

Business is a dog-eat-dog world

VIEWPOINT

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Has our approach to competition helped us create more successful companies? I have found it interesting to study competition and the related business paradigm within which we operate, to see what brought us here, and to see the effects of that paradigm on industries and companies.

Like most of us, I learned about competition as a child. It was a natural progression to go from playing with friends and just having fun to playing in order to win at something. Almost without knowing what was happening, I sensed that others no longer saw me as just a nice kid to play with but as someone who might be a threat. Competitive tendencies are further conditioned in us when we are children. For example, teachers in kindergarten giving out gold stars teaches us about competition.

It seems harmless enough, but studies reveal potentially serious consequences. Research shows that the competitive instinct in humans is related to the “fight or flight” impulse that also induces us to place people in groups, e.g. “us” and “them.” In addition to our lumping others into categories, we compete with others to become part of the ‘in crowd,’ to make the team, to become a cheerleader, to get into the best colleges, and to get that great job. We are told that it’s a “dog eat dog world,” and if we want to succeed, we had better “get it while the getting’s good.” Some even take it as far as suggesting, “Do unto others *before* they do unto you.”

In business, we are taught that markets are finite, that there is only so much to go around, and that if we want “it,” we must beat our competitors to it. We learn that market share is vitally important to the success of our businesses and that we must implement specific strategies and tactics to gain share in order to be successful. Is it working? Does it encourage the best for your company?

There is one industry, today, that I believe is a poster child for why this old paradigm doesn’t work. The airline industry is full of smart people who have done some really dumb things. When a low cost carrier (Southwest) causes other carriers to reduce fares (and services) to such levels that the industry is in shambles, something is seriously wrong. Was Southwest really a competitor to those other airlines? Were they all serving the same customers?

Southwest Airlines invented a new business model and targeted a niche within the airline passenger market. It seems that the other carriers forgot what business they were in, who their customers were, and how to treat those customers.

I believe it is demonstrative of a flawed system. It is a perfect example of why “you can’t use the same thinking to get you out of a problem as that which got you into the problem.” As famed business consultant W. Edwards Deming said, “If you always do what you’ve always done, you’ll always get what you always got.”

What might have happened if the other airlines had let Southwest have that niche? What might have happened if the other airlines had taken service for their customers to the next level, e.g., served better food, installed more comfortable seats (Business Class for everyone), concentrated on routes and schedules with sufficient demand, and incorporated better cost controls instead of chasing Southwest?

Consider the following quote from Alfie Kohn, a well-respected lecturer and author: “Trying to do well and trying to beat others are two different things.”

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