

MERIDIAN'S SUCCESS FORMULA FOR TURBULENT TIMES

At Meridian, we interact daily with petroleum buyers, sellers, plus the many owners who are on the fence – seriously questioning not if, but how long, they should stay in business. What's evident to those owners is that the petroleum marketing business model is drastically changing. What they may not realize is that despite the velocity of change in our industry, many progressive companies remain highly profitable. In fact, many companies are reaping significant rewards amidst the turmoil! Here are the keys that allow the top companies to excel throughout these turbulent times.

A Game Plan – Today's highly profitable companies have focus and a plan. They have instituted the controls needed to understand each of their business sectors — what they are good at, what they are not good at, and where they need to be to maximize profit. At Meridian, we see highly profitable wholesale fuel marketers, highly profitable retail chains, highly profitable lubes companies, highly profitable transport companies, highly profitable home heating oil companies, highly profitable propane operations, but we see very few companies consistently have high profits across all or even a wide variety of these industries sectors. A company that knows its niche and can execute efficiently in that niche has the advantage over those trying to serve several sectors, often-resulting mediocrity.

These companies also understand the importance of a game plan, dedicating serious amounts of staff time and resources to the planning function, including clear vision and mission statements plus written underlying core values developed by multilevel teams.

Shared Authority and Accountability – Today's highly profitable companies rarely operate within traditional hierarchical structure. Instead, authority and accountability have been painstakingly driven down to the most important level of the company – at customer contact level. Written vision, mission, and core value statements enable sound and consistent employee decisions. In most highly profitable companies, authority and accountability come with access to information. Although not all highly profitable companies completely open their books to all employees, most provide key critical data and measures that allow each employee to maximize their own effectiveness.

Process Improvement Mentality – Although high profit companies possess vastly different stages of technological sophistication (with some truly unsophisticated!) each has a zest for improving processes. You constantly see these companies at workshops and industry meetings actively seeking to increase their knowledge base and bring efficiency ideas to back home to their business.

Risk and Flexibility – Today's high profit companies take calculated risks. They are neither high-risk takers nor shy away from manageable risk. Innovation is the norm for them. They understand that risk-taking means occasionally bad decisions occur. Then the other component to this equation, flexibility, kicks in. When a calculated risk doesn't produce the expected reward, new game plans are created, making lemonade out of lemons, or at worst case, selling the lemons right before they rot! For example, we've seen some very successful companies diversify; only to quickly discover they don't have the skills or expertise needed to succeed. They have either regrouped and hired in the expertise, or simply divested themselves of the division.

Understanding the Fallacy of Status Quo – You will never see today's high profit companies standing still. Why? They know if they do, they've gone backwards. Projects are always on the burner that will drive them to their next level of success. Those projects may entail geographic expansion, or market expansion through sales effort and/or acquisitions and mergers. One thing is for certain—they won't be doing anything!

Superior Supplier Relationships – Because these companies have a plan, and the ability to execute, suppliers love them. Coveted by top suppliers, these companies glean the best knowledge and support from their suppliers. It is not uncommon to see high profit companies invite suppliers to be actively involved in strategic plan formulation. While high profit companies value supplier input, they do not allow suppliers to usurp decision-making authority in their business. They take counsel from suppliers, but ultimately, the welfare of their own company will always come before any particular supplier's interest. They are alert to supplier mandates with potentially detrimental outcomes and often CEO's serve on supplier boards to minimize those actions.

Customer Obsession – High profit companies are more than customer-driven, they are customer obsessed! Customer success is paramount to their existence and often reflected in their mission, vision, and values statements. They know more about their customers than anyone would ever expect. However, this customer obsession is never allowed to stand in the way of profitability.

In summary, high profits are occurring regularly industry wide in companies with written vision, mission and values, shared authority and accountability, a passion for process improvement, moderate risk tolerance, flexibility to deal with the unexpected, aversion to standing still, cultivated supplier relationships and customer obsession. This is the formula for success and adding value to your business in today's turbulent petroleum world.

Since 1991, Meridian has accelerated the success of over 4,000 Petro leaders through top-tier advisory & valuation services, results-driven business coaching, and profitable leadership events. We coach leaders to achieve even better financial performance through a culture that attracts & keeps the best talent, creating healthy team relationships so the job gets done right, resulting in a lasting legacy for the next generation.

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