"Ability is of little account without opportunity."
~ Napoleon

"The secret of success in life is for a man to be ready for his opportunity when it comes."
~ Benjamin Disraeli

"If opportunity doesn't knock, build a door."
~ Milton Berle

Opportunity

"There has to be a better way."

To the end of his life, Malcolm McLean would remember the specific day that he got his big idea. The year was 1937. The place was Hoboken, New Jersey. The idea changed the world.

McLean grew up on a farm in Maxton, North Carolina. He graduated from high school in 1931, in the midst of the Depression. College was out of the question. He was glad to land a job pumping gas.

Like the hero in all those rags-to-riches stories, Malcolm saved his money. By 1934 he had enough to buy a secondhand truck. He started hauling loads for the local farmers.

The Depression being what it was, McLean couldn't just hire drivers and spend his time drumming up business. In 1937 he was the driver hauling a load of cotton bales from Fayetteville, North Carolina up to Hoboken.

He got in line with other trucks, just like he always did. McLean knew he was going to be there for a while. The process of getting cargo from the trucks bringing it to the port to the ships that would carry it away was slow and labor intensive.

When McLean's truck finally got to the front of the line, a crew of stevedores would begin the process of getting the cotton bales on board. First the bales would be muscled into a cargo net.

The cargo net would be raised by a crane, then set down in the hold of the ship. There, another crew of stevedores would position the bales for the trip to their ultimate destination. Then the crane would swing back to the truck for the next load of bales.

At the destination port, the process would be repeated, but in reverse. It took lots of people and lots of time and it meant that truck drivers like Malcolm McLean had to wait a long time before they could get back on the road and start making money again. Here's how he remembered it.

"I had to wait most of the day to deliver the bales, sitting there in my truck, watching stevedores load other cargo. It struck me that I was looking at a lot of wasted time and money."

For nineteen years, McLean worked on the idea while he grew McLean Trucking. By 1955 he had built the company up to 1776 trucks and 37 terminals along the East Coast. It was the largest trucking company in the South and the fifth-largest in the US.

Originally, he thought McLean Trucking would implement his idea. It was deceptively simple, like most great ideas. Why not load the whole trailer on to the ship and unload the whole trailer at the other end? That would take less labor. It would reduce costs, as well as pilferage and accidents.

There were lots of details that needed to be worked out. No, the wheels didn't need to be on the trailer so he re-designed the truck as a chassis with a detachable container. That would make them easier to stack, too.

But the containers were very heavy. Any ship that carried them would need to be very strong.

Those were the kinds of problem McLean focused on while he built the company. By the middle of the 1950s, he was sure the idea would work, but probably not as part of McLean Trucking. His company did not have the regulatory permission to operate in important ports and the Interstate Commerce Commission would not let McLean own both his trucking company and a shipping company.

So, in 1955, McLean sold his company for six million dollars. That was a tidy sum, but not enough to do what he wanted.

He went to legendary banker Walter Wriston for help. Wriston, one of the great visionaries of American business understood what McLean was up to and what the implications were. He loaned McLean $57 million to make it work.

McLean used some of the money to buy Pan-Atlantic Steamship. The company was based in Alabama. It had shipping and docking rights in important eastern port cities. He re-named the company SeaLand.

The company refitted an old tanker, the Ideal X, to be able to carry containers. On April 26, 1956, the Ideal X left Port Newark carrying 58 containers and headed down the East Coast of the US, and around Florida to Houston.

It was the beginning. But it was only the beginning.

Getting new customers was easy because the benefits were obvious. The 25 percent discount that SeaLand charged compared to other companies was just the start of the benefits.

Freight moved faster than ever because long loading and unloading delays were eliminated. Shippers could negotiate lower insurance rates because sealed containers reduced damage and pilferage.

The waterfront unions hated the containers. They could see thousands of jobs disappearing and they fought containerization every step of the way.

And, like Edison's light bulb that needed a system that delivered electricity in order to work, SeaLand needed a system of ports that could handle containers. That meant huge investments by the ports.

The New York Port Authority was the first "name" port to adopt containerization, but making basic changes like this was a long, slow process. The tide seemed to turn in the early Sixties, when the Port of Oakland, California decided to build a new container-ship facility.

McLean was awarded patents for his standardized container designs. Some people might seek to maximize profit from the patents themselves, but McLean took a different route.

McLean's thinking was that his company benefitted most if the entire shipping industry, every company and every port and every shipper used containers. He granted a royalty-free lease to the

Industrial Organization for Standardization (ISO). That established standards for the industry and lowered the barriers to entry for new companies and ports.

SeaLand prospered. By the end of the Sixties it was the largest cargo shipping business on the planet. In 1969, R. J. Reynolds bought SeaLand for $160 million.

One kind of Opportunity Strategy is like McLean's containerization saga. It's an attempt to make a killing by changing the basic way that business is done in an industry.

The big box stores that took over one retail category after another from the early 1960s to the 1990s were each an example of how the strategy worked. One of the earliest and one of the most successful big box stores was Home Depot

A Tale of Two Category Killers

When most people lose their jobs, they apply for unemployment and start hunting for a new job. Bernie Marcus and Art Blank started a whole new kind of business.

The men had worked at the Handy Dan building supply chain. But the firm came under new management and restructuring was the order of the day.

Marcus, the outgoing visionary of the pair went up to New York to see an investment banker named Ken Langone. They had been discussing Marcus' idea for a giant home center business for some time. Langone provided the money to start a whole new kind of building supply business.

Marcus figured that there was huge profit potential in an under-served segment of the building supply industry: homeowners doing their own projects. He also figured that would take a whole new kind of store.

When Home Depot began in the late 1970s, the building supply industry was made up of several small chains and a lot of independent stores. Building supply stores stocked about 10,000 items on average.

Most of the building supply stores of the day focused their efforts on contractors. After all, contractors were regular customers with large orders, compared to homeowners.

Homeowners presented another problem. They didn't know what they were doing. They asked lots of questions that took up the time of the supply store's salespeople. And they often came back several times.

Most owners of building supply stores saw DIY customers as an unprofitable pain. Marcus imagined them as solid gold.

The way Marcus saw it, do-it-yourselfers (DIY) made up about 60 percent of sales for building supply stores. Sure the individual sales were smaller than contractors, but they made up more than half of the total market. It would probably be even more if you accounted for the fact that most DIY customers shopped at both a building supply store and a hardware store.

Marcus realized something else about those sales. They were all cash on the barrel head. Homeowners paid with cash, or by check, or with a credit card. Contractors often bought on credit. That tied up money in receivables and resulted in outright losses when a business or the business cycle turned bad.

He and Blank figured that there was a huge opportunity for their new Home Depot stores if they could just design a store and a shopping experience that the DIY homeowner would love.

They decided to make Home Depot's store really big. They planned on stocking at least 25,000 items in every store, including both building supplies and hardware. The idea was that their customer would find everything under one roof.

Home Depot was one of the first "category killers." There are some formal definitions of this term, but it seems to me that all the category killers have the following things in common.

They all offer huge inventory, extensive selection, self-service and low prices. They're called "category killers" because their strategy is to dominate a category, like building supplies, by driving less efficient competition out of business.

So far, so good. But what about the problem that DIY homeowners had very little knowledge and lots of questions? Where others saw a problem, Bernie Marcus saw an opportunity.

Marcus' motto and admonition to Home Depot employees was: "Love the customer." He imagined that if he could make the experience of shopping at Home Depot great for homeowners they could keep coming back. All that took was answering their questions.

Home Depot staffed the sales floor with knowledgeable people who could help DIY customers get their projects done right. Many of them were retired contractors and craftsmen whose job was to answer questions and help customers. Others were dedicated and expert do-it-yourselfers.

Most of the staff was full time. In an industry where staff is sometimes more than half part-time, Home Depot kept the part-timers to less than ten percent.

The rule was that there needed to be a licensed plumber and a licensed electrician on the staff at every store. Customers were told to call Home Depot if they had any problems with home improvement projects.

A friend of mine told me what it was like to shop at the Home Depot where he lived. It was in a medium sized city where there were lots of "historic" homes. Many DIY projects involved renovating or restoring those homes.

"Home Depot was great," he says. "I was a complete novice at do-it-yourself. I grew up in apartments where there were maintenance people paid to do projects. So I was learning as I went."

"I could go down to Home Depot and tell them that, say, I wanted to install a new faucet in the bathroom. I'd be able to talk to a guy who was a retired plumber. He would tell me what to do and make sure I had everything I needed."

One other thing that Bernie Marcus did was give his store managers lots and lots of autonomy. The idea was that customers would be a little different in every store and if you were really going to love the customer, you had to adapt to that. Bernie didn't think you could do that from headquarters. Here's how my friend describes what that meant in his town.

"A buddy of mine bought one of the homes in the Historic District. He wanted to restore some of the original hardware, from the Twenties. So we went to Home Depot, like we always did for a project.

Well, they didn't carry the special kind of hardware we needed, but the fellow who helped us told us what hardware store in town handled that specialty. He told us how to describe what we needed. Then he called the other hardware store to make sure they had it before we drove across town."

Bernie Marcus had a ruthless focus on customer service. He drove that core strategy deep into the Home Depot culture.

Staff at Home Depot used to joke that their rival, Lowe's had buttons with the legend: "Push here for service." They thought that was funny. You'd never have to ring for service at a Home Depot.

Customers loved the concept and the company. Business boomed. Home Depot went public in 1981 and was listed on the New York Stock Exchange just three years later. By then they had 31 stores and were doing $431 million in sales.

Marcus and Blank made a good team. Marcus was the CEO, a charismatic visionary that everyone seemed to like. Blank was an accountant and a good second in command.

Between 1986 and 1996 they led Home Depot to forty quarters of consecutive record financial results. By the time Marcus stepped down as CEO, Home Depot had over 500 stores and almost $20 billion in sales. During its first twenty years Home Depot had grown faster than any other retail chain, including Wal-Mart.

When Home Depot was starting its run of record results there was a fellow in New England with his own plan for creating a category killer. His name was Tom Stemberg and the company was Staples.

Tom was 36 and a graduate of the Harvard Business School. He'd just been fired from his job and was wondering what to do next. When he couldn't find a printer ribbon one afternoon, he got the idea for an office supply superstore.

Tom calls that "the fairy tale version" of how Staples got started. Everything in it is true, but it's not the whole story by a long shot.

After leaving Harvard in 1973, Stemberg went to work for Star Markets in Boston. Star was a regional unit of the Jewell stores, based in Chicago. While he was there, he developed the first "generic" line of groceries.

The old-timers at Star were sure the idea would fail and the new kid would learn how things were done in the supermarket business. But customers loved the generics and the idea turned into a big success.

For most people that would be a great resume-builder, but for Stemberg, looking back it laid the foundation for Staples. For one thing, he learned that those professors who taught him about focusing on the customer were right.

He applied that principle again in his next job as president of First National Supermarkets' Edwards-Finast division. That was also where he learned about warehouse selling.

The division was deep in the red. Stemberg knew that low prices were especially important to consumers. He created giant stores carrying Edwards-Finast groceries at rock-bottom prices.

That should have insured success. But First National Supermarkets put Edwards-Finast up for sale. They fired Stemberg in January of 1985 and gave him a year's severance.

Today, Stemberg can look back on that time and muse that if he hadn't gotten fired, he'd probably still be in the supermarket business. At the time, though, he was terrified. He and his wife had a two-year-old son and he had no idea what he would do next.

Enter Leo Kahn. In 1985, Kahn was something of a legend in the supermarket and related industries.

After World War II, he had joined his father in the grocery business at Purity Supermarkets. He was a pioneer in the discounting of prescription drugs and an expert in low price/high volume retail.

Like Stemberg, Kahn was out of work, but his situation was a bit different. He had sold his family business to Purity Supreme for $80 million in 1984. He was on the lookout for a new opportunity.

In most industries, the top players are all usually aware of each other. Kahn had noticed Stemberg and he was impressed. He suggested that they go in together on a new venture. They began researching possibilities.

Walter Salmon, one of Stemberg's professors, shared an insight. "Why try to excel in an industry replete with up-to-date competitors? Why not start your own business, a business that brings the modern techniques of distribution used by supermarkets to a non-food product?"

It all went into the mix. Stemberg was still interviewing for possible new positions and he picked up another insight when he was interviewed by a company named Makro. They were a European warehouse-type store and they were considering Stemberg as a possible CEO for US operations.

Stemberg is a big Harvard basketball fan and he combined an opportunity to watch Harvard play on the road with a visit to a Makro store in Pennsylvania. He says he knew instantly that the way Makro ran its stores wouldn't work in the US. But he also noticed something interesting.

Makro stocked all kinds of merchandise. They sold clothing and electronics and food and toys. It was a mess.

But one thing caught his eye. Here's how Stemberg remembers it."Makro's office supplies were flying off the shelves. That was the day the idea formed: could we create a Toys "R" Us for office supplies?"

You may wonder how he knew that the office supplies were "flying off the shelves" if that was his only visit to the store. The answer is that he saw two things. First, unlike other shelves that were fully stocked, there were gaps on the office supply shelves. And the shelves were in disarray, attesting to shoppers looking them over for just the right thing.

Stemberg and Kahn had the basic idea that would become Staples, but that didn't mean they were going off half-cocked. One reason that Stemberg thought of Toys "R" Us as a model was that he knew the president there, Bob Nakasone, from his days at Jewel. They talked. It was a good sign that Nakasone thought the concept was good.

Stemberg researched the difference between what big businesses paid for office supplies and what individuals and small businesses paid. He found that big companies paid 85 cents for a dozen Bic pens, for example. Small businesses paid $3.68 for the same pens. Stemberg knew he was on to something.

"Let's be real," he said. "If you paid too much for advertising, maybe you got better creative. If you paid more for a lawyer, maybe you were getting better counsel. If you paid too much for Bic pens and paper clips, you were getting ripped off."

But he also found that he had another problem. Small business owners might know that they were overpaying for office supplies, but they were sure it didn't amount to enough to make a difference in their business.

Stemberg sat down with a friend who owned a law firm. He asked what the firm paid for office supplies in a year. The estimate was $10,000 or about $200 per employee.

The two men sifted through stacks of invoices. When they got doing toting up the numbers, they both were astonished. The law firm was paying over $50,000 per year for office supplies. Stemberg figured he could cut that in half.

Stemberg's research turned up another problem. In most small companies, the office supply buyer was either a purchasing manager or, more commonly, an office manager. Since the money didn't come out of their pocket and no one checked how they did the job, they were indifferent to the price they paid.

But they weren't indifferent to the way people in the office felt if their special color of marker or special kind of pen or "while you were out" pads wasn't right there when they went to get it. The result was than many small businesses had "just in case" levels of office supplies that they were already overpaying for.

When Kahn and Stemberg started considering the idea of a category-killer in the office supplies business, they knew what many of the challenges would be. They understood volume purchasing and warehouse-type retail.

But Stemberg's research highlighted problems that neither man had ever thought of. They now knew that if they were going to succeed, they would have to convince small business owners of three things.

1. There was a huge difference between what they paid for office supply items and what big businesses paid for them.
2. That difference added up to enough that it was worth paying attention to.
3. The buying process would have to change if they were going to reap the savings Staples could offer.

That research was critical because Stemberg and Kahn were new to office supplies. Bernie Marcus and Alan Blank didn't need to do this kind of research at Home Depot. They were already in the building supply industry. They knew who bought and why and how. Stemberg made sure that Staples knew that, too.

Staples began administrative operations in January of 1986. They began negotiating with vendors while they searched for a place to locate their first store. It opened on May 1, in Brighton, Massachusetts.

Things moved slowly in the beginning. It took some time for vendors to get used to dealing with Staples. There was competition early from other companies with a similar concept. It took time to develop the innovative marketing they needed to overcome the three barriers.

In May of 1989, Staples went public. The offering raised money to finance even more new stores. By 2000, Staples had delivered 12 consecutive years of more than 30 percent growth in sales and earnings.

In February 2002 Ron Sargent, who had been with Staples from the beginning, was promoted to president and CEO. Tom Stemberg remained chairman. It was a smooth transition, very different from what happened at Home Depot.

Bernie Marcus had retired in 1996. The board did the logical thing. It elevated the other founder, Art Blank, to the CEO position. Blank had been a solid producer and counterweight to Marcus for the whole history of the company.

Not only that, Home Depot had reached that place in the growth cycle where the need for a few more systems was apparent. The board was thinking proactively. They thought there were things that needed fixing at Home Depot despite the success represented by being named Most Admired Specialty Retailer for nine straight years.

Rival Lowe's seemed to be making gains. Women preferred to go there for their projects. And contractors complained about the service they got at Home Depot.

The board was also worried about the amount of inventory and cost control. They thought the systems for purchasing needed an overhaul. They thought there were too many levels of management. They thought there needed to be more central control.

And they figured that Art Blank was the guy who could make the change work. After all, he was the behind-the-scenes numbers guy.

But it seemed like those very things that had made Blank a great partner for Bernie Marcus made him less effective as a CEO. By 2000, the board decided it wasn't working out.

That's when Ken Langone stepped in. He was still on the Home Depot board. And he sat on the board of General Electric. He knew just the guy to put things right.

Bob Nardelli had just lost out in the race for CEO at GE. Langone knew that he was a no-nonsense numbers guy who had produced results everywhere that he went. The Home Depot board snapped him up.

Nardelli announced that he was going to double sales and more than double profits by 2005. To make that forecast come true, he was going to cut labor and inventory costs, centralize management, and enter new markets.

The quickest place to cut costs was labor. From Nardelli's perspective, those full time advice givers didn't actually sell anything. He fired a bunch of them.

Inventory was next. He centralized it, ripping inventory control away from store managers who'd had it since the company was founded.

Information technology and other systems needed upgrading. There would be a rollout of stores built to serve contractors. Nardelli needed executives who understood the urgency and weren't tied to the past. Within a year, 29 of 34 senior Home Depot executives were gone. In their place were some people from inside and lots of folks from outside, mostly from GE.

That trend continued. Soon, 98 percent of the top 170 executives were new to Home Depot. Nardelli started hiring junior military officers to come and run his stores. That tactic had worked for him when he ran the unit the built locomotives for GE.

Things never seemed to work out the way Nardelli wanted. Home Depot's systems improved. Its inventory levels dropped. It opened new stores of different kinds. But somehow it seemed that while he fixed some of the parts, the company just got worse.

Customer complaints soared. The Home Depot workers who were left christened his emails, "Bobaganda" and called Nardelli, "The Home Despot." Shareholders bridled at Nardelli's "guaranteed bonus" and the cavalier way he treated them.

In the meantime, Home Depot, the store known for customer service, in fact built on the idea of loving the customer, was in trouble with customers. The do-it-yourselfers stopped coming because they hated the way they were treated. Home Depot slipped to dead last on the University of Michigan's annual American Customer Satisfaction Index. It scored far below Lowe's and even below Kmart.

Even my friend quit shopping at Home Depot. He couldn't get the advice he needed and, besides, there was a Lowe's closer to where he lived. One day, though, he stopped in because he needed something that Home Depot carried and he was close by.

He noticed that Home Depot now had the same kinds of buttons that Lowe's had, with instructions to "Push here for service." "I pushed the button," he says, "but nobody came."

That pretty much sums up what happened to Home Depot under Bob Nardelli. Lots of systems got fixed, but the core strategy that had made the company great was ignored.

Instead of a ruthless focus on "loving the customer," Home Depot wandered off into the weeds of "productivity improvement." Instead of protecting the practices and people who made the core strategy work, Home Depot tried to replace them with better inventory control.

That never works. Bob Nardelli seems to have thought that all you need are the business basics. He ruthlessly cut costs, slashed inventories, and standardized procedures. But that's not what builds a great company. For that you need a clear core strategy combined with ruthless focus.

Home Depot and Staples both laid out opportunity strategies to change the way business was done in their industry. Both the companies built big stores and sold products to consumers at rock bottom prices.

That was effective, but it's not the only example of thinking through an Opportunity Strategy. Gary Keller is in a very different business and he's still in the process of changing his world.

Serving the People who make the Business Go

Gary Keller learned to think big early. When he still had only two real estate offices, both in Texas, he used to answer the phone with, "International headquarters."

Thinking big is the easy part. Lots of people read a motivational book or two, follow all the big thinking steps and still don't get much done. Gary Keller's claim to fame is that he is creating a new way of doing business in an established industry.

Keller was a real estate success early. By the time he was 25 he grossed a million dollars in sales. He had netted a million before he was out of his thirties.

He and Joe Williams founded Keller Williams Real Estate in Austin, Texas in 1983. The company started franchising in 1991 and went international by opening a franchise in Canada in 1998. Today, Keller Williams is the third largest real estate company in the United States and also the fastest growing.

When you hear it that way, Keller's story is another success story. It might not even impress you to know that he's been voted as one of the five most admired people in real estate. Gary Keller has been called one of the most influential people in real estate by both Realtor® magazine and Inman News.

That success and that recognition spring from one important fact: the core strategy that Gary Keller has used to build his business is unique in the real estate industry. It's a strategy of putting the agent first.

Keller's idea is that the most successful agents run their real estate practice like a business. He figures that if you help agents do that and run their business better, they'll succeed and so will you. That's how Keller Williams is set up to work.

Agents split commissions with the broker they work for. Most of the time it's a fifty-fifty split. At Keller Williams, 70 percent of the commission goes to the agent.

At most real estate companies, the sole revenue source for agents is their commissions. Keller Williams has a profit-sharing plan that distributes part of the profit of the company and individual franchise.

But that's just compensation and Keller says that "it's not about the money." He says he wants Keller Williams agents to have a great career and a great life. Where the rubber meets the road on that statement is training.

Traditionally, training in real estate meant sales training, training in new regulations, and some marketing training. That's all there at Keller Williams, but so is extensive training in how to run your real estate business better.

Keller calls them "proven models for excellence in the real estate sales industry." He collected them from individual agents who had achieved great success.

Then, in 2002, he brought together two groups of top agents from around the country and asked them a simple question: "What would it take to net a million dollars in personal income?" The answers from his own research and the two "mastermind" groups found their way into Keller Williams University.

The training shows agents a specific program that tells them what they need to do to move toward becoming a millionaire real estate agent. There are specific tasks and specific targets for you, no matter where you are in your career.

The specifics cover the whole route to the status of millionaire agent. Keller has identified seven different growth levels for a real estate agent's business. When you're on the first level, you do everything. As your business matures, you add various kinds of support: marketing assistant, transaction coordinator, listing specialist, buyer's agent, telemarketer, and so forth.

There are also production and activity goals for each level. Keller has laid all this out in his book, The Millionaire Real Estate Agent, which has gotten generally high reviews on Amazon.

A small percentage of book reviewers and a small number of real estate bloggers don't seem to like Keller Williams very much. Since the criticism doesn't seem to come from people who've been with Keller Williams, it may be one of the consequences of being a game-changer.

Tom Stemberg describes the way it was in the early days of Staples, when he and other executives would attend the office products trade shows. "Nobody wanted to be seen talking to us," he remembers. "Today, they trip over one another to get close to us."

The critics will have their say, but ultimately, growth for a company like Keller Williams will be based on how many good agents choose to work at the company's franchises. As long as they keep signing up, Keller Williams will continue to grow.

One agent with over a decade of experience at two other real estate companies described why she decided that Keller Williams was the place for her. She ticked off her reasons.

"Money's part of it. I like keeping more of the commission on each sale. And the profit sharing is good, too.

The training is great and it helps me manage what I do like a business. There are also lots of resources and tools online that make me more productive.

I like the fact that there are values that you're expected to abide by. The company has an open-book financial policy. That builds trust.

And they expect you to be part of the team. One of the offices I worked in before was really dog-eat-dog. The other was a lot like what I see here, but that changed when the owner died of a heart attack."

Gary Keller thinks that Keller Williams can keep growing because they'll keep attracting agents like that who want the kind of atmosphere and support that Keller Williams offers. That atmosphere is created by a strong culture.

The Keller Williams culture involves lots of jargon and acronyms. Like most strong cultures, it's not right for everyone. But the people who are right seem to thrive there.

Keller is always looking for new ways to be agent-friendly. Most recently Keller Williams has started to provide associates with affordable health insurance.

Thus far, Keller Williams has maintained a ruthless focus on putting the agent first. Unlike publicly traded companies who are often tempted to grow by doing things outside the core strategy, Keller Williams can continue to grow by doing what they've done so far. Only time will tell where they finish up, but right now things are looking very good.

What Home Depot, Staples, and Keller Williams have in common is that their core strategy was consciously determined. The founders sat down and decided what kind of company they wanted, based on what they saw in the marketplace.

They all set out to find an opportunity and it's worked. But sometimes it doesn't happen that way. Sometimes opportunity finds you instead.

Answering the Door when Opportunity Knocks

There's a saying that if you've got a choice between good luck and great planning, you should take good luck. That's how some companies wind up with their core strategy.

We've already mentioned Sykes Enterprises briefly. Sykes had a pretty good business going in 1992. They were looking for new clients, not necessarily for new opportunities.

The company was formed to provide engineering, design, and technical writing services to Fortune 500 companies. They stayed away from industries like aerospace where price was the most important part of contract proposals. Instead, founder, John Sykes, wanted to do business with clients who valued quality work and a long term relationship over short term price advantage.

Business was good. As 1991came to a close the company could boast over a thousand employees at more than twenty offices in the US, Canada, and Europe. They had good relationships with long term clients like IBM and Texas Instruments.

The computer revolution was in full swing. Companies were putting small computers on desktops and linking them up via networks. That changed the business world in two ways that would work in Sykes' favor.

Until the mid-1980s, the only people who used computers were people whose job was using computers. But the rise of the personal computer meant that more and more people whose main job was something else, like accounting or marketing or inventory management, now used computers and often had questions about how to use them.

At the same time, companies were trying to get lean and profitable by "outsourcing," a word that didn't exist prior to the mid-1980s. The idea was that if a company could outsource everything that was not a "core competency" it would be able to concentrate on the most important things and, thus, make more money.

One early candidate for outsourcing was the call center operation the provided support to customers or employees or both. It's not a core competency for most companies.

Call centers are expensive and hard to run. If you don't have a high enough call volume, you wind up with people sitting around doing nothing. But if you don't have enough staff when the peak load of calls hits, your customers or employees get angry and frustrated.

Add to that the fact that, for most companies, staffing a call center is like staffing a revolving door. Turnover rates can exceed one hundred percent per year. That means hiring costs are high. And every time a new person is hired, that person needs to be trained and closely supervised on the job.

Outsourcing got a boost in 1989 when Jack Welch, the CEO of General Electric, visited India and announced that GE would be outsourcing some engineering work to Indian firms. Almost overnight, outsourcing went from an odd concept, to something every company wanted to do, often only because GE was doing it.

In 1992, John Sykes visited Sterling, Colorado, to visit a company that Sykes had just purchased. He was about to be swept up in a perfect storm of opportunity. He had good technical people. Sykes could handle the special software needs of customer relationship management. They could write technical manuals for supervisors and operators and put information online.

The only thing they didn't have was qualified people to staff a call center. Sterling provided the model for that. It was large enough, at about 11,000 people, to provide enough people. There was a college which could be a source of technically proficient workers. At the time, Sterling was suffering from the recession and people thought a call center would be a good thing for the town and the area.

In 1994, Sykes opened a call center in Sterling. Sterling became the model for other centers Sykes would open in the American heartland. Because they were in the middle of the country, the centers could easily straddle time zones. Workers did not have distinctive accents, but did have a good work ethic. Sykes preferred towns that were close to an institution of higher learning.

Towns and smaller cities across the Midwest sought clean businesses, like Sykes' call centers, that offered residents an alternative to dead-end, minimum wage jobs. That meant Sykes could strike a deal with the community.

It was always the same. Sykes needed at least twelve acres of land for the call center and parking. He also required a community to pay a couple of million dollars toward the construction of the facility. That made it possible for Sykes to recover its investment quickly and keep up the aggressive pace of opening new call centers.

Recognizing the opportunity shifted Sykes' focus from providing engineering, design, and technical writing services to large companies to providing call center-based technical support services. Later, the company would expand its offerings to provide a full range of what has come to be called Customer Relationship Management (CRM) services.

Sykes probably would be been a successful company for many more years. It provided high quality services at a good margin to customers who appreciated those services. Instead, the company seized an opportunity that took them in a very different direction.

The new direction built on the company's strengths in technical areas. But it also offered far more opportunities for growth.

Sykes' relentless focus on outsourced customer relationship management had its fits and starts over the years. Eventually, though, the company closed fulfillment and distribution centers it had once operated and moved out of unprofitable businesses to concentrate on the core.

Today, more than 30,000 Sykes employees staff 45 technical support and customer service centers on five continents. The company also helps customers develop both customer service and business process outsourcing solutions.

Opportunity is a powerful force. With Sykes Enterprises, it turned a successful engineering firm into a worldwide customer service powerhouse. With Ferolito, Vultaggio & Sons, opportunity turned some bad boys into darlings of the New Age set.

Right after graduating from high school in the early 1970s, John Ferolito and Don Vultaggio bought a used VW bus for a couple of hundred bucks and started a beer distributorship. They delivered low price beer and soda to homes and grocery stores in Brooklyn.

They chose to specialize in the tough neighborhoods, the high crime ghettos that most distributors avoided. It worked. Soon they were running several trucks and thinking about bigger things.

They figured that climbing the distributorship hierarchy would probably take longer than they wanted, so they decided to make their own product. After striking out with a product named "Spence and Wesley," the pair made a splash with a malt liquor named "Midnight Dragon."

Midnight Dragon was a relatively undistinguished malt liquor, but the men pushed it hard. They hit the streets every night to talk up the drink. They personally thanked bar and club owners for their orders and they started an advertising campaign that got them noticed.

The problem was it got them noticed for the wrong reasons. They created a suggestive add for Midnight Dragon that showed a woman wearing red lingerie and sipping Midnight Dragon through a straw. The tagline, "I could suck on this all night" drew fire from the National Association for Women. It was withdrawn.

Their next product was another malt liquor that they named "Crazy Horse" They sold the product in New York and five other states. The US Bureau of Alcohol, Tobacco and Firearms (ATF) approved the product for sale. Things looked good.

Then, in 1992, no less a personage than the U.S. Surgeon General dubbed the brand "an insensitive and malicious marketing ploy" aimed at Native Americans. The Surgeon General apparently thought that the brand was intended to increase sales to Native Americans and would increase already-high levels of alcoholism in that community.

The ATF quickly reversed itself. It now claimed that the dark color of the product, the clear glass packaging and 40 ounce bottle, "all combine to create the misleading impression that the product is a bottle of whisky." Lawsuits followed.

By this time Ferolito and Don Vultaggio had been trying one thing after another for twenty years. Like Sykes, they were about to encounter a perfect storm of opportunity. Like Tom Stemberg and Leo Kahn, they would meet opportunity with the skills they had developed in two decades in business.

Americans were becoming more and more weight and health conscious. One reporter had actually criticized their Midnight Dragon malt liquor because it would "play a part in the cycle of poor nutrition that is approaching crisis levels in the inner city." That consciousness was about to work in their favor.

In the preceding two years, over two hundred ready-to-drink iced teas had been released. Most came from big players like Lipton. And there was also Snapple.

Snapple had been founded in Brooklyn about the same time that Ferolito and Vultaggio were starting out. In 1992, they were still independent. So Snapple provided inspiration and, perhaps, a squirt of competitive juice.

They were, in their own phrase, "beer guys." They didn't care much about the New Age. But they knew opportunity when they heard it knocking. As it turned out, they knew more than anyone might have guessed.

They knew how beverage wholesaling worked. They'd been doing it for twenty years. They knew people who could help them.

And all that time out on the street and in the stores and clubs and bars and bodegas selling malt liquor and talking to store and bar owners gave them an idea of what it took to sell in the store in front of the cooler. Here's how Don phrased it once when talking to a reporter.

"You know how much time you have at the cooler when the consumer's thirsty? A split second. Make it easy and they'll buy it."

So what did easy mean? It meant light colors and a big can, called a tallboy. It meant selling 20 ounces for the same price that Snapple asked for 16 ounces.

Easy meant a good name. Vultaggio stood in front of the map in his office. "Where is hot?" he asked himself. "What sounds good?" The name Arizona Iced Tea seemed right.

It had to be a product that people would buy more than once. They had to like it. All that time on the street paid off. Ferolito and Vultaggio knew that sweet worked. They started using a better quality sweetener to make their iced tea sweeter than Snapple.

The company shifted its focus from beer and related products to New Age drinks, including a variety of teas, fruit juices, organic juices, and energy drinks. Even as good guys, they couldn't avoid controversy.

One of their products was Southern Style Sweet Tea, imitating the sweet tea popular in the South. The label showed a couple on the porch and a third person walking away from the house. Some people thought that person was a slave heading out to the fields on the plantation.

In 2008, without much fuss, the company changed the label. Now it shows two steamboats on the river in the moonlight.

When opportunity comes calling, you have to be ready. That means you have to recognize it for what it is and be ready to marshal your resources to seize it. It's likely that your ability to sense the opportunity will grow out of your experience.

At Sykes, the company was already good at engineering, technical documentation and software. They had a reservoir of skills to help seize the outsourcing opportunity. At Ferolito, Vultaggio & Sons, two decades of wholesaling and marketing had given them the skills to not only recognize the opportunity that ready-to-drink tea represented, but also to make the most of it.

When you think Opportunity Strategy, think "game-changer." An Opportunity Strategy is something different from what everyone else in an industry is doing.

For both Home Depot and Staples, the opportunity was bring low price, broad selection, and convenience to a part of the market that wasn't being served. For Keller Williams, the opportunity is changing the nature of a real estate franchise to be more agent-friendly. For Ferolito, Vultaggio and Sykes the opportunity was something at the edge of their business that was created by changing market conditions.

The ability to spot a big opportunity will probably grow out of your own experience. You're more likely to either see an opportunity in your own industry, or see how you can apply an idea from an industry you're familiar with to a new industry.

No matter how good the opportunity is, you are the one who will see it more clearly than anyone else. You will have to convince everyone else that you're right. Tom Stemberg sums it up this way.

"No one can see a new enterprise's potential—and the steps needed to fulfill it—as clearly as the person who is risking his or her livelihood on the idea."

Opportunity Strategies take you to the place where legends are made. Maybe it's your opportunity to become a legend.