

## Six Billion (Not) Served

Mike Michalowicz

The world population is now over 6.6 billion people and growing at 2.5 new people every second. That's a lot of people with a lot of needs. All these people are starved for products and services - business opportunities abound! But in almost every case companies are serving up products and experiences that come up short. That's an opportunity for you, but only if you tackle it from a different vantage point.

The traditional entrepreneurial approach is a statistical review of the numbers. Business plan after business plan is prepared with sliced up demographics and "pessimistic" considerations. Divvying up prospects in this method alone completely neglects the most critical details. It ignores that a 42 year old, married, white female might have different values and different expectations than the next 42 year old, married, white female.

Let's say you want to have the leading Italian restaurant in your neighborhood and that you want to focus on young families. The traditional analysis may yield 75,000 prospective consumers within a 30 mile radius of where you are breaking ground. It is pessimistically realistic that 8% of these prospects will come to your restaurant three times a year and spend \$85.00 each time they are there. A quick Excel calculation later and you have a business doing over \$1.5M a year. Not too shabby.

With the stats done you open your doors for business, balloons in hand, waiting for the families. The initial turnout is overwhelmingly average. Overtime, the anticipated returning customers are non-existent. Say good-bye to your million plus business. There goes another restaurant.

## The Toilet Paper Entrepreneur

Now let's analyze this opportunity from the vantage point of the consumer's values and expectations. An informal interview of prospects (as they walked out of the competing restaurants) identifies some of their loves and hates. They love the convenience of the local chain competitor, but hate the watered down experience and atmosphere. A quick trip to Italy shows that a traditional family restaurant is hard to decipher from someone's kitchen party. The value and expectations analysis yields the need to make it like an Italian home - a little bit loud, a little fresher and always with wine flowing.

Now with the stats in hand and values/expectations analysis complete, the doors open. The initial turnout is overwhelmingly average, like before. But, overtime the returning customers grow and grow. You are serving the values and expectations that your customers have been starving for.

This is more than an example by the way; this is how the super successful Italian restaurant Romano's Macaroni Grill did it. By listening to the values and expectations of the customers they delivered a restaurant experience that no one else did. Large fresh flowers were all over the restaurant and the cooking area was open for everyone to see, just like a family kitchen. Open jugs of wine sat on every table and were served by the customers themselves, on the honor system, just like home. And roaming singers belted out traditional Italian songs, just like the good old days in Italy. These tweaks far outperformed the traditional numbers expectations and caught the demographic where it needed to be caught, right in the heart.

You can employ this exact strategy in your business. Once you identify the target consumers you are going to service, you have the obligation to learn

## The Toilet Paper Entrepreneur

about their values and expectations. What are your customer's starving for? What do they hate about the competition and the entire industry in general? What expectations and values do they have that are not being met? With the answers to these questions you have the opportunity to offer them a level of experience they never had before. By servicing these needs you differentiate yourself dramatically from the competition and set yourself up to become the next multi-million or multi-billion dollar business.

Analysis by the numbers alone just doesn't work. You must know what your customer's values and expectations are at the most core level. Then when you set up shop, ensure that you are servicing the heck out those values and expectations. Or at least I believe that was what Philip Ramona said. It was hard to hear him over the roar of his private jet.