3 THINGS START-UPS DO EVEN WELL-ESTABLISHED BUSINESSES SHOULD CONSIDER
In his recent book, *David and Goliath: Underdogs, Misfits and the Art of Battling Giants* (published in 2013 by Little, Brown & Company), Malcolm Gladwell seeks to correct what he deems an important misconception around the biblical story of David and Goliath. Gladwell maintains that all too often, the competitive “advantage” in the story is described as Goliath’s size, when in fact, it was David’s agility and speed. Rather than lacking in size or adequate armament, unencumbered, David was able to move swiftly and strike with accuracy.

Both Gladwell’s book and the annals of legendary business successes are filled with stories of start-ups and challenger brands who, like David, used their small size and lack of status to their advantage.

Armed with fresh perspective and unencumbered by “proven” processes and layers of decision-makers, start-ups can enjoy a competitive advantage over more well-established companies who lose sight of what it takes to continue to thrive in an increasingly competitive, technology-enabled marketplace.
RULES WERE MEANT TO BE BROKEN.
Without prescribed formulas or rules, start-ups are able to respond more efficiently to marketplace shifts as well as act upon opportunities as they present themselves. Sometimes not even knowing anything different, start-ups may challenge the basic conventions of competition, bringing creative solutions to old problems. Consider Zappos, the company that revolutionized online retail by offering not only free shipping, but returns. Start-up companies don’t glorify deliberation or batch decisions to quarterly meetings. By design, they respond and innovate in real time.

NEW THINKING. NEW IDEAS.
Smart start-ups look for ways to run their business that support their strength of operational flexibility. It is not unusual for start-up companies to outsource functions, such as human resources and accounting, that are not central to what they do or the product they offer. A small company might also lease or rent office equipment and furniture; reserving capital, minimizing debt, all in anticipation of inevitable periods of expansion and contraction.
PUTTING A PREMIUM ON RESPONSIBILITY.
In 2007, the Federation of Small Businesses published their study of how small business owners view social and environmental responsibility. When asked specifically about Corporate Social Responsibility (CSR), many small business owners interviewed for the study seemed almost unfamiliar with the terminology; to them, the practices described as a part of CSR were not optional, but simply good business. For start-ups and small businesses, corporate responsibility isn’t relegated to committees and a result of massive initiatives, but instead is just what one does. In terms of both employee engagement and customer loyalty, making social and environmental responsibility a part of basic business practices serves start-ups and small businesses well. Not only have CSR practices been found to have a positive correlation to employee satisfaction and engagement, a 2012 study from Net Impact found that 35% of workers interviewed claimed they would take a pay cut to work for a company that is “committed to responsible and sustainable practices.”

SAVING IS SUSTAINABLE.
Testing on multiple dimensions of CSR — including environmental friendliness, treating employees fairly and community — supports a 2012 study within the retail environment that found improving customer perceptions of a retailer’s CSR practices translated to increased share of wallet as well as the ability to charge premium prices. Unilever openly credits their widely publicized efforts to conduct a responsible, sustainable business with cost savings (in energy as well as things like packaging), customer loyalty, innovation and an engaged and committed workforce. Within the midst of intense competition and a greater parity of offerings, customers are increasingly interested in partnering with and buying from companies who approach all aspects of their business with responsible intention.
Without the need to defend the past, start-ups are often more open to innovation and course-correction. Founders are known to intuitively seek to hire contrarians and to be mentored by professionals from outside their own industry. Limited resources (time, staff and money) motivate (or necessitate) that start-ups and small businesses seek counsel and resources wherever they can find them and often opt for creative solutions to basic business practices such as the use of virtual talent, open office plans and crowd-sourcing.
The challenges for start-ups and small companies should not be diminished — they can be significant and pervasive — but smart, well-established companies should take a moment and remind themselves that the practices that have built their companies and brands may not be what is needed to thrive into the future.

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