

Two Very Big Business Opportunities

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I have kept a list of business ideas since about the 9th or 10th grade. Five years ago, when I put it on hold to pursue one of the ideas on the list, it was up to over 100 ideas. Now I am adding to it again. My idea list contains big ideas, little ideas, half-baked ideas, very fleshed out ideas, and embryonic ideas. Here are two ideas, both embryonic – that means they need some work and research – a lot of work and research. But these are both big ideas – that means they have the potential to be enormous in size, and might take lots of capital. However, most ideas do not take as much capital to get started as people think. Many ideas, even big ones, can be started with one prototype store or product, then gradually build up the muscle of the enterprise, attracting capital as the idea is proven. With your mind open and your imagination ready to go, give these ideas a try:

1. A real bank, one which puts customers first

In this age of collateralized debt obligations – where your mortgage gets bundled up and bought and sold like a stock certificate – it seems that few remember the basics of banking. The principles were not that complex. Borrow money at a low rate from people via “demand deposits” – checking accounts and savings and other low-interest accounts – and loan it back to those people and their neighbors to buy houses and cars. Take a fair markup (the interest “spread”). Know your customers and be active in the community.

Even those great old banks that did things that way, however, got stuck in the past and did not adapt to the needs of their customers. They closed – and still close – at 5 or 6 PM, they close most of the weekend. They never noticed that most everyone has a job in modern America, and nights and evenings are the only times we have available to get our chores and errands done.

There was one great sign of light, Commerce Bank, out of Cherry Hill, New Jersey, which opened attractive, convenient branches – which they called “stores,” which were run with the customer first and which were open nights and weekends. Commerce successfully blew into New York City and other markets, and was for a long time a good stock to own, but was acquired by the big TD (Toronto Dominion) financial services company from Canada. While TD may be a fine operation, it is doubtful that a big older bank like that can maintain the entrepreneurial drive required for a revolution like Commerce was leading. What would have happened had Southwest Airlines sold out to United 20 years ago? The longer you stay feisty, the better – especially for customers.

Another light seemed to be Washington Mutual, which was very flashy and got lots of attention. But they never really understood putting customers first – at least as indicated by their short hours of operation. And they were among the first to stop using their brains in lending, to fail and have to be saved by the government and/or other banks.

Where I live, the best shot appears to be the credit unions. Some of them still do banking the old-fashioned way; they put the customer first and are real community-based organizations.

All I know for sure is that there is a huge opportunity in meeting the “financial services” needs of the public, and this need is no longer just present in “the first world” – it is true all over the globe. If some company really wants to rise to this challenge, it remains available to any competent takers. I don’t think you’d have to lose any sleep worrying about competing with the “giants” of

today, busy being taken over by the federal government, or integrating the pieces of their former competitors that they have taken over. Those activities just distract you – everyone from your board to your hourly employees – from serving customers.

2. A real cell phone company

The cell phone industry is perhaps a little better than banking, but not much. The industry “leaders” still think like utility bureaucracies. Go to their little stores and take a number, just so you feel like you are visiting the post office. Call them and listen to the automated call systems, just like the worst banks. Ask them any question that puts you first, and you are told “no, no, no.” The last time I tried that – I have since given up – I wanted to have two cell phones that both rang when someone called me. I was told it was just impossible, at any price. Unlike the old days with the princess phone in the bedroom and the wall phone in the kitchen.

The so-called industry leaders are among the heaviest spenders in television advertising. But none of them went to the “Procter & Gamble” school of marketing, which says you should create a substantially superior product worth having before running the first ad. (P&G has always been perceived as an advertising and marketing machine, when in fact much of the company’s core greatness is in product innovation, even if it’s just putting fluoride in your toothpaste.)

Prior to the arrival of the iPhone – which had to come from outside the cell phone design and manufacturing industry – cell phones were among the worst designed consumer electronic products on the market. Their menus are illogical, there is almost no level of menu customization available, their buttons are badly placed and hard to use. No wonder most of the manufacturers – except Apple – are on the downswing these days, despite the global pervasiveness of the gadgets. (Some of you may argue with me, but aren’t you limiting your vision to what is available rather than what could be achieved? What would Nintendo come up with?)

But most of my comments refer not to the gadgets themselves, but to the services. We have migrated from one big bureaucratic but competent phone utility (the old AT&T) to a bevy of bureaucratic phone utilities, often incompetent. Look on the web and you will find some of the most helpful tools – like maps of where the cell towers are – provided by outsiders, not by industry “leaders.”

In many of my recent speeches, I have remarked during the speech or during the discussion period that “If a company went out and put customers first in the cell phone business, if they had live telephone operators on duty 24/7, if they bent over backwards to meet customer requests, they could charge a 20% price premium and they would not be able to handle the volume of business.” I have yet to have any real person – the business types who attend my speeches – argue with me. In fact, the general response is a very vocal “Amen, ain’t that the truth!” The public knows this simple truth. The industry ignores it.

There is no question in my mind that – to quote Carl Sagan – this a “billllllions and billllllions” size opportunity.

For every idea on my list, there are a million more opportunities out there. For these two ideas, there are dozens more just waiting for the right entrepreneur to come along – a man or woman who is passionate about the project and has the required skills and persistence to make it happen. Go for it!