



# IT'S NOT WHAT YOU KNOW

Identifying, studying and applying your strengths, weaknesses, opportunities and threats can help you stay competitive and thrive.

BY STAN POHMER

**I**t's recognizing what you don't know that will help you survive and profit in challenging and uncertain business conditions and climates — and then doing something about it.

Let me explain where I'm coming from. As an industry, growers generally do a good job in producing quality product, and retailers do a good job in making it available to the consumer. And when our industry was expanding rapidly, the economy was robust and the market dynamics were predictable, doing a good job of simply growing and retailing was enough to provide positive sales and profits. Unfortunately, this utopian formula and mindset is no longer valid. Take a minute and think of all of the various challenges growers and retailers face today that they didn't have to

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consider previously (or at the very least, didn't have as much impact as they do today):

**Marketing and Merchandising.** Branding, differentiation, merchandising and display, point-of-purchase, in-store service and product guarantees.

**Financial.** Production expansion to accommodate larger retailer needs and the debt to support the expansion; managing cash and cash flow; working the balance sheet; managing all of the various financial ratios to keep them in balance; identifying costs per crop; cost allocation; return on equity; return on capital investment; depreciation; return on time investment; royalties; bad debt/slow pay; channel consolidation and disruption.

**People.** Benefit packages; productivity measurement and management; legislative mandates and directives; non-English-speaking employees; training; and INS compliance.

**Operations and Logistics.** Inventory management, inventory flow, reduced minimum orders with increased frequency and shipping rack management.

I've just skimmed the surface with this list of issues and activities; you can drill down even further for each one, and the list will grow exponentially. I haven't even mentioned the technical and repetitive areas and activities such as equipment, mechanization, the art of growing or computerization that you have to deal with.

## S.W.O.T. ANALYSIS

In simpler times, business theorists were espousing the philosophy of "soaring with your

strengths." This meant that you should spend more time doing the things you did well and less on the things you didn't do well (or didn't like to do), either ignoring those things that weren't your strengths or trying to find a way to compensate for your weaknesses, i.e., things you didn't do well. But in today's much more complex business environment, managers need to be actively connected with almost every facet of their businesses to make the right decisions to ensure top and bottom line success.

It's human nature to innately believe that we have more strengths than we really do and to minimize the number of weaknesses we actually have, but business success depends on being truly objective in this assessment process. One tool that works well to this end is S.W.O.T. (Strength, Weakness, Opportunity, Threat) analysis. Though this process is intended to evaluate a total business for developing a strategic (or business) plan, the premise also has application in analyzing individual components or activities of a business.

Here's an example of the way this process works. List all of the financial activities involved in your business, some of which were listed above. Include all of the terms, ratios and formulas that are listed on your income statements and balance sheets. Then, objectively, realistically and honestly go through the list and identify which ones you are proficient in understanding, dealing with and applying (strengths), and which ones you are not (weaknesses); look at these through your eyes and those of your accountant or banker/lender when you make this determination.

On a broader scale, let's quickly review the methodology for determining the opportunities and the threats:

- Looking at the opportunities that can positively impact your business, what is out

there in the marketplace (customers, suppliers and competition) that you can take advantage of? What trends are evolving or developing that you can leverage to your company's benefit? These can be lifestyle changes, technology improvements, changes in retail dynamics, new services and products or categories that you can develop, etc.

- Threats can be viewed as obstacles or barriers standing in the way of your growth and profitability, such as new or changing competition, or changing or new customer demands, and can be looked at both in the short and long terms.

### DOING SOMETHING ABOUT IT

Once you finish identifying your strengths, weaknesses, opportunities and threats, what do you do with them? Again, human nature usually dictates that we focus on maximizing our strengths and developing some of the opportunities, downplaying the list of weaknesses and threats. But to

ignore the benefits of eliminating or minimizing these weaknesses or threats is like being in denial or sticking our heads in the proverbial sand; these are the areas where the effort and attention can most likely produce the highest paybacks for your business!

So what do you do with them? Learn. Study. Apply.

**Learn.** There are incredible resources available to you to help maximize strengths and minimize weaknesses: your CPA (not your bookkeeper); your lender; university extension agents; suppliers and breeders; manufacturers; trade educational events and seminars; industry and non-industry publications; business books; community college and university courses; SCORE (Service Corps of Retired Executives); and industry business consultants, to name just a few. All of these individuals and groups have a genuine desire to help you succeed, and in most cases, just need to be asked for their assistance.

- **Study.** Your business is unique, and not

everything you learn will be 100-percent applicable to your system or process. You'll have to spend the time and effort to study all of the possibilities, sorting through your new knowledge and selecting the pieces and parts that will work for you and your business model.

- **Apply.** Integrating and executing are just as important as the learning curve itself. And as we all know only too well, there's definitely a difference between understanding the theory and applying it. Be consistent and get comfortable using your newfound knowledge, and you'll soon be making smarter and more profitable decisions.

Remember, it's not what you know, it's recognizing what you don't know (and doing something about it) that will make the real difference! 🚀

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*Stan Pohmer is president of Pohmer Consulting Group, Minnetonka, Minn. He can be reached by phone at (952) 545-7943 or E-mail at [spohmer@pohmer-consulting.com](mailto:spohmer@pohmer-consulting.com).*