

How Your Greatest Strength Becomes Your Weakness

What's your greatest strength as a CEO?

Sales?

Marketing?

Operations?

Whatever you do well, know that it might become your Achilles' heel. As owners, we tend to invest in areas where we know we're weak. We know we have limited resources, so we spend what we have on backstopping the places where we're most vulnerable.

This tendency leads many founders to under-invest in areas where they have natural strength. Two of the most common functions are sales and marketing. Most owners are decent salespeople, so they figure they can compensate for a weakness in generating revenue through force of personality and sheer will.

But determination only goes so far, and you may reach a plateau where your greatest strength becomes what's holding you back.

How Gold Medal Service Got Stuck at \$700,000

Mike Agugliaro is an electrician by training and a natural salesman in practice. He's a gifted speaker, and his warm personality makes him a magnet for customers. When he started Gold Medal Service with his partner Rob Zadotti, they didn't invest much in sales and marketing. When Agugliaro was interviewed on the Built to Sell Ratio podcast, he admitted the extent of their marketing in their first decade of operations was pinning a business card on the corkboard of the local coffee shop.

Over 12 years, the business grew slowly to around \$700,000 in revenue, which was when Zadotti announced he was leaving. The news made Agugliaro re-evaluate what they had been doing. He realized they had been massively under-investing in sales and marketing.

Agugliaro convinced his partner to stay, and together they started investing heavily in sales and marketing. At the time, the yellow pages were still the primary way homeowners found service providers, so they invested in a double-page spread. They tried radio, fliers, and just about any marketing technique they could measure.

Then the partners started to think of their trucks as giant rolling billboards. Agugliaro's wife did some research and discovered that humans are hardwired to notice the color yellow. Agugliaro and his wife reasoned that humans must have evolved to avoid bees, so they added black lettering. Gold Medal's 65 trucks were bright yellow and black and became a mainstay on the streets of New Jersey.

The investments in marketing paid off, and Gold Medal went from \$700,000 in revenue in 2004 to a whopping \$32 million in sales by 2017. Months later, Sun Capital acquired Gold Medal for a significant premium over the 5 x EBITDA multiple typical of the home services industry.

The takeaway? Your greatest strength can help you start a business. Still, at some point, you may be tempted to underinvest in your strengths, which is when they switch from your most significant assets to a hidden liability. As your business grows, you may need to invest in areas you never considered necessary in the past.