that accurately anticipates and meets my customer needs?
- Is my business able to attract talented men and women who really want to work here?
- Is there a company or person that would love to purchase my business?
- If I were starting a business today, would I do what I am currently doing?

If the answer to any of these questions is “no,” then it’s imperative to implement changes in your business process and/or culture.

Additional areas to evaluate include:

- A business must be profitable to survive a crisis, grow and invest in its infrastructure and staff. Every business needs a business plan that accurately reflects the short-term and long-term markets, then creates a plan on how to best serve these. Note that a business plan is useless unless there a 100% commitment to execution.
- Talented people will be attracted to a growing and dynamic business that is making a difference, as this is an opportunity for their own personal growth and career advancement.
- Lastly, if someone would not be willing to purchase your business, your business will die a slow death.

Shared Experiences:

- If your company sold, what are three things that your successor would immediately change? Why? Do you have courage to do the same thing?
- What organizations are your biggest competitors? What do they do better than you?
- What changes are your competitors making to their business model? Why?
- Do your customers use your company because you have cheap rates or provide superior service?
- What must I do to thrive on the other side of this crisis?

Bottom line: Many people in business today are struggling to survive in the current crisis of the day. Likely, they were struggling prior but were able to get by. Today, we must look at our businesses by thoughtfully evaluating what can be changed to survive and then thrive in the future.

One Word Check-out

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Dig Deeper

Want to learn more?

- *Article:* Harvard Business Review: [Reinvent Your Business Before It's Too Late](#) by Paul Nunes and Tim Breene
- *Article:* [Ten tips for leading companies out of crisis](#) By Doug Yakola published by McKinsey and Company
- *Article:* [Berkshire's Charlie Munger issues warning for US commercial property market, Warren Buffett partner cites 'bad loans' as culprit](#), as reported by Joe Toppe for Fox Business

A case study of a company reinventing itself – Kohler

The Kohler company was founded in 1873 during a financial crisis by Austrian immigrant John Michael Kohler. While the Kohler company began as a plow and farm equipment manufacturer, two years after its start, Kohler put ornamental feet on a water trough and sold it as a bathtub. Four years later, two-thirds of the company's income was from plumbing and enamelware products. Unable to find enough staff, Kohler brought in immigrants from Eastern Europe, where he housed them in a dormitory style building, teaching them English and American history so they could become American citizens. Today, the company's gross revenue is over \$9 billion with 35,000 staff. The company showroom in Kohler, Wisconsin, is astounding.

- Company Website: [Kohler Company](#)
- *Video:* [Kohler Story](#) by Kohler Company (Scroll down to the video then hit "play")
- *Video:* [Bob Vila Touring the Kohler Showroom and Factory](#) in Kohler, WI
- *Video:* [Whistling Straits Golf Course](#) by Breaking Eighty
- *Article:* [Dun and Bradstreet information](#) on Kohler

A case study of a company *not* reinventing itself – Brooks Brothers

Brooks Brothers was founded in 1818 and filed for bankruptcy in July 2020. It was a victim of the move to casual office attire and COVID-19. It was founded by Henry Sands Brooks and later his four sons inherited the business, which stayed in the family until 1946. It has since changed ownership several times. Brooks Brothers is the most iconic haberdasher in America. Some interesting highlights of Brooks Brothers:

- Clothed 40 of 45 American presidents
- Abraham Lincoln was assassinated wearing a black Brooks Brother suit
- Outfitted the Union Army with uniforms in Civil War
- Introduced seersucker suits in 1870
- Created the oxford button-down shirt
- Introduced Madras fabric
- Supplied clothing in many classic movies, including the Great Gatsby

For almost 200 years Brooks Brothers was a disrupter in the marketplace, but it succumbed to the move to casual dress. While it tried to move in this direction, it was too late and too expensive for the masses. This is an example of a company continually needing to reinvent itself by persistently evaluating the customer and its needs.

- *Article:* [Gentleman's Gazette discussing history of Brooks Brothers](#)
- *Video:* [200 Years of Style](#) by Brooks Brothers
- *Video:* [Brooks Brother files for bankruptcy](#) by Reuters
- *Video:* [199 Years in 2 Minutes: A Quick Brooks Brothers History Lesson](#)