

# Survive and **Prosper!**

**Build your business in tough times  
through smart marketing tactics**

- 
- **Fine-tune your business for greater profitability**
  - **Develop a sustainable business**
  - **Build closer relationships with your customers**
  - **Gain new sales leads**
- 

Ian McBride  
Glen Senior

**Survive and Prosper!** Build your business in tough times through smart marketing tactics

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*Marketing your Small Business in New Zealand*

*Small Business Survival Tactics*

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As workshop and seminar trainers and in one-to-one business coaching sessions we often learn as much from the small business people as we contribute. Small business people are the real heroes of the book. Their stories about how they've built businesses and overcome challenges have been inspirational and we have enjoyed passing on some of their knowledge and experiences to you.

## Chapter 1

# Create your business roadmap

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## Introduction

To ensure your business survives and prospers, you need a business strategy. This means developing a strategic vision for your business and then positioning it in the marketplace. This strategy will become the roadmap for your business.

### Why you need a strategy

#### Direction and focus to your business

The purpose of a strategic vision is to give direction and focus to your business. The strategy should aim to inspire both you and your employees, because people work best when:

- They know there's a purpose to what they're doing.
- Their tasks are part of a thought-out plan.
- They have challenges and targets to meet.

#### Developing a broader vision

Strategy involves thinking about the overall direction of your business. That means thinking about what's happened in the past few years and what you'd like to happen in the years ahead. To do this you have to lift your vision above all your day-to-day activities and answer these questions:

- Where has your business come from?
- Where do you want your business to go?
- How are you going to get there?
- What do you want to achieve in the next few years?

#### You also need a strategy because:

- Your customers change
- Technology changes
- The environment and the marketplace change
- Competition changes
- The types of products/services you offer will likely change.



#### Products and services

In this book we'll often use the word **product** to include the **services** you offer. Remember that each of your services (your products) also includes a service component (the way you **look after** your customers, such as a money-back guarantee, follow-up or after-hours visits).

So products and services mean your product (either a physical widget product or a service product, such as lawn mowing) plus the additional services (guarantee, home delivery, etc.) that are linked to that product.

All of these involve strategy and strategic thinking. **The most successful businesses are those with a definite strategy.** Their strategy is what enables them to survive the changes and turbulence in the world around them. It gives purpose, logic and direction to their marketing plans.

## Developing your strategic thinking

### Gain some distance

Most of us get so wrapped up in the day-to-day operations of our businesses that we never get a chance to think about the direction of our businesses. That's why taking a day or a weekend off to do some quiet thinking somewhere away from your business can be so productive.

### Gain employee 'buy in'

If you have employees, include them in your strategic thinking. There are two good reasons for this: firstly, your staff can help sharpen and enhance your strategic thinking. In their daily dealings staff in many businesses are closer to customers than owners or managers and therefore have much to offer in the way of feedback.

Secondly, involving staff increases their 'buy in' to the strategic planning process. Instead of just imposing a strategic plan upon them, you're asking for their input and including their feedback in your strategic vision for the business. As a result they're likely to be far more committed to the strategic vision. And everyone performs better when they know where they're going and what steps they need to take to get there.



### Strategy versus tactics

The difference between strategy and

tactics is really quite simple.

**Strategy** describes your broad direction and goals, while **tactics** are the actual methods you choose to achieve your vision. Strategy is visionary, tactics are practical.

So strategy involves thinking about the direction you wish your business to take and what you'd like it to look like in the future.

Tactics involve planning the specific, practical steps you need to take to achieve your broader strategic vision.

## A two-hour strategy session

### Where you are now

Make a start by analysing your present position, for example:

- What's changed over the last 5 years?
- What will happen in the next 5 years?
- What trends should the business take note of?

### Also think about:

- Your position in the market
- The state of the market (growing, stable or declining?).
- Your present marketing strategies, such as distribution channels, strategic alliances and promotions. What's working and what isn't? For example, do you need to offer some e-commerce options to customers?

### Where you'd like to be

Now think about what you'd like the business to look like in the future. For example, your current market share might be 15% of the total market and your profit margin might be 36%. You might decide to set two targets as part of your strategic vision:

- 'Within the next three years we will grow our market share to 25%,' and
- 'Increase our gross profit margin to 40%.'

To get where you'd like to be, you'll now need to take some decisions and some steps to achieve those decisions. In other words, both some further strategic thinking and also some tactical planning. The decisions might include:

- Developing your competitive advantage by differentiating your business from the competition.
- Looking for new alliances and joint ventures.
- Repositioning the business in the market (for example from low-priced products and services to top of the market).

These decisions are all **strategic** in nature. In each case you'll need to develop a list of actions and steps to implement the new strategic directions. These steps are all **tactical**—they are the practical means by which you reach your strategic goals.



### Simple and clear

It's important to keep your strategy simple and clear.

Everyone should be able to understand it. A strategic plan open to different interpretations simply leads to confusion:

- You need to understand it.
- Your employees need to understand where you're heading and how you intend to get there.
- Your strategy should also be clear to your customers, your suppliers and other stakeholders (such as lenders or investors).

## So what's your position?

Now the next step is to help you **position your business** in the marketplace.

To survive, every business has to find a successful place somewhere in the market. To find your place you have a number of strategies to choose from. For example, should you be the most expensive or the cheapest?

How you implement your strategies will depend on what type of business you are in, and where you are located. Also, because the problems you face now will not be the ones you face in a year's time, you will need to revisit these strategies regularly.

This means looking at how you want to be positioned in the market. In other words, how you want your customers to perceive you as compared to the competition?

Positioning is often easiest to think of in terms of price. Do you want to be:

- The cheapest?
- The most expensive?
- Best value for money?
- Middle of the road?

What else do customers perceive if you are cheap? This strategy must be in balance. If you're the cheapest, then don't have expensive looking business cards, invoices, letterheads, etc. In other words, be consistent. Don't confuse your positioning or branding or customers will also be confused.

### D. Three common strategies

Here are three strategies to consider:

#### 1. Cost leadership

In this case your competitive advantage lies in being the lowest priced (for example, the large supermarkets or discount warehouses). Note you can also be a cost leader by deciding to be the most expensive. For instance, people *expect* to pay more for a BMW or Mercedes than other cars.

Note that small business owners who choose the option to be cheapest often do so from lack of confidence. For example, a consultant starting up charges less than the competition. This strategy can backfire: potential customers might simply conclude the new consultant is not as good as the others. If this applies to you, self-confidence and credibility are the two issues you need to address.

Beware of trying to be the cheapest.

It's a no-win game for most small businesses.

Unless you have deep pockets you'll likely face competitors who can outlast you in a price war. In addition, why cut your profit margins? You'll need to move big volumes to survive. There's often more profit at the top end of the market.



## 2. Focus

Perhaps you're able to service a particular market better than anyone else (a post shop for locals, a specialist business such as technical equipment repairs, etc.). Rather than trying to be 'all things to all people' you focus on what you do well.

## 3. Differentiation

This involves being different from your competitors. You might have the same product or service as others, but you differentiate it. For example, KFC have taken chicken, a common product, and have made it different.

### The favourites for most businesses

Note that you can often have two strategies working together.

**Focus** and **Differentiation** are the most common small business strategies because large businesses can usually get bulk deals and compete on price.

The chances that you can be the cheapest *and* survive are not good, because you will usually be competing against companies with far more financial muscle than you have.

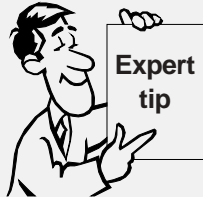
So most small businesses either concentrate on a **particular** market (focus) or try to make their product or service so **different** from the competition that people see the value of this difference.

## Conclusion

Analyse the marketing strategy you may already have adopted (you may have more than one). If you haven't chosen a strategy, then start thinking about how you can remedy this. Your long-term survival depends upon the strategy you choose.

### Then develop your strategy into a competitive edge

How? Make sure you tell everyone. If you are the cheapest, make sure everyone knows it. If you offer a unique service unobtainable elsewhere, all your ads, letterheads, business cards, etc., should display this fact. Build it into your business slogan, for example: "B.J.'s Ocean Fresh Fish—We deliver!"



**Make these decisions first**

You can see that these strategic decisions have to be made **before** you even think about who to approach, how to advertise, or what price to charge.



**Tips on competitive advantage**

You'll get more help and tips on how to develop your competitive advantage later in the book.

If you specialise in a different market, again, continually inform your customers about this fact.

For example, a muffler business made the mistake of simply advertising:

“We fix mufflers.” This was hardly earth-shattering news.

Actually, they did have an effective strategy, but they just didn’t recognise their market position. Since they operated in a new industrial section of the city they should have been focusing on people who were **working in the area**.

What they needed to emphasise, therefore, was a **focus strategy**:

“We are convenient”

“Drop your car off—we’ll take you to work”

“Locally based to serve your needs”

“Enjoy a free coffee while you wait”.

And then they could add to this:

“Two-year guarantee on parts”

“Owner has 12 years experience”.

The idea, therefore, is always to inform people **what strategy you have chosen**: what makes your business stand out from the others. Don’t force them to guess—because they won’t bother.

## **What you've gained from this chapter**

- ✓ A strategic longer-term vision for your business is an essential management tool that gives direction and focus to your business.
- ✓ The most successful businesses are those with a definite strategy that's clearly communicated to, and shared with, staff and other stakeholders.
- ✓ Think carefully about the way you want to position yourself in the market.
- ✓ These decisions have to come before you plan your marketing.

### **Action steps**

Create an action list for the ideas from this chapter you want to implement, assign responsibility for each task, and a budget if necessary.

Do this NOW or it will never get done!

# Are you listening?

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## Introduction: why listening is critical


To sharpen your strategic thinking and strengthen your position in the marketplace you need to know more about your customers, and more about the marketplace itself.

This means doing some market research.

It means listening to what customers say, and then improving your business accordingly.

The good news: it's not that difficult, especially if you **build it into the way you do business**.

There's always a constant flow of potential market research in and around your business operations. You just have to know how to identify and capture it for your use. This links to a key point about market research: you need a **constant flow of feedback** because both people and the market change and you need to keep up with these changes.



No need to be put off by the formal sounding term 'market research'.

The process of gathering productive information for your business is really much simpler and more straightforward than it sounds.

## All marketing should be centred on the customer


The secret of marketing is to look at your product from the customer's point of view. Everyone is selfish when it comes to buying something. The basic question consumers are always thinking is: "What's in it for me?" (WIIFM). Good marketing must therefore always be customer centred. To find out what customers need, want, and feel, you need market research.

Most businesses conduct very little research because they are unsure how to go about it properly. This is a real weakness, because

**market research is essential for the survival and growth of your business.** It enables you to improve the competitive nature of your business and reduce your risks.

Market research means collecting information, analysing that information properly and then making the correct business decisions based on your analysed results. It's all about **minimising your risk and improving your business**.

Evidence of solid market research also forms an essential part of your business plan and your marketing and promotion plans. In addition, if you're starting a business, or looking for finance, then the people you approach for help will surely demand some evidence of market research. After all, why should they lend you money if you don't have any evidence that the business is likely to succeed?



Don't skimp on market research: it's the key to your success, both in the start-up phase and also when your business is up and running.

## Market research before you start a business

Far too many small businesses fail because they leapt into projects or ventures without proper market research. There's no need for you to join their ranks! And it's certainly not sufficient just to think that customers will want your products or services.

**Intuition or 'gut feel' is just not enough.** This is one area where it's crucial to do your homework. Market research is part of the process of minimising your risk.

You'll essentially be conducting two types of market research:

- Research on **specific questions**, and
- More general research on **what's happening in the industry**.

### Specific questions that need answers

Most new businesses need to answer these questions:

- **Do people actually want my products or services?** To discover if there is a demand you could conduct a **focus group** (explained shortly) and ask people what they think of your new business idea. Another alternative is to **start the business part time** (such as in the evening or weekends) to test the demand. Also ask as many people as you can about the idea and if they think it will work. Include friends and family that may be in business as well as professional people such as accountants and small business advisers.
- **What can I charge for what I'm going to do?** It's certainly important to find out what the competition is charging because you'll want to take this into account in setting your own prices. If you have a new product then you may want to conduct a focus group or survey the public to ask what they might be prepared to pay for your intended product or service.
- **Where should I locate?** If you are a retailer then consider who will form your target market (let's say two income families). Now find a statistics source for demographic profile of your area that will highlight in which regions or suburbs these



### The revealing moment

To market effectively you

have to know what people really like about your product or service. One of the best ways is to find a **product champion**: someone who's really enthusiastic about your products and then listen **very carefully** to what they tell you.

Keep asking and probing gently for that special insight: the illuminating moment that tells you something new about the way people feel regarding your product or service.

The reason(s) they chose your products might be very different from what you imagine your product strengths (and weaknesses) to be. That special insight is the golden nugget that you can build your advertising around: the 'grabber' that will attract other customers like your product champions.

people live. This will help you decide where you should locate. If you are a service business or manufacturer, location is less important, so you might perhaps choose to locate in a home office for a start, or near to a main road with lots of parking.

- **What's the potential profit in this business?** Many people get into business hoping to make a fortune, only to find out that even if they are flat out every day, they will only ever be able to make a normal wage, and not the millions they thought. Do your homework *before* you commit!
- **Have people seen it?** If you have samples of what you intend to make, import or deliver then don't be afraid to show people. You'll gain much more in sharing the concept and getting feedback than keeping it a secret.

### What's happening in your industry?

You also need to collect information on the market and the industry you intend entering. Questions you'll need to answer include:

- Is the **total market big enough**?
- Is there **room for my business**?
- Is this sector of the market going to **expand or decline**?
- What's **happening generally in the marketplace**? Is this a good time to start up?

### To find out more about the industry, you can:

- Join local business organisations or networks and attend their meetings and seminars.
- Go into competitors' businesses to spy on what they do and see if they are busy.
- Contact similar businesses in different towns or cities. Most will be helpful.
- Ring up suppliers who may be selling your product and get some industry gossip.
- If you can, talk to any people that have previously bought the product or service that you intend to supply. How happy are they? What could have improved their experience?
- Go to exhibitions and trade shows; attend seminars or small business courses. Join the local Chamber of Commerce and your industry or professional associations.
- Talk to various professionals and advisors such as accountants, lawyers, bank managers, insurance brokers, media representatives, your local council.
- Talk to government departments that affect you or your industry.
- Visit libraries and read overseas publications, magazines, and newspapers from other countries. Read small business books, watch videos and listen to tapes.



The Internet is one of your best sources of market information.

Study competitors' websites then use search engines such as Google and Yahoo to find out what others are doing and charging and what's happening in overseas markets.

## If you're already in business

Market research doesn't stop once you're up and running—it's vital to sustaining your success. You should continue to ask **all** the questions raised above as if you were setting up a business.

Once you're in business market research is essential to help you look ahead, keep up with your competitors and with the ever-changing needs of your customers or clients. Rather than just making decisions based on your own 'gut feeling', market research will lead you to insights and therefore to more informed, better decision making.

For example, how can you ever hope to improve your products and services unless you know what customers really think of them?



**You can keep it simple**

Remember, market research doesn't have to be complicated. Keep it simple and build it into your business operations.

For example, make asking a few key questions part of your House Rules for all staff (including yourself!).

If staff can see the improvements to the business resulting from market research they will also take it far more seriously.

## Creating effective and automatic feedback systems

Give some thought first to the **kind of information you need** to improve your business. Once you've thought this through, you can design simple systems that allow you to retrieve this information.

Many of your normal, daily business operations generate information you can capture and use to improve your marketing. For instance, every time you raise an invoice, you need the name and address of the person or business you're invoicing. It makes good sense to capture and store this information in a database. You might also decide to store details of what the customer spent. A good database will then allow you to sort and sift this information later on, so for example you can tell:

- **Who** are your best customers (so you can concentrate on them).
- **Where** do they live (so you can target those areas). Use your database to sort customers into regions, cities, towns, or suburbs.
- **How much** they spent (so you could offer them loyalty retention schemes or discounts).
- **What they bought** (or didn't buy) so you can identify your core products and sell them complementary products.
- **How often** they bought (so you can offer them refills or replacements at the appropriate time).

### You might also want to know:

- What your customers **think of your business**, and **how it could be improved**.
- **Should you develop or offer new products or services?** Ask customers via a survey or focus group.
- What is the **average value** of a sale (so you can adjust your product/service mix: add up all sales for each day over a one-month period, and divide by the number of transactions).
- **Which times of the day are we the busiest?** Conduct a time study on phone calls and customer sales for one week.

### Involving and training your staff

Both you and your staff can conduct a lot of market research yourselves in the course of running a business. Giving some thought to the kinds of information you want to capture from customers (both written and oral) is one part. Another is getting more out of daily customer contacts.

#### For example:

- Encourage your staff to become more aware of this information gathering process by explaining clearly how it can be used to improve the business.
- Train them to ask customers specific questions (for example, at close of the sale: “What other products or services could we stock to meet your needs?” or: “Would longer opening hours be of interest to you?”)
- Ask staff to keep a record of interesting snippets and responses from customers so that this information is not forgotten.
- Hold regular staff meetings specifically to exchange market research information you have all gathered and to work out smarter ways of gathering more. **If staff know that these meetings are coming up, they will be more likely to take the process seriously** and come to the table with something useful.



#### The one essential question

Always ask new customers:  
“How did you

find us?” or “What made you choose us?” The answers will reveal:

- Which part of your advertising is working.
- Whether your investment in that Yellow Pages ad is earning its keep.
- Whether you are getting word-of-mouth referrals, and so on.

It’s vital to monitor these things so you can improve and sharpen your marketing spend.

- Discuss at these meetings what improvements you could make to the business in the light of the information gathered.
- Make them aware of any business changes or improvements you do put in place and be sure to give recognition to individuals for good ideas or research gathered.
- Put specific staff members in charge of certain market research areas. For example, you could assign a person with strong computer skills to Internet research (such as competitor's websites, or spotting international trends and developments in your industry). Another person who enjoys reading could keep a scrapbook of competitor newspaper ads and useful articles in industry journals.
- Allocate funds for market research in your budget. The average business spends less than 1% of its turnover on market research, but you don't have to be bound by this. For instance, when you're starting a business, you'll need to put in some intensive market research. Set your own budget by considering how important market research is to the ongoing viability and growth of your business and what resources you need to get the appropriate information.



One of the keys to good, on-going market research is to **create and put**

**in place systems in your business to provide you with useful marketing information.**

A simple example is to make sure your salespeople always ask customers how they found your business. By making sure these systems are **always followed**, you create a powerful tool for both managing and improving your business.

## **Don't forget your competitors**

You also need to know what your competitors are doing and planning:

- Keep a file of their ads and research their website if they have one.
- If they have a stand at a trade show, get someone to pick up all the promotional material they're offering: there's usually heaps on offer.
- Talk to customers who also buy from competitors. Why do they use the competitor and what would it take for them to change?
- Mystery shop your competitors: visit them yourself (or send an employee or friend if your face is known) to buy something.
- Order something from them by phone or online to check their efficiency and service.
- Use all these tactics to assess their products, service, efficiency, friendliness, etc.

Now draw up a list of what you can do **better, faster, more efficiently**, and so on.

**Action your list!**

## Summary: what market research reveals

Market research helps you to identify threats and opportunities in the market place. It gives you the information you need to make informed decisions. The more accurate the information, the better the decision. Market research therefore reduces the risk involved in making these decisions. It also reduces the risk of not being able to make good decisions because you didn't have the information at hand (for example, a change in the market that catches you by surprise).

### Market research helps you to:

- Identify new products or services.
- Spot or anticipate market trends or changes—the earlier the better for your business!
- Find out if your customers are satisfied, and if not, what is wrong.
- Keep one step ahead of your competitors.
- Spot trends or warning signals in your own business and take early remedial action.
- Decide which advertising medium works best for your business.
- Keep up to date with new technology in your industry.
- Determine if a new idea is likely to be viable or not, and so on.

## The power of focus groups

Focus groups can provide powerful insights.

Suppose you're in an existing business and you want to find out what your customers think about a new service, product, your back-up service, or your staff—any issue where you want an honest, unstructured response from your customers (that is, not simply filling out a questionnaire).

One way of doing this would be to collect a group of about five to 10 of your customers who can help you brainstorm suggestions and improvements. Market researchers call such a group a 'focus group'. It doesn't matter here if you are a retailer, service or manufacturing business, because the same tactic works well.

Two keys to a good focus group are to:

- i)** Get a mix of current customer participants (or similar people)
- ii)** Eliminate any bias by making sure that none of the participants have met before.

## Gathering and running a focus group

How do you get your customers (or clients) together? Here are three suggestions:

- 1. Offer refreshments.** The easiest way is simply to invite the selected few to breakfast, lunch or dinner. If you've fed and watered them they will feel some obligation to reciprocate by offering useful feedback on your business. The exercise might cost you anywhere from \$100 up (depending on what you provide), but to put this in perspective, remember that specialist marketing companies will sometimes charge thousands of dollars to conduct this type of research. So if consultants are beyond your budget why not try it yourself?

At the appropriate moment introduce the subject you would like discussed, for example: "Have you had any problems with our staff recently?" or: "What would you think if we had to increase our prices, but offered free delivery", etc. The possibilities are endless.

- 2. Use a facilitator to run the group.** It's often best to get an outside person to run the meeting and take notes on the comments. There are two dangers if you're present. Firstly, customers might hold back on useful criticism because they don't want to offend you, and secondly, you're often so close to the business that you might influence proceedings without realising it. The job of the person controlling the group is to introduce the questions and then makes sure everyone has a say and no one wanders off the topic.
- 3. Make it a research project.** Contact one of the local tertiary education providers (university, polytechnic, etc.) that runs marketing courses. Volunteer your business as a research project, and emphasise that you are looking for a focus group exercise to be completed. If you do manage to get trained students to do the research for free, you could donate a prize of \$250 to the student who submits the best project (nothing like a cash incentive to get students working!).

You could then get additional publicity out of the whole exercise by issuing a brief press release to the media, with a photo of you handing over the prize money to the student, showing how you are supporting local students, and how they are getting the benefit of a real business to research on. This way, you kill two birds with one stone: low-cost market research **and** free publicity!

This last suggestion (make it a research project for students) offers a very inexpensive method of gathering useful, high-quality information about your business. It's especially effective if you're looking to launch a new product or service and you're unsure about the viability of your idea.

## Two focus group examples

### 1. A dry-cleaning business

A focus group to discuss a dry-cleaning business produced these insights:

- Taking clothes to the dry-cleaner was a bother for many customers.
- People chose certain dry-cleaners over others because of **convenience of location**, **quality of job**, and the **price** (in that order).
- In some households the female made the decision about who to use for all the dry-cleaning.
- In other households the female and the male split the decision, as each was responsible for their own clothes.
- The name of the business was discussed, and the owners were reassured that it was an effective name to use.

This information was used to:

- Provide better customer service by offering a pick up and delivery service.
- Focus on which type of person to target as the decision maker.
- Evaluate the location of each outlet for convenience, and
- Develop more effective quality checking procedures on all dry-cleaning.

### 2. A food products business

A focus group was organised for a small business producing Mediterranean-style food products. The group focused on the pita bread the business sold to supermarkets.

Insights included:

- The product description of the product's benefits compared to other foods should emphasise more strongly that it was quick, convenient, and versatile for different meal options.
- A major find was people's expectations of price: the focus group participants indicated that they would pay more for the product than the company thought.

This information gave the business ideas on what benefits to push when promoting the product, and what to say on the packaging.

Also, before launching into the supermarkets, the owners were able to raise prices from original levels, giving the business a higher margin. So pricing in this case ended up being customer-led pricing, not cost-plus pricing.

## Summary


These two examples show how focus groups can offer you a relatively inexpensive method of obtaining relevant market research to help you make the right decisions about your business. Focus groups are excellent for obtaining information that is usually very hard to collect, in particular, how people **really** feel about your business.

## Using questionnaires

The way to survey larger groups of people (and survey them more regularly than you're likely to hold focus groups) is through questionnaires. With focus groups you're dealing with much smaller groups of people, but you're likely to get more accurate, in-depth information. For example, people answering questionnaires can exaggerate things like their income or how much they buy, or perhaps give answers that they think will please or not offend you. Nevertheless, questionnaires (printed or emailed) can be useful ways of gathering customer information.

### Tips on getting customers to respond

- Ask customers to fill questionnaires out after they've ordered, or fill them out yourself by asking some simple questions at the point of sale in your business.
- Tell them that the questionnaire will help you give them better products and services in the future.
- Thank them personally for filling in the form (for example at close of sale). You could also give them a small gift (sweets for the children or a discount voucher).
- If appropriate, let them know that filling in the form gives them free entry to a competition with great prizes. Be sure to publicise the winners.



**You must ACT!**

Remember you are imposing on the goodwill of your customers by asking them to fill out questionnaires. So:

- Don't waste their time
- Keep it simple
- Only ask essential questions.

Most important, don't ask them for feedback if you're **not prepared to act** on the feedback. You're wasting their time—and yours.

- Emphasise that the feedback will be treated as strictly confidential and that you **never** share customer information with other parties.
- Do a phone survey: call a selection of customers and ask them questions. Introduce yourself, then follow a written script to make sure you're consistent and don't forget any vital questions.
- Post the questionnaire with a small gift. People who receive a gift before they fill in the questionnaire will feel more inclined to reciprocate by sending back the completed questionnaire. Even enclosing a stamped envelope will greatly improve the return rate.
- Email the questionnaires with an incentive to respond.


### Feedback—and action

It's important to report the findings to your customers. If you have a retail outlet, then pin up a copy of the results of the survey—and what action you will take.

If you don't have a location, then mail or email a copy of the results to all clients (a good excuse to contact them) or report on the results in your newsletter. The important point is that you are harnessing a powerful force if your customers think they can influence your business for the better—suddenly they are helping you run your business for you!

If you decide against a suggestion, simply tell them why ('It's too expensive' is always a good stand-by).

You're wasting your time if you collect opinions off your customers, and then decide not to take any action anyway. **You must be committed to believing the results you get.**



**Risk minimisers**

Contrary to much popular opinion, good entrepreneurs are not risk takers; they are **risk minimisers**. Successful entrepreneurs do the market research necessary to establish that their ideas will fly, not crash. Otherwise they wouldn't be successful for very long...

## Three final thoughts

### 1. Market research dates quickly

Research completed over a year ago is probably useless. You need a constant fresh flow of marketing information to run your business intelligently. So build market research into your daily business operations.

### 2. Shop a competitor

You should 'shop' a competitor once every few months (either visit, ring, or order their promotional material/catalogue or order from their website). If you will be recognised then get someone whom the competition will not recognise. When is the last time you bought something from a competitor? Twice a year is essential.

### 3. Take some action!

Lastly, but most importantly, **take some action!** Why not just try one piece of market research? Don't just read this chapter and then forget it. A minimum recommendation every business could implement the following:

- **Calculate the average spend.** Go through your records and calculate the average spend of each customer. Work out how much an additional sale has to be to get an increase of 10%. For example if the average spend is \$15, then you need to get each customer to spend another \$1.50 to get sales up 10%. If the average spend was \$1,000 then each customer needs to spend another \$100. Then put in front of every customer a special deal to gain this additional \$1.50 or \$100 (as the case may be).
- **Invite selected people to lunch.** Invite five people for lunch that you think can give you some industry or market information.
- **Ask two key questions.** For one week ask every customer to fill in a questionnaire that asks only two questions: "What do you like about our business?" and "What could be improved about our business?" Act upon any trends or problems you have been unaware of.



### Be curious and keep in touch

You can always do more conscious market research yourself, such as 'management by wandering around.' Especially as your business grows, don't cut yourself off from customers or the daily routines of your business.

For example, Sam Walton, the founder of Wal Mart, was famous for the time he spent wandering around his stores, talking to employees and customers. He used this 'coal-face' information to build and fine-tune the largest and most successful chain of stores in the United States. All business people can learn from his example.

## **What you've gained from this chapter**

- ✓ Market research is critical to your business success. Keep doing it!
- ✓ Market research is how you prove to lenders and investors that you've done your homework thoroughly.
- ✓ Market research can help you build a more profitable customer and market-centred business.
- ✓ Market research can be built into the way you do business to produce a steady flow of information and feedback.
- ✓ Use tools such as focus groups and questionnaires to gain useful market insights.
- ✓ If you gather information from customers, be prepared to act on it, otherwise you're wasting your time.
- ✓ Market research dates quickly, so keep doing it.

### **Action steps**

Create an action list for the ideas from this chapter you want to implement, assign responsibility for each task, and a budget if necessary.

Do this NOW or it will never get done!

## Chapter 3

# Getting value for every dollar

### Chapter topics

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## Introduction: determining your marketing spend

“How much should I spend on marketing?”

This is one of the most frequently asked questions by small business owners. There is no ‘one size fits all’ answer, but there are some definite ways to make your marketing spend more productive and less wasteful. The smaller your business, the more important it is to get the maximum bang for your dollar—and every business should be pursuing this goal.

Problem is, many businesses throw money at marketing because they ‘feel they have to’ or it’s the ‘accepted practise in the industry’. The result is often that they have no idea where their money is going.

Let’s try to be smarter than that.

## What to avoid

Let’s start with the tactics that aren’t so smart and therefore can be wasteful.

### 1. No idea at all method

Some businesses don’t have any budgets, and just use this ‘seat of the pants’ method by advertising either when they feel that sales have slipped and they need extra business, or when they get sweet talked into advertising by some advertising salesperson (“Buy now and we will give you 50% extra free!” Ever wondered why they offer you the freebies? Usually because it’s such a dumb time to advertise that all their regular clients are not interested and the sales rep is desperate!).

Many businesses are just too busy during certain times of the year to think of advertising, and if they did, it would be a waste as they would not be able to handle the work anyway.

Suddenly, however, sales fall (perhaps due to seasonality) and **then** the business starts advertising. But this could be a waste of money as often you’re advertising at the wrong time, or advertising to get instant sales, which is unlikely to happen.

So the problem is that their advertising money is spent during slow times (this hurts), and that it is spent to fix a problem instead of to create new opportunities.

### 2. Whatever you can afford method

Here you just spend spare cash (yes, spare cash may exist!) on advertising. So the advertising is dependent on cashflow. During the good times you advertise more, during the bad times you cut the advertising.

The danger here is that if business falls, and you cut advertising, then the situation is likely to spiral out of control. How can you climb out of the situation when there is no money for marketing?

### 3. The percentage of sales method

This is a popular method. It typically involves working out at the start of the year what percentage of sales you want to spend on advertising. For example, if sales last year were \$400,000 and you decided to spend 5% of sales on advertising, then you'd have a budget of \$20,000 ( $\$400,000 \times 5\%$ ).

Between 3% and 6% of sales seems to be the average, but the figure obviously depends on what industry you are in. For example, here are some typical advertising-to-sales percentages for marketing budgets in various industries:

Couriers	2.1%
Rental cars	2.9%
Hotels/motels	3.8%
Sporting goods	5.0%
Coffee shops	5.6%
Computers	5.1%
Games and toys	18.4%

So the spend can range from around 2% to 18% or more. The percentage you choose will likely depend both on your industry and also on your particular business. If you are a retailer, then you will spend more on advertising than a manufacturer (who is likely to concentrate on personal selling to suppliers). If you're starting up, you'll need to spend more heavily to get established, and so on.

The problem with this method is that it's a formula, and worse than that, a 'one size fits all' kind of formula. You may not actually need \$20,000 worth of advertising to achieve your sales target. What if you can only do so much? If \$8,000 spent on marketing creates enough work for you to be flat out, then the other \$12,000 is just being wasted.

### 4. The 'whatever the competition are doing' method

This is the cheat's way. Find out what the competition is doing and then spend a similar amount on similar promotions. This approach has an obvious problem: what if the competition has been using method number one—the 'no idea' method?

For example, most of us during our business lives have seen well-known large businesses going into bankruptcy despite spending large amounts of money on TV and radio advertising. Now if you had copied one of these businesses, you might have found yourself in difficulties as well.

Never think that the competition or larger businesses know what they are doing, because often they don't. Many large companies throw away thousands of dollars on wasted promotions. You don't have to watch many TV ads to realise that some of them are a real (and very expensive) waste of money.

Then again, copying the competition is basically a feeble strategy anyway. You should always strive to be one jump *ahead* of the opposition.

## 5. The objective and task method

This is a method that makes more sense. Here you decide on your objectives, and then the tasks that will help you achieve those objectives.

At the start of the year, you select your marketing targets for the next 12 months. Work out what you want from each of these targets (such as 100 new customers, or each existing customer to spend another \$100, or a 15% increase in the average sale, or whatever).

Then state specifically what you want to do to achieve this, estimating how much it will cost (common sense will give you guidelines, for example, a small business will not be spending \$100,000 on TV advertising).

Complete this exercise for each of your targets, then add up all the costs. This will be your marketing budget for the year. Table it in a simple spreadsheet and it starts to look like this:

<b>Promotion Plan (including budgets)</b>							
<b>Target: Survey existing customers, increase sales by 30%</b>							
<b>Task</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>June</b>	<b>Action</b>
Questionnaire	\$400					\$400	Bill
Direct mail new products	\$2000						Jane
Direct mail special sale			\$500		\$500		Jane
Complementary selling	\$100	\$100	\$100	\$100	\$100	\$100	Joe
Competition				\$200	\$200		Me
<b>Total monthly cost</b>	<b>\$2500</b>	<b>\$100</b>	<b>\$600</b>	<b>\$300</b>	<b>\$800</b>	<b>\$500</b>	

## Your promotion plan format

If you spreadsheet the promotion plan, you can add more columns to keep the plan on track. Here's a format for a simple promotion plan that's practical **and** leads to results:

1. **Targets**
2. **Objectives**
3. **Tactics**
4. **Implementation**
5. **Timeline**
6. **Budget**
7. **Evaluate**

Let's go through each in turn:

### 1. Targets

Here's your opportunity to use all that market research to identify the exact types of customers you want to sell to over the next year. These targets could be your existing customers or new customers.

For example, your targets for next year might be:

- Existing customers who have spent over \$1,000 with you.
- Customers in a different town or city that match the profile of existing customers.

### Any other types?

If you sell to a certain type of person, then are there any other types that will also require what you sell: for example, retired people? Or any other type of relevant target group of people interested in what you sell?

The whole point here is to establish exactly the targets you're going to spend most of your marketing efforts on in the coming year. It's impossible to market to everyone (both too hard and too expensive), so instead just concentrate on the targets that you have listed.



### Complete it yourself

Most smaller businesses don't need a full marketing

plan or in-depth study. You have a simple operation, know what you are doing and any information given to you that is not going to help your business immediately is probably irrelevant.

Full-blown marketing plans are usually written to impress lenders—that's another game altogether. What we're interested in here is a simple promotion plan outlining the tactics you're **actually going to use** to achieve your marketing goals.



### Specific targets

Effective marketing plans aim at specific targets

rather than the whole market.

## 2. Objectives: be specific

List what you want to achieve for each of the targets mentioned above. It pays to be as **brief** as possible, and to **quantify** (make measurable) as much as possible. If you look at the target of existing customers who spend more than \$1,000 with you each year, then an objective of ‘keeping them happy and getting them to spend more’ is not much use—it’s too vague.

It’s much more practical to state your objective as: ‘to assess customer satisfaction of all customers who spend over \$1,000 each year, and on average get these customers to increase their yearly total by 30%’.

### Short and measurable

Keep the objective **short**, and keep it **measurable**. Use numbers so you can evaluate if your marketing plan is working or not. Did you get an extra 30% from these customers or not?

You can easily monitor this by adding up the total sales from these targeted customers at the end of the year to see if you have achieved that 30% increase.

## 3. Tactics

Now you have to write down what you’re going to do to achieve your objectives. Using the above example, your objective is in two parts:

- a) Assess customer satisfaction (so you can retain them, get more sales and referrals).
- b) Increase target customer sales by 30%.

Hmmm... Let’s think of exactly how you can achieve this.

### a) Assessing customer satisfaction

The easiest way to achieve this might be to send out a brief survey to all your important customers. So the tactic is to contact these people, either by email or ordinary mail.

All businesses should build a database of names and addresses, both physical and email. If you don’t have a database, start one today, but make sure you comply with all the anti-spamming and privacy legislation that apply to the countries you market in.

To encourage feedback, offer the chance to win a prize to everyone who replies.



Remember, we’re talking about **marketing budgets**, not **advertising budgets**. Marketing covers **everything** you do that creates awareness of your business, including activities such as advertising, brochures, competitions, free tastings, demonstrations, trade shows, travel, personal selling, direct mail, sponsorships, etc.

## b) Increase target sales by 30%

You might decide to accomplish this by two methods:

1. Email (with their permission) or direct mail each of these customers with updates of new products or services that you offer. If they are one-off customers, then attempt to use them for referrals. For instance, if they thought your service was exceptional, and they recommend you to another person, they will win a prize (or go into a draw for a major prize).  
You could also conduct a special sales evening by invitation only for existing customers (but invite them to 'bring a friend'). Offer extra special deals, along with your normal services.
2. Make a list of products or services that are linked together, so when a customer contacts you, they don't simply purchase one item from you. If you have staff, teach them how to sell all your complementary products or services and put them onto a bonus system for such linked sales (increasing the size of any one sale).

These are just examples: you need to come up with 10 - 15 separate methods or strategies that you wish to start over the next year. If you're short of ideas you'll find dozens in later chapters.

But remember that all these tactics should be specific and practical and explain **exactly** what you're going to do, and in as much detail as possible.

## 4. Implementation

Right—who's going to do it? At this stage, next to each of your ideas, write down the person responsible for carrying out each task. **If you don't assign tasks, chances are nothing will happen.**

For example:

- **Survey existing customers**, design survey, collate results (Bill).
- **Organise direct mail** of sale, special deals (Jane).
- **Organise and train for complementary selling** (me).

Now post an **action list** on the staff notice board and copy everyone with their particular responsibilities highlighted.



### Keep a cash reserve

Always have a cash reserve for

marketing, so you can take advantage of any opportunities that may arise during the year. Remember, you can't always predict what may happen (for example, some action by your competitors). Also, the whole point of being in your own small business is having the flexibility to adapt to market forces and sudden changes.

## 5. Timeline

**Without deadlines, nothing gets done.** So next you have to develop a simple timeline, which lays out all your ideas throughout the year. For simplicity, the example in the box below shows only six months (and we've included dollar amounts, discussed in Step 6).

Now you have a guideline for when items must be completed. If you don't have this timeline, then you're pretty much wasting your time, because you'll find that you will not initiate your promotion plan and these ideas will remain just that: ideas.

## 6. Budget

This involves deciding how much you'll spend per month on each promotion, as the example on the previous page demonstrates.

So how much will it cost? Add up all the columns from the timeline to find out. In this example, it would be \$4,800. Does this amount seem realistic and reasonable in terms of your objectives and what you hope to achieve?

## 7. Evaluate

Now you need to find out: 'Is it working?' Again, you're wasting your time and money if you forge ahead regardless of the consequences. What if your master plan didn't work? Is contacting your existing customers by email or direct mail really the most effective method?

All sales that relate to your efforts must be calculated. This is quite easy in the examples we've used, since you can assess how many sales you've generated from the special sales events, and count the number of replies from any email/direct mail campaigns.

Keeping customers happy can be assessed by the reduction in complaints and queries.



### Can you recover the costs?

At the budgeting point,

look back at your objectives. Ask yourself the key question: "Will a 30% increase in sales from our existing customers generate more than \$4,800 profit?"

Too many small businesses waste money on marketing **because they haven't taken the time to work out that it's impossible for them to recover the cost of the exercise.**

This might be, for example, because the market is too small, or they don't have sufficient capacity or time to do the work.



### Existing customers

Remember it's always easier to sell

more to your existing customers than to people who have never bought off you before.

## Simple and practical

This promotion plan is very simple, practical, and will help you control your business over the next year. **It's a plan that can be actioned immediately, and can be completed and drawn up by you for your own business.**

## Summary of the main points

- Your objectives must be specific, so that when you've reached them, you can choose to stop any further marketing expenditure if you wish to remove any wastage. Of course, you could continue and look for more growth. The point is, **you**—not someone else—make that conscious decision to spend your whole budget.
- **Always** conduct a break-even analysis. For example, if you are spending \$1,000 to get 50 new customers to spend on average \$50, then sales will be \$2,500. Will \$2,500 in sales generate enough profit to cover the \$1,000 spent on marketing?
- You may have a number of methods that you have used in the past, which you know work. Fine, just include them in your plan.
- You may have to spend a certain amount of money just to keep your existing customers and maintain market share. Fine, but again make sure this is in your plan, and you review the effectiveness of what you've always done.

## Finally, always measure

- **Always** have a method of monitoring if your marketing is working or not—otherwise you'll fall into the 'no idea' category of small business owners.

### **What you don't measure you can't manage.**

And what you can't manage, you can't improve. So it's vital that you monitor your marketing. If you don't measure your marketing:

- You can't hope to find out which parts are working and which aren't
- You can't refine and improve the marketing effort
- You won't know whether you've made any money out of a particular promotion.

From this follows another theme sustained in this book:

### **Give preference to marketing methods that you can monitor:**

- Through such techniques as coding, or coupons that people bring in to get discounts.
- Or through systematic customer enquiries ("How did you find out about us?") that help you to judge whether adverts and promotions are earning their keep or need changing.

## **What you've gained from this chapter**

- ✓ You can draw up a simple, practical promotions plan yourself.
- ✓ Objective and task marketing makes more sense than other methods
- ✓ Effective marketing is always targeted
- ✓ Spend time identifying and profiling your target markets
- ✓ Concentrate on just a few target markets at a time
- ✓ Keep your marketing objectives simple and measurable
- ✓ Assign responsibility, timelines and a budget for each tactic
- ✓ Give preference to marketing tactics you can measure
- ✓ Evaluate the response so you can improve and repeat what works

### **Action steps**

Create an action list for the ideas from this chapter you want to implement, assign responsibility for each task, and a budget if necessary.

Do this NOW or it will never get done!

## Chapter 4

# Make sure you're better!

### Chapter topics

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## Introduction

This chapter is all about developing your competitive advantage in the marketplace: a process that's important for both new and existing businesses. You'll find lots of tips and advice in the chapter to help you distinguish your business from others and keep you ahead of the pack.

As goods and services converge (become more like each other) so it becomes more and more important to let your customers know why you are different. But as this chapter shows, competitive advantage can take many forms: the more imaginatively you can distinguish your business, the better.

We suggest you read the chapter with a note pad at hand. Make a list of promising ideas and then discuss with your staff the most important steps to implement.

## Creating your competitive advantage

Why should people do business with you? Why should new customers trust you? There must be some compelling reasons why people choose your business over others. No business can survive for very long if it doesn't have some **real points of difference from other businesses**.

A competitive advantage is what you do better than your competitors. For example, if you've worked through Chapter 3 and you now have a promotion plan, congratulations! You've developed a competitive advantage over most of your competitors because:

- Most businesses don't have a promotion plan—they just bumble along from day to day. By contrast you now know where you're heading and what you're going to do to meet your marketing goals. You're working to a plan; they're not. It's far better to know where you're going and how you're going to get there than simply to climb into a car (your business) and wander off without a road map.
- With a good promotion plan in place you won't have to spend as much money on advertising because of the more focused way you target new customers. More sales and lower costs mean more profit for you. This means you're less stressed and better able to invest back into the business.



**They don't last forever**

Competitive advantages can be short-lived. Markets and circumstances change, and, if your competitive advantages are winning you a greater share of the market, you can be sure your competitors will copy you.

So you do need to revisit your competitive advantages and take measures to sustain them.

## Reducing the risk for customers

Focus and differentiation tend to be the most common competitive advantages for most businesses. But apart from these strategic decisions, there are many other ways of creating competitive advantages for your business. For example, you've now learnt about the importance of market research and customer feedback.

Analysing the results of this research (for example, customer feedback) will allow you to identify various opportunities for creating competitive advantages. Your analysis is likely to show that most competitive advantages are **about reducing the customer's risk** in doing business with you by:

- Adding value to the purchase
- Increasing tangibility
- Building your credibility in the marketplace.

### 1. Adding value to the purchase

If you can show customers that buying from you gives them better value for money than buying from your competitors, you have created a competitive advantage. And that advantage could be the tipping point in their decision where to do business. Here are just a few ways in which you could add value:

#### Better service

Can you offer better service than your competitors? For example:

- Give customers a **choice of many ways to get in touch with you** (phone, cell phone, fax, email, website). The more the better.
- They can **order 24/7** (24 hours a day, 7 days a week) through your website.
- Your staff are more **knowledgeable and have better skill levels** (for example, staff at larger businesses or chain stores often have little product knowledge because they are selling so many different items).
- You offer customers **better after-sales service** such as free home delivery, delivery out of hours or on weekends.
- You **contact customers after the sale** (next day, next week: whatever time period is appropriate) to thank them for their business and check that they are satisfied.
- You **keep delivery promises** and you **keep customers informed** if something goes wrong—you don't wait for them to call you to find out what's happened.
- You **under-promise and over-deliver**. For example, if you need to order goods in and this normally takes 5 days, quote 6 days but deliver in 5 (or 3 days if you can).

- You **use e-commerce** and other tactics to speed up your service and delivery. People increasingly want things now, so the more you can do to satisfy customers' needs immediately, the better. If you can do business faster than your competitors, you can build a definite competitive advantage.

### **Better value**

- You offer **bundled goods or add-ons** to increase the value of your purchase. For example, if you're a hardware store competing against 'big shed' discounters, you sell a power saw with a spare saw blade or half an hour of free training.
- You offer **free demo days** for products bought from you. Or you include a special instruction booklet with hints and tips and short cuts.
- You offer a personal **money-back guarantee**. If your products and services offer good value for money then a guarantee is very low risk for you, but a great comfort to customers and an important incentive to do business with you.
- You offer a **better guarantee** than your competitors. For example, suppose you sell computers. A particular computer brand might come with a standard one-year guarantee. To create a competitive advantage, you extend your guarantee to 18 months. Or offer free on-site repair of the computer if it develops a fault and the loan of a replacement unit if you need to take it away for fixing. If you sell high-tech equipment, you might offer to install and test the equipment and guarantee your work. The added value of this service might more than compensate for a higher selling price than a customer might pay by picking up the same product in a box at a discount store.

### **How many can you implement?**

How many of these suggestions can you implement in your business? The possibilities of improving your service levels are endless. By using some imagination, 'mystery shopping' your competitors and training your staff, you can come up with compelling ways to get customers buying from you, not the competition.



#### **Prompt attention**

Make sure customers get prompt attention when they come in to your business, when they phone (they get through to the right person quickly) or email (emails are answered promptly). No waiting, no answerphones.

For example, when people pick up the Yellow Pages they are ready to buy or get quotes. But if their telephone call is not promptly answered, they just move on to the next advert; you lose the sale and the Yellow Pages ad goes to waste.



#### **Reversing the risk**

Since you're asking people to take a

risk in doing business with you, it's important to reverse the risk.

### **A quick checklist of risk-reducing features**

Make sure your brochures, flyers and promotional material include all these risk reducing and credibility enhancing features:

- Money-back guarantees.
- Customer endorsements.
- Evidence of your track record, your business skills and experience.
- Plus the same for your key staff.
- Logos of suppliers, strategic partners or other businesses you work with.
- Clear and consistent branding.



### **Look professional**

You teach others how to judge you.

When you send your brochures and flyers to customers or potential customers they will judge you on these. It's just counterproductive to skimp on costs because these documents represent your business. If they look cheap, they will judge you accordingly. If they have a quality feel, you've gained a good first impression.

## **2. Increasing tangibility**

A complementary approach to reducing the risk to the customer is to look at various ways of increasing the tangibility of your products and services. Tangible means touchable, but it has a broader sense too—it's about making the invisible (to the customer) parts of your business as visible as possible.

### **Especially important for service businesses**

While all businesses should increase tangibility, it's especially important for service businesses. The rule is:

**The more intangible your service, the greater the need for tangibility.**

Consider the challenge **from the customer's point of view** when you market a typical service business. You're selling a service, not a physical (tangible) product. For example, suppose you are a marketing consultant. You approach a new customer (or the customer responds to one of your adverts). You have to convince the customer that the service you will provide will fulfil the outcomes you claim for it.

There is nothing yet for the customer to see, touch or feel. There are no tyres to kick. The customer has to make a 'leap of faith' in accepting your proposals.

So what can you do to make your service business more tangible? Make sure firstly that all aspects of your business are **thoroughly professional**, because these are the first tangible evidence of your business and first impressions are crucial.

Here are some more tips:

### **Quality brochures and flyers are essential**

Get all your stationery and promotional material professionally designed. Avoid the temptations of cheap desktop publishing software unless you're a qualified graphic designer. If you have an impressive business or shop frontage, or some of the latest technology, include suitable images in your brochures and website to showcase these features. Include anything that projects your **competence and professionalism**.

### **Be distinctive and start building your brand**

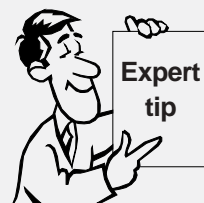
Everyone needs a distinctive logo or letterhead design and quality signage because it projects your brand. Choose a design that enhances credibility. A good graphic designer should first take the trouble to find out some core facts about your business and then sit down and work out with you how to translate your core values into appropriate and compelling visual imagery.

### **Sustain the same theme and imagery**

Your business cards, invoices, compliment slips and other stationery should match your letterheads. Use the same colours for your website too, and for adverts, so that your brand projection is recognisably consistent.

### **Completed projects and customer feedback**

Think of other ways in which you can increase tangibility. For example, keeping a **portfolio of completed work** and a file of **customer feedback** can greatly reduce the anxiety a new customer might feel about choosing your business.



Because people aren't really aware of all the effort and

skill that goes into

a service, a **report or outline** can be a valuable way of making the intangible more real.

For example, if you're a web designer, few business owners would be aware of exactly how much work is involved in designing a web site. Regular progress reports are therefore a good way of reminding the customer of the work completed and what still needs to be achieved. These reports help make tangible what's essentially invisible to most people (all the background coding and invisible 'scaffolding' that supports a fully functional website).

Such progress reports also help to reinforce the value of your services. It's also far better to have the work reviewed (either in written form or through progress meetings) than have people complain later.

### **Tell them in detail what you can do**

Tell people **what you propose doing for them**, (or have done) for them. List all the features of your service and the expected outcomes.

For example, the receptionist at a dental practice makes an appointment for a new customer over the telephone. She immediately prints off a letter that will be signed by the dental surgeon who will handle the appointment. The letter welcomes the new customer and confirms the appointment. Attached are the dentist's business card and a brochure detailing the surgery's other services. The whole package confirms for the customer that he or she has made the right choice of a thoroughly professional practice.

### **How retailers can add tangibility**

If you're a retailer you might think that since customers can touch and handle your products, tangibility is not as important as for service businesses. But retailers too have to build credibility and project professionalism, so all the tactics discussed for service businesses apply here too. People can indeed handle the products, but they need additional reassurance.

They want to know:

- If they are dealing with a credible business.
- If the business will still be here next month or year if the product breaks down.
- If you know what you're talking about and can give them quality advice.
- If you can offer appropriate service, back-up, spare parts and all the other support services.

### **Reassuring them**

So, you need to reassure them on all these points. To increase your credibility:

- Use quality signage.
- Introduce uniforms and name badges for staff.
- Project professionalism through a modern layout and good lighting.

### **Display the following:**

- Framed certificates and qualifications held by you and your staff.
- Customer feedback and awards you've received (such as industry awards), or keep a 'brag book' of these you can show customers.
- Your mission statement or core service objectives for the business.
- Your guarantee.

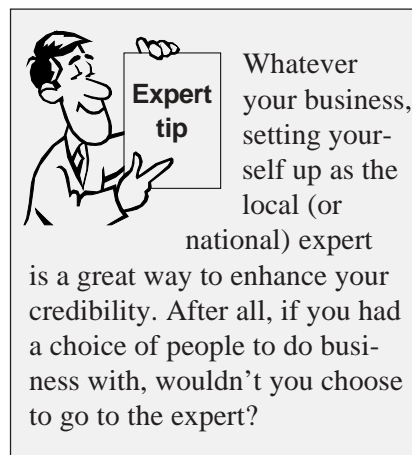
### 3. Building your credibility

You should always be looking to build your credibility in the eyes of your customers. As we've seen, adding tangibility to your business helps to increase your credibility. Here are some further tips and suggestions:

#### Become the expert

Can you become the expert in your field? For example, if you run a garden centre, can you write a gardening column in the local newspaper? Can you give talks on gardening to garden clubs or service clubs?

Don't let the fact that you can't write or speak well stop you—there's always a way round these challenges! If you can't write or speak well, get someone to help or train you: treat it as a personal growth opportunity. For instance, find a retired schoolteacher to help you write that column for the community newspaper or your industry journal.



#### Offer free seminars or workshops

Another effective way to add credibility (and tangibility, because you can hand out brochures and flyers) is to promote your services through free seminars. For instance, if you have a camera shop, offer free workshops on how to get the most out of digital photography.

A customer in the market for a digital camera has a choice of many outlets. But older people especially (that's 35+!) aren't always sure how to get the most out of a digital camera and particularly how to 'tweak' the resulting photos on their PCs using the camera software. If you can show them how, who are they going to buy their cameras off? And by the way, you're well on the path to becoming established as the expert because they're going to tell their friends about you!

Many service and retail businesses can use this tactic. For example, if you run a hardware store or a paint and wallpaper business, run special workshops on how to hang wallpaper, the latest colours, how to prepare walls, how to use power tools such as sanders safely, etc. And run some of these workshops for women only: there's a big market out there of single women who want to undertake 'do-it-yourself' projects but lack the confidence and know-how.

### **Piggyback on experts**

So you don't feel you have the confidence to run the workshop yourself? That's no excuse! Ask your key suppliers to send a technician (and also to share the costs of the promotion). Or invite expert guest speakers to share the presentation with you. This will enable you to increase your credibility 'by association' in a similar way to featuring a well-known supplier brand or logo on your promotional material.

For example, a financial planner could invite a well-known financial writer or investment commentator to give the keynote address. A garden centre business could invite the author of a gardening book to speak at their centre. They would have piles of the author's books for personal signing, and of course, good supplies at special prices of those plants that the author just happens to favour...

Here are some more examples: a sports store could get in a local sports person to talk about their just-released book. A restaurant could get a well-known chef or cookery expert, and so on. Such workshops give potential customers and clients a chance to check you out in advance, see examples of your work and reduce any anxiety they might feel about doing business with you.

### **Make use of technology**

Technology offers great opportunities for adding credibility to your business. For instance, an interior designer can use software to show the clients what their house will look like after the make-over. Consultants such as financial planners can put together PowerPoint presentations illustrating their points, and cosmetic surgeons (another service business) can show patients how cosmetic surgery could improve their appearance.

### **Testimonials/reviews**

Gain a competitive edge by getting testimonials or reviews from people who are either well known in the community or in your industry. For example, if you are offering some new products or services, why not make these available to the people you would like favourable reviews from? If they provide you with favourable feedback ask their permission to use the comments on your promotional material.

This will increase the credibility of your business in the eyes of the public because endorsements from third parties carry more conviction than your own comments about



#### **Website**

Note that a website is another good way of establishing your credibility, even though you may only have a fairly basic site at this stage. To alert customers to the site you can use lines such as: 'You'll find more details on our website' or: 'We're always posting specials on our website, so do visit it regularly'.

your products or services. You might think your products and services are the best in New Zealand, but a quote from a well-known person is far more convincing.

## You and your image

Yes, believe it or not, you are also a competitive advantage. No one else has quite your mix of skills, and customers often like dealing with the owner. The business must reflect your personality. You can build your 'character owner' image by having your name on as much material as possible, including:

- A signed mission statement in view of the public.
- Signing your name at the end of newsletters.
- Placing your name at the end of every piece of correspondence that goes out, even if a staff member signs on your behalf.
- Having your name after a 'Thanks for the business' message at the bottom of invoices.
- If appropriate, incorporating your name within the business trading name.

## Technical knowledge

Today information is power and you need to have the advantage. You must have better knowledge than the other businesses around you. So send staff on training courses and, if you're selling technical equipment, get each supplier's representative to visit twice a year to give your staff free on-the-job training.

## Display your other services

Gain a competitive advantage also by offering things that the competitors don't, especially if they cost very little. Sometimes this may simply involve displaying a list of things that you already do for customers but the majority may have been unaware of.

The point is to create a list of services and features that you are prepared to commit to, display the list prominently in your store and copy it in your newsletters. Make customers aware of these services, even if most will never use them.



**Speeding up**

Speed is the new competitive advantage. We live in an instant age where people have very high expectations of speed. If you can deliver your products or services quicker than the competition you can build a competitive advantage. Hold regular staff meetings on how to streamline your business processes and fulfil or exceed customer requirements without sacrificing quality of delivery.

## Community involvement

Community involvement builds credibility and reduces risk, because people tend to trust businesses that put something back into the community. So spend some of your marketing budget on supporting a local sports team, a health initiative, an environmental clean-up or some worthy community project. Join your local Rotary, Lions or business networks and become active in the community.

## Newsletters

Add visibility to your service through newsletters either conventional or email. These keep customers informed of your services and establish you as the expert in your industry. There's more about newsletters in later chapters.

## Large supplier backup

Being linked to large well-known suppliers will help the image of your business. You might also find that they conduct much of the market research and customer analysis, develop new products, and provide nationwide branding and advertising that enhances your credibility. An independent business may find it more difficult to compete.

Building a good relationship will provide you with:

- **Better service and support.** You're more likely to get help with promotional material, displays, and signs.
- **Better supply.** Your closer relationship translates into fewer out-of-stocks and faster delivery. You might also get preferential treatment with limited quantity specials, advance notice of new products, or first choice at securing run-outs (end-of-line or surplus stock that the supplier is offering at advantageous prices).
- **Better return policy.** You can draw on your strong relationship with your supplier for help if you find yourself overstocked.
- **Better credit terms.** If you have developed a solid credit rating with the supplier by always paying on time, then they are more likely to allow you extended payment terms if you need to cope with a cash flow crisis.
- **Better staff support.** They're more likely to come out and train your staff.
- **Better customer support.** If products you sell require maintenance, replacing or fixing, you'll do better out of your suppliers if you've established a good rapport with them.



### Be nice to reps

Being on good terms with your suppliers and their reps is an overlooked competitive advantage. If you're friendly, honest, upfront, don't keep them waiting, make them coffee and are usually pleased to see them, this will be a welcome change for them from the grumpy, busy, 'you're annoying me' attitude most of them encounter on their rounds.

Better supplier relationships offer you a competitive advantage over other businesses that don't enjoy this level of support. Just putting a little effort into the relationship can make all the difference.

### **Industry associations**

Similarly, it is usually worth joining your industry association, the local Chamber of Commerce, or Employers' Association. If you can incorporate suitable logos reflecting these organisation on your stationery, so much the better for your credibility. In addition, belonging to these organisations and attending their business workshops and networking functions can also offer you advantages—you're likely to learn about opportunities or changes in the marketplace before others.



## **Testing your competitive advantages on customers**

Now it's time to test what you've done.

### **It's the customer's perception (not yours) that counts!**

The most important single point about competitive advantages is that **they only exist if your customers see them.**

As far as the customer is concerned, a hidden competitive advantage might as well not exist! From your point of view, the **competitive advantage is worthless.**

For example, you might think that better product knowledge is one of your key competitive advantages. But if customers don't know that you know far more about your products or services than competitors, this competitive advantage is going to waste—it's just not working for you.

So the key questions to ask yourself are:

- Are we effectively promoting our competitive advantages to customers?
- What should we do to make the customer more aware of our competitive advantages?

## Identifying and dealing with a gap

It's relatively easy for you to identify the gap between what you think are the main competitive advantages of your business and your customers' perceptions of these advantages. Simply list (in order of importance) what you consider are the four key competitive advantages of your business.

Now ask 20 regular customers what they see as the four main reasons (in order of importance) why they do business with you. You could do this through simple a questionnaire after the close of sale, through a focus group, or by phoning them.

### **Do they say the same things as you? Why not?**

You have two options to consider here:

#### **1. Changing their perceptions**

What can you do to **change** their perceptions? In other words, how can you alter your promotional material to stress more efficiently the competitive advantages you see as setting you apart from the others?

#### **2. Adopting their perceptions**

What can you do to **adopt** their perceptions? Does their response give you some vital clues as to how you should alter your marketing?

In other words, have they identified points of difference between your business and others that you haven't considered (or thought was not so important)?

Sometimes this can provide valuable new insights into what you should be stressing in your promotions and advertising. Should you realign your marketing material to reflect what customers think is important? Remember, the customer is always right!



### **The probing interview**

Sometimes a single

interview can reveal a vital new insight that can effectively change the emphasis of your marketing. This kind of insight is more likely to come if you are a good listener and you probe just a little more deeply.

For example, a plumbing business thought price was the most important issue, because everyone who responded to their Yellow Pages ad asked first about price. But an in-depth interview with one satisfied customer revealed that what really impressed her was that the tradesperson arrived on time.

Further market research revealed that many people have been let down by unreliable tradespeople. So the new marketing message was built upon reliability and a money-back guarantee to be on-time, every time. Once customers were aware of this competitive advantage, price became a secondary issue, not the prime consideration.

### Finding a niche by listening carefully

Finally, the best ways of developing your competitive edge come from listening very carefully to what customers want and what they find lacking in the products and services that currently exist. Some of the most successful businesses are those that are dedicated to filling the gaps.

## Testing your staff

Now you need to apply the same competitive advantage test to your staff. Call them together and get them to write down (without consulting each other) the four main competitive advantages in order of importance. Can they do this quickly? And is the order the same as your own list?

If not, then here's an opportunity to create an important competitive advantage for your business: your staff will do a much better job of promoting your business to customers **if they understand your key competitive advantages** and communicate these clearly to your customers.

Remember to test your staff on this point from time to time. For example, let's suppose that you think your overriding key competitive advantage is the excellent, knowledgeable service you and your staff offer. Now get someone to telephone your business and put this question to the person who answers: "Can you please tell me what you think your competitive advantage is—why I should use your business and not go somewhere else?"

If the answer that person gives is not the same as yours, (perhaps they replied, "Because we're cheaper!") then you have a communications problem and your staff need more training. If your key competitive advantage is not clear to everyone who works in the business, how can you hope to communicate it effectively to others?



### Consistent messages

The results of this test might disappoint you

but here's a consoling tip: most businesses will fail the test! This is usually because the owner has not appreciated the importance of everyone focusing their marketing and sales efforts through **consistent messages** that **reinforce and convey** your important points of difference.

## Testing the image you project

The final test is the image test. All your business documents should consistently convey the key competitive advantage(s) you've identified. These include:

- Your stationery (letterheads, invoices, statements, compliments slips, business cards)
- Your existing flyers and brochures (if any)
- Your advertising, including your Yellow Pages advert
- Your website.

Get feedback from customers and friends: what image of your business do these documents and adverts project? Do they promote your key competitive advantages?

If not, what can you do to sharpen the message? This is a good opportunity to meet with your staff (and advertising or marketing consultants) and brainstorm ideas to get your message across more effectively.

Many small business owners at this stage take a fresh look at their existing marketing material (the Yellow Pages advert, for example), and are dismayed to discover that it does very little beyond listing the name and contact details of the business. If you wish to distinguish your business from the rest, then you **must advertise your competitive advantage**.

## Developing your authentic story

It is crucial to show your customers how your product or service is different. But what if your business, your product, or your service is similar to your competitor's? How do you differentiate sameness? Paper towels are paper towels. And plumbing is plumbing. So what makes the difference?

The trick is to make your business look unique. One way of doing this is to simply tell your story. Tell potential customers what you do, how you do it, and let them know what you put into your product or service for them. Otherwise they have no idea how much effort you go to for them.

For example, a paper towel company would explain the lengths they go to create the most absorbent paper towel. These are probably the same steps every other paper towel company takes, but the public doesn't



**Compelling story**

Uncover the authentic core of your business in the form of a compelling story, and use this as a basis for your marketing so you can charge customers **what you're really worth**.

know that. Our paper towel company gets in first and becomes the definitive word on paper towel manufacturing.

If the other companies try to follow they will be perceived as ‘copy cats’ and will lose credibility.

How do you condense your story into a few sentences or short paragraphs? Write a list using one-word descriptions of each of the steps you take in working with a customer from first contact (be it over the phone or in a retail store) to end delivery of your product or service. Write a short sentence with each of these one-word descriptions in which you highlight a benefit to your customer. These form the basis of your ‘article’ about your business. You can then use this ‘story’ or parts of it in all your advertising and in your sales brochures.

### **Include the other factors too**

Apart from your products and services, remember to include too the other factors covered in this chapter that give you a competitive edge. For example, you yourself might be one of the most experienced players in your industry. Or the staff you intend to employ might have a combined experience in the industry that other businesses can’t match.

For instance, large discount chains may sell the same products as you (such as hardware items), but the staff in these stores have to sell thousands of very different products, so their product knowledge is often negligible.

You might be able to offer the value-added benefit of staff (yourself included) who have had many years’ experience in a particular trade, and can both advise on and service the products you sell to customers. You could offer special in-shop demonstrations of how to complete tasks using these products. Build all this into the story you and your staff will communicate to customers.

Your story represents the authentic core of your business: your reason for being in business. Make sure that it is your authentic voice and that it’s compelling enough to attract customers.



### **Find the drama too**

Customers are less

interested in

products or services than in what the products can do for them. There’s no emotion in products themselves, but they are the vehicles for emotion.

For example, a powerful car is an ego booster for a young man, cosmetics can make a woman feel great, an effective retirement plan can make people feel less anxious and stressed about their retirement.

Find the emotion in your product and convey it as compellingly as possible in your marketing messages.

## What you've gained from this chapter

- ✓ No business lasts long without some competitive edge that sets it apart from the rest.
- ✓ If customers aren't aware of your competitive advantages then the advantages may as well not exist.
- ✓ It's important to identify your competitive advantages and communicate these clearly to your customers. Do this through talking to your customers.
- ✓ Regularly test your customers' awareness of your competitive advantages. If they see some advantages you haven't considered, can you publicise these as well?
- ✓ Make sure your staff are aware of your competitive advantages so you're all communicating the same messages.
- ✓ Ensure all your stationery, signage, advertising and promotions clearly communicate the same messages.
- ✓ Developing your competitive edge further is often a matter of using your innovative abilities, your marketing skills and your ability to think 'outside the square'.
- ✓ Find the authentic voice of your business and use it to create a compelling story for your business so you can charge what you're really worth.

### Action steps

Go through this chapter and make a list of all the ways you can:

- Reduce the customer's risk of doing business with you.
- Increase the tangibility of your business.
- Build your credibility in the marketplace.
- Develop a competitive advantage.

Create an action list for the ideas you want to implement, assign responsibility for each task, and a budget if necessary.

Do this NOW or it will never get done!

## Chapter 5

# Lock in loyalty and trust

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## Introduction

Retaining your existing customers is crucial, because gaining a new customer will cost you far more. It costs money in terms of marketing and advertising.

In fact, research shows that it costs between **five and seven times more** to gain new customers than to get an existing customer to buy off you again. Let's put that in money terms. If you spend \$100 on getting an existing customer to buy more from you, it will cost you \$500 to \$700 to gain a new customer. That's a huge difference!

So it makes very good sense for you to do everything possible to retain the customers you have. Think of a bucket that you need to keep full to survive, but that has a leak in it. Do you keep on topping the bucket up with water to keep it full (find new customers) or first see if you can fix the leak (stop customers leaving)?

Of course it makes good sense to fix that leak first, or at least make it a very slow drip, so that your bucket stays close to full. So retaining your existing customers should be a major part of your marketing strategy. In fact, you want to do three things:

- Retain their present business by keeping them happy.
- Sell more to them (such as complementary goods).
- Give them such good service that they tell others about you (referral business).

This chapter is therefore all about tactics and ideas you can put in place in your business to make sure your customers remain with you.

## Think lifetime value

If all the emphasis in your business is on getting the upfront sale and not on retaining your customers, then you need to rethink your focus and the way you do business. Calculating the lifetime value of customers quickly gives you an increased awareness of the importance of retaining customers.

For example, a customer that spends \$500 a year with you for 10 years is worth \$5,000. Cut that down to five years, and you've just lost \$2,500, plus you face the cost of finding a replacement customer. To retain that \$2,500 in extra business, it is worth spending a few dollars a year on keeping the customer happy.

In addition, there are two positive features to thinking about your customer relationships as long-term rather than just as a short-term sale:

1. It makes you **less anxious about the short-term sale**. And because you're more relaxed, you're also more likely to secure that sale as the customer senses an enduring relationship developing, not a focus on a quick profit.
2. You'll pay more attention to the process of keeping the customer happy. This in turn means you're doing more to **lock in your revenue streams** from happy customers.

## The five keys to retaining your customers

To retain your customers you need to put in place a **strong customer focus** through these five tactics:

- Listen carefully to customers
- Respond to what they tell you
- Reward their loyalty
- Make them feel privileged and recognised
- Exceed their expectations.

### 1. Listen carefully

The first step to retaining customers is to **listen very carefully** to what customers want from you and what they experienced in doing business with you. This is just good business, but not all businesses do it! All your marketing should have a strong customer focus: it must be customer driven.


This means putting in place the kind of on-going market research we discussed in Chapter 1. It needs to be the kind of research where you can very quickly pick up problems in your business and fix them. For example, regularly asking customers:

- “How did you find our service?”
- “Were there any frustrations in dealing with our business or our staff?”
- “What improvements would you like to see?”
- “What other products or services would you buy from us?”

Retaining customers also means expanding what you can offer them. Plus, you might pick up ideas for new product or service areas you can move into.

### 2. Respond to what they tell you

The follow-on from listening to customers is that you need to make the necessary changes. Hold regular meetings with your staff to discuss the feedback and what you can do to improve your business, such as removing bottlenecks in delivery or production that cause frustration and customer dissatisfaction. Customers need to feel that their comments **make a difference**, otherwise they will give up on you. So you must let them know you’ve responded to their feedback by making positive changes.



**More value**  
Good market research allows you to pick up on the opportunities. The greater the contrast between the customer’s problems and the solutions you can offer, **the more value you can provide the customer.**

For example, there's little point in apologising to a customer for a delivery frustration if you don't make the necessary changes in your business to ensure it doesn't happen again. Many businesses make this mistake: the owner or manager soothes the customer with an apology on the spot, but does nothing to change the cause. The customer experiences the same problem again and concludes that owner doesn't care or is incompetent. And this time the level of frustration will be much higher.



**Positive impact**

Customers who feel that they're having a positive impact on your business and that you take the customer relationship seriously are likely to remain loyal and continue giving you quality feedback.

### 3. Reward their loyalty

The third step is to **recognise the value of your customers** by making them feel special. Show them that you feel privileged to have them as customers. Reward them for being loyal. If they repeatedly do business with you then they are worth more to you than a casual customer. Much more, in fact, because there is **no acquisition cost involved** as there is in the case of a new customer (where you've had to spend money on marketing and advertising to gain that customer—all of which eats into your profits).

With repeat customers your profit per transaction is higher, so it makes sense for you to share some of that extra profit with the loyal customer. For instance (as in the example already discussed) if you work out a customer's lifetime value as around \$5,000 over 10 years, it would not hurt to share a small percentage of this (say 5% or \$250 over 10 years) on locking in this customer by making them feel special.

#### Offer loyalty schemes

Lock in your existing customers through loyalty schemes or membership of loyalty clubs that carry special privileges. There are many kinds of schemes that you can use.

A simple example would be the loyalty card used by coffee houses, digital photo outlets, video rental shops, etc. These encourage repeat trade through the simple but effective incentive of 'buy five and get the sixth one free.' If you don't like giving away product for free, just remember two things:

- There are no acquisition costs for repeat customers.
- It's much better to give away product or service than cash. A product that the customer perceives as being worth \$20 might cost you only a fraction of that.

**By locking in your existing customers you're locking in your revenue streams.** Now that has to be worth a special effort!

Other loyalty schemes include graduated discounts for repeat or high volume business or extra perks, such as bundled goods and services thrown in for free.

What loyalty scheme can you implement in your business? What would lock in your existing customers? To think about possible inducements put yourself in their shoes.

#### 4. Make them feel privileged and recognised

A building supplies company employs high school students on Saturday mornings to clean and wash vehicles of high-spending customers (mostly builders). This fulfils the ‘double whammy’ of contributing something to the community (helping students raise funds) and pleasing customers. The manager directs the Scouts to appropriate vehicles as the important customers come in: “That’s Mr Smith’s car over there. Can you please have it shining by the time he leaves our premises.” These ‘out of the blue’ rewards can have a powerful impact on building customer loyalty and goodwill.


Do customers like being singled out in this way? You bet! The truth is, we all like feeling privileged. We’d all like to fly First Class if we could, to enjoy that extra space and attention.

Train yourself and your staff to learn the names of your important customers and to use them. Make this part of the business’s House Rules so it’s compulsory, not voluntary. Set goals of learning a certain number of names a week (for instance, everyone to learn 10 names a week).

If a customer comes into your shop practically every day, staff should **know their name**.

Knowing (and using) it gives you a competitive advantage because you or your staff can do some ‘bonding’. “How was your weekend, Susan?” (or “Mrs Brown”, whatever is appropriate).

“Haven’t seen you for a few days. Have you been away?”



**Recognition**

Do customers like being recognised?

Yes, they do! In so much of our daily lives we are anonymous or just a PIN number in our transactions with others. How refreshing to be recognised as individuals: it signals we are of value to someone.

#### Special perks

How else can you make your existing customers feel privileged and **valued**? Can you give them access to ‘perks’ that new customers don’t enjoy?

For example:


- Invite them to **special sales previews**. For instance, if you intend holding a sale, have a preview evening after trading hours where the general public are excluded, but invited customers get first pick of the bargains.

- Send them **advance notice of new stock arriving**. Again, let them have first pick.
- Provide a special log-in code that allows them **access to special ‘Members only’ sections of your website**. These sections could feature regular special offers (‘offer of the week’) to attract repeat visits to the site, list loyalty discounts, offer them previews of sale items or discontinued lines. Remember to feature this ‘Members only’ section on the Home page of your website, so potential customers become aware that there will be advantages and privileges in doing business with you.
- Offer existing customers free **extra training or support**. For example, training in technology upgrades, or, on your website, ‘Members only’ access to knowledge sections of the website that contain special reports and information that add value to their businesses.
- Run a **contest for customers only**. For example, automatic free entry to existing customers, with the results publicised at your business, in your newsletters or on your website. The publicity should encourage potential customers to see the advantages of becoming a customer, a member of your ‘privileged group.’

### Keeping in touch

Here are some further recognition tactics to remind customers you haven’t forgotten them:

- **Phone or send a thank-you letter** to customers who buy off you. The timing of this call or letter depends upon your business. For example, in one business a call the next day might be appropriate. In another business a week or a month later might be more suitable. Make sure that the customer is delighted with what you’ve done and pick up any problems early so you can rectify them. A personal phone call or a handwritten letter from the owner carries more weight than just a routine call from a staff member or a computer generated letter.
- **Phone up selected customers** with brief news about a special or new product they might be interested in. Offer some genuine savings or deal as an incentive and make it clear that you have specially selected them because you value their custom.
- **Keep in touch through a newsletter**. Newsletters offer you an excellent way of recognising customers and keeping in touch with them. Newsletters remind customers they are valued and not forgotten. You can also include a few questions to get feedback



**Be thoughtful and do the unexpected**

If you have customers that spend a lot with you, can you do something thoughtful for them? For example, if you find out (through the careful listening we’ve emphasised) that they’re passionate about netball or football, send them a DVD of a netball victory or ‘Football’s greatest moments’. Or tickets to the next game.

on what customers are looking for or how the market is changing. We'll expand upon this in later chapters with tips and ideas to show you how to make sure your newsletters are read and not discarded.

- Recognise and acknowledge your loyal customers through **birthday cards and Christmas cards**. These ideas are simple, but effectively remind customers you haven't forgotten them.
- If your customers spend lots of money, and the profit per item is large, then send them **special reports, books, CDs or videos** that are relevant and will help them build their businesses or improve their lives. If you sell to other businesses, you could send them copies of cassettes on selling or marketing, or motivation.
- **Pick up 'bonding' clues in conversation.** Train yourself and your staff to pick up clues for thoughtful action by listening carefully to customers, especially the 'regulars'. For example, if a regular comes in with a cold, send a 'Get well' card. If a customer mentions on the phone that he or she is off for a holiday, ask them next time they phone how their holiday went. Don't rely on your memory: simple cue cards will help you to remember incidents that help you to bond with customers. Many businesses use contact management software that allows you to type in brief details of conversations so you can pick up these conversations seamlessly the next time you contact customers.



### Action point

There should be something for every

business in this

list. Go through the list again and tick the ideas you can apply in your business. Then transfer what you've picked out to your Action list. The whole idea is to keep in contact with your existing customers, to build goodwill and positive word of mouth, and to prevent the chance of your customers being lured away by the competition. They couldn't possibly after the way you look after them. The important point is that your customers should feel that being a customer is well worthwhile.

## 5. Exceed their expectations

The fifth step is to delight your customers by **exceeding their expectations**. Let's emphasise this point: you don't want them to be just satisfied—you want them to be absolutely delighted.

### Creating a unique experience

In the previous chapter we talked about developing your story: the authentic voice of your business that you communicate to customers in your marketing and promotional material. Part of that authentic voice is the unique experience you offer your customers. And this is the major competitive advantage for your business because it's the **one feature of your business that your competitors can never imitate**.

Think about this for a moment: if you're more successful than others, your competitors can (and will) copy just about everything you do: your pricing, your product range, and the improvements you make to products. If you find another successful distribution channel or you add more value to your products or services, others will surely follow or copy you. You always need to stay one step ahead.

But there's one thing they'll never be able to copy, and that's the experience you offer your customers. Because this experience belongs only to your business, it's worth making it a truly memorable one. In fact:

**Your challenge is to make this experience so special that customers will never want to go anywhere else.**

### Go beyond average

The best advice for the 'average' small business is to make sure you're **never 'average'** because average **doesn't even register** on the customer's radar. It's the equivalent of mediocre. For example, a market research survey of customers conducted on behalf of a restaurant showed that 67% were 'satisfied' with their dining experience. But the same 67% of those surveyed also said they'd never go back to the restaurant again! How do we explain this?

### Unlimited choices

The reason they don't go back is that people now think they have unlimited choice. In the case of restaurants, there are hundreds to choose from. Why not try all the others? So customers don't even rate 'satisfied', they'll only return if the experience was outstanding. They want to be delighted. They want an experience they can talk about with others.

The challenge for your business is therefore to meaningfully create an experience for your customers that will absolutely delight them every time. There are three steps to achieving this:

- 1. Understand what the customer wants from you.** You need to understand what the customer will see as an outstanding experience. You do this through market research (asking customers) and by putting yourself in the customer's shoes. What would absolutely delight you if you were a customer doing business with your business? Write down NOW the key features of such an experience.
- 2. You must deliberately create this experience.** It won't happen by accident. It will only happen if you set in place the systems to make it happen. For example, if you haven't trained your staff properly, the customer's experience is unlikely to be an outstanding one.
- 3. The experience must be consistent,** otherwise, the effort is wasted. In fact, if you're inconsistent you're guaranteed to **lose** customers! You've probably been to a restaurant

where you were delighted with your first few visits and then disappointed on that next visit. We've all experienced that: "The standard's gone down,"

we tell our friends, "it was a real disappointment," and we never go back.

The only way that you can make the experience consistent is through creating effective systems that everyone follows.

Think about that for a moment: it is the distinguishing strength of the franchise system. For example, whatever you think of McDonald's food, you know all McDonald's outlets follow high standards of food preparation and hygiene.

So if you're caught in a foreign city and you don't want to risk getting food poisoning at some strange food outlet, you can always rely on McDonald's. **There are no surprises.** And the popularity of franchises like McDonald's shows how much people value consistency and are comforted by consistency.

### **The product is the vehicle**

The important point about your products and services is that customers don't buy products; they buy what products will do for them. They don't buy a drill; they buy the holes the drill will bore for them. Or, as Charles Revson, founder of the Revlon cosmetic company so memorably put it, 'we don't sell creams, we sell hope.'

#### **So the product is a vehicle to deliver the experience.**

There's no emotion in the actual product, but there is emotion in the use of the product or service and how it makes you feel. There is emotion in the customer's dealing with your business: emotions ranging from pleasant to unpleasant, from delight to frustration.

Now imagine yourself as a customer doing business with your business. Ask yourself: 'What sort of experience would I like?' and, going beyond 'like', 'What would **delight** me?'



### **Consistency**

If you can combine consistent

delivery with an

outstanding experience, you've created something special. The challenge for you in marketing your business, therefore, is to create a unique experience that **consistently exceeds** your customers' expectations. That **consistently delights** them.

Sit down with your staff and analyse what your competitors do and what they offer. Then think about what you can do differently and better, and create the systems people can follow to deliver your unique experience consistently.

## Create positive moments of truth

Jan Carlzon was the man who turned around the loss-making Scandinavian Airlines. He accomplished this by transforming what he called the customer's 'moments of truth'. These are Carlzon's terms for the brief contacts (perhaps no more than 15 seconds) that a customer has with a business in the course of a transaction.

For an airline customer one transaction (such as a flight) can involve many moments of truth, such as delays at the check-in counter, the plane taking off on time, service on the plane, luggage delays at the other end, and so on. Together these brief 'moments of truth' are the basis for the customer's evaluation of the service they receive and whether they will do business with you again.

(Carlzon's account of what he accomplished for Scandinavian Airlines is recorded in a great marketing read: *Moments of Truth*, Harper Collins, 1989).

The point for your business is to ask yourself **what are the defining moments of truth for your customers?** Remember that one transaction can involve a number of moments of truth.

For example, what happens:

- When a customer phones your business: can they get through to your business right away? Do they get through to the right person straight away?
- When they talk to your sales staff about a problem: does the staff member have authority to deal with the problem, or is the customer shunted from one person to another?
- When they place an order: do they get an accurate delivery date, and are they kept informed about any delays or changes?

### Identifying the key moments

What you need to do now is to think about the kind of transactions your customers go through in dealing with your particular business and ask:

- What are the moments of truth for a typical customer?
- What do your customers think about these moments of truth?
- Are they always delighted? If not, what can you do about it?



### Moments of truth

Think about your own business.

Suppose you could identify 10 moments of truth in the course of a typical customer transaction that might only last 15 seconds each. (That means 15 seconds for you and your staff to get it right.)

Suppose you deal with 2,000 customers a year. That offers your business 20,000 opportunities a year to create a great impression on your customers.

If you multiply these moments of truth by the number of customers you have, how many opportunities do you have a year to improve your business? The total might really surprise you. The question is: how can you make sure that these moments of truth are as positive as possible (in fact, exceptional)?

### Negative moments of truth

Most businesses will have some negative moments of truth. Your business would be truly exceptional if it did not.

Can you identify some? Ask your staff if you can't think of any yourself. Make a list now of three or four.

Now ask why these negative experiences occur. Are people or are systems responsible, or is it a combination of both? What do you need to do to change these experiences into positive moments of truth? For example, do you need better systems? Do your staff need more training or people skills?


Do your staff need more empowerment? Business is all about people and the way you deal with people. Carlson's solution at Scandinavian Airlines was to empower front-line staff with more authority to make decisions on the spot rather than have to refer to others. If a staff member has to refer to someone else, then there is delay, and delay causes frustration for the customer.

If the supervisor or owner is busy, then the problem can't be resolved on the spot and the customer's time is wasted. Worse, a staff member who lacks authority will always err on the side of caution. Rather than trying to find solutions or another way to open the door, the staff member might simply tell the potential customer 'it can't be done.'

### Never a dead end

The worst-case scenario is if the customer feels they have hit a brick wall and can get no further. As one business owner comments, "I train my staff and then empower them **never to be a dead end** for the customer." In other words (as most of us have experienced in dealing with a bureaucracy) the most frustrating situation of all is when the person you're dealing with doesn't have the power or the knowledge to deal with the problem and you feel quite unable to get any further satisfaction.

So analyse your typical business transactions to make sure your staff are empowered to deal on the spot with all possible frustrations. You'll retain customers better and raise staff morale by giving them the power to deliver excellent service.



**Training staff**

Training and empowering your staff is covered in more detail in the Chapter 7: *Creating business ambassadors*, where you'll learn some important tips on how to turn around staff attitudes to make your marketing more effective.

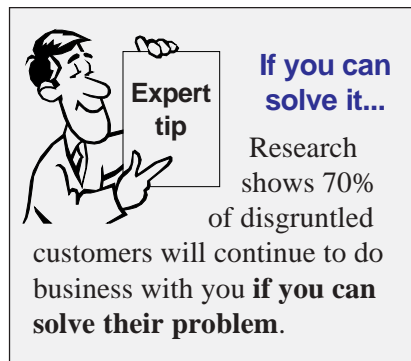
## The great opportunity: creating advocates

Prepare to put an extraordinary effort into rectifying problems. The problem with many businesses is that once the customer has paid and the money is in the bank, motivation drains away. It's on to the next customer...

But this 'assembly line' approach to customers is short-sighted for two important reasons:

1. You must remember the customer's **lifetime value** to your business.
2. An unhappy customer will tell many more people than a happy customer. You want to retain your customers and you want **positive word of mouth** and referral business.

These reasons should be powerful motivators for delighting your customers. Through the tactics we've explored in this chapter and your on-going market research, you should have systems in place that allow you to identify customers that are not happy with what you've done.



### Creating an advocate

Problems usually represent a great opportunity. **A disgruntled customer that you can turn around through exceptional service can become a powerful advocate for your business.** Often they are the best advocates for your business and will tell many others of the 'extraordinary lengths' you went to in order to delight them.


For example you sell a computer that doesn't work properly (the software keeps on crashing). Instead of asking the customer to bring in the computer, you arrange for it to be picked up and if possible loan a computer to the customer in the meantime. You fix the problem promptly and deliver the computer with a small gift (some blank CDs for back-up use).

### Some guidelines to fixing problems

What lengths you're prepared to go to depend upon the nature of your particular business. Following these guidelines will help:

- **Attend to customer dissatisfaction problems personally.** A major competitive advantage all small businesses should enjoy compared to big businesses is that the customer should be able to talk to the owner personally, not simply to a staff member.
- Troubleshooting problems personally also **alerts you to areas of your business that need remedial action.**

- **Provide exceptional service:** fix the problem in a way that goes ‘beyond the call of duty.’
- **Follow up** to find out if the customer is now happy (preferably delighted!).
- **Fix the root cause** of the problem. Change your processes or retrain staff so it doesn’t happen again. For example, lack of communications is a common cause of customer dissatisfaction. Calls aren’t returned, the customer is not kept informed a delivery will be late, etc.
- Regard any extra compensation you might have to make as a **marketing expense:** if the result is a delighted customer you are creating an advocate for your business that will build positive word of mouth for your business and likely more than repay the expense.



**System or people**

If the problem is caused by poor systems, fix the systems. If the problem is caused by people, train the people and establish House Rules (systems to follow) for customer dealings.

### **Thoughtfulness: how you can be useful to customers**

Think also of ways in which you can exceed the customer’s expectations. Simple thoughtfulness—reflecting on what would be useful to the customer—leads to many successful tactics. For example, a paint and panel shop owner realised that all customers will sooner or later get stone chips and scratches on their new paintwork. As a result the business supplies each customer whose car has been resprayed with a small pottle of touch-up paint (complete with a brush attached to the inside of the lid) to cover up these small blemishes. This gesture costs the shop very little since the paint is simply left over from the job, but the goodwill gained is significant, because competitors don’t make this small effort.

The overall question to ask yourself is: ‘How can I turn an unhappy customer into an advocate for our business?’

### **Track lost or former customers**

Make sure you have some tracking system to find out which customers are ‘lost’ or are not doing repeat business with you. Remember, you’ve invested good money to acquire these customers in the first place. Don’t let them slip away without a fight!

Of course, some you might not ever get back because they have moved to a different part of the country (but can you offer them a mail order or website service?). Among the others, however, are bound to be those who never actually complain (that’s the majority of us!) but simply ‘vote with their feet’: they leave.

These are the customers you need to contact to find out:

1. **Why they left** (so you can identify and remedy the cause: this is valuable information to help you improve your business!).
2. **What you can do** to win them back.

Sometimes a direct approach works well. You could try something like: “I’m phoning you to find out why we haven’t heard from you for a while. You are a valued customer and I want to ask you what would it take from us to get you back as a customer?”

Or you phrase it like this: “We’re in the middle of significantly upgrading our products and services. We’re trying to identify problems in the past that may have caused some of our customers to leave. We really valued your business—what would it take from us to get you back as a customer again?”

Set yourself a goal of phoning a set number of former customers a week, or assign this task to a key staff member who has good people skills. The person who contacts them should be good at listening and interpreting what people **really mean** as well as what they actually say. Many people are reluctant to criticise directly (because it seems rude) so finding out the truth is a skill, but the insights for your business could be crucial.

### Perceived indifference

Research shows a whopping 68% of customers leave because of perceived indifference. That’s not necessarily **actual** indifference on your (or the staff’s) part—it’s just that the customer **perceived** (felt) they were:

- Being ignored
- Being neglected
- Being taken for granted
- Not being given due recognition.

This is something **every** business can fix!



## Gaining more business from existing customers

Finally, try these tactics for gaining more sales from your existing customers.

- Use your market research to find out what else customers want and then offer **related or complementary products**.
- Send an offer of a product or service that is related to what they bought, perhaps two weeks or a month after a sale. Offer a discount or special deal. If you don't have any complementary products or services, then **joint venture with a business that does** and offer their products. (Then get that business to do something similar with their customers, but this time with your products or services as the offer.)
- Come up with a **special anniversary offer** one year exactly after the customer first bought from you. If the tactic proves successful, repeat the idea every year.
- **Work out the replacement cycle** when customers are likely to need new machines, spare parts, refills or consumables and then contact them before the time with an advantageous offer. For example, if you sell laptops, you will know when the model you have sold a customer becomes outdated, or is at the point where it's going to **lose value rapidly** if the customer doesn't upgrade to a newer model. Contact them and point out the economics of keeping their present machine, and the benefits of upgrading to a more powerful model.
- If appropriate, encourage more sales by offering **free training** for your customers in a new technology or service. For example, a camera shop might offer special evenings to demonstrate digital camera technology and picture enhancement and how to organise the results into picture albums on a computer. A computer shop might offer free classes in how to use scanners and selected software. Can you do something similar? Try liaising with your suppliers to see if they are prepared to share the costs of the promotion and provide a technician to demonstrate equipment. If you run a service business, think of inviting an expert to talk on a topic, or give the talk yourself.
- Experiment with a **telemarketing exercise**: ring up selected customers with a brief message about a special or new product they may like to try. Offer some genuine saving or deal as an incentive and make it clear that this is for existing customers only. These are only a few of the tactics for getting extra sales. Trawl through the rest of this book with a note pad at hand to find lots more. Some are sure to apply to your business so implement them NOW!



## What you've gained from this chapter

- ✓ It's far more cost effective to market to your existing customers than to find new ones.
- ✓ Focus on retaining your existing customers through these five steps:
  1. Listen carefully to what they say to gain insights into how you can improve your business.
  2. Respond to what they tell you and let them know they've made a difference to your business.
  3. Reward their loyalty through special offers and rewards.
  4. Make them feel privileged and recognised by keeping in close touch.
  5. Do your utmost to exceed their expectations.
- ✓ Since people now are far more demanding and choosy than in the past, to exceed their expectations you need to go well beyond 'average' or 'satisfied'. People think they have unlimited choice, so they will leave you for others unless you delight them.
- ✓ The best way to delight customers is to analyse the crucial 'moments of truth' surrounding each transaction and make sure that these are all positive.
- ✓ To ensure this happens consistently, make changes to your systems, train staff and empower them to satisfy customers quickly rather than referring them on to others.
- ✓ Don't give up on lost customers without a fight. Unhappy customers or former customers offer you a great turnaround opportunity. They can become some of the best advocates for your business, spreading positive word of mouth.
- ✓ Always look for ways to get more business out of your existing customers.

### Action steps

Create an action list for the ideas from this chapter you want to implement, assign responsibility for each task, and a budget if necessary.

Do this NOW or it will never get done!

## Chapter 6

# The power of leveraging

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## Introduction: why do it alone?

The most successful businesses have alliances. That's the main thrust of this chapter: you don't have to be isolated or 'do it alone'. The more successful the business, the more innovative the owner(s) are likely to have been at discovering ways of forming strategic alliances and joint ventures with others.

It's not surprising that strategic alliances and joint ventures have become a 'hot' topic. When it comes to marketing, strategic alliances offer you many powerful ways of expanding your business.

Specifically, strategic alliances liberate your business from the confines of being small or isolated or at a disadvantage compared to larger businesses. You no longer have to think 'I'm alone facing the world' or 'We don't have the resources to do that'. This chapter is therefore all about giving you tips and ideas about various kinds of strategic alliances that will:

- Expand your business
- Increase your marketing range
- Help you develop new or complementary products and services
- Enhance your credibility
- Give you more power to achieve your objectives.



**Creativity is the key**

Strategic alliances are all about thinking up ways of creating synergies between two or more businesses. The more creative and innovative you can be about strategic alliances, the more your business is likely to benefit.

## What is a strategic alliance?

A strategic alliance or joint venture is a partnership, formal or informal, between two or more businesses designed to progress the strategic goals and objectives of each business. In the case of this book's focus, that means an alliance which will develop or strengthen the marketing capabilities of your business.

Large corporates have used strategic alliances for years to develop their interests. For example, a computer chip maker such as Intel might form a strategic alliance with a software manufacturer like Microsoft to develop chips that work particularly effectively with Microsoft's software. Intel promotes Microsoft products, and Microsoft promotes the advantages of buying computers with Intel chips rather than competing brands.

The next step is to link with the companies that make the actual computers. So, for instance, Intel develops special chips for laptops that run cooler and consume less

battery power. Chances are that a computer you use or have used at some stage has a little sticker on it that says ‘Intel inside’ and another that says ‘Designed for Microsoft products’. It’s been a successful promotion for Intel and its partners, allowing them to combine their marketing ‘clout’. For instance, one advert can feature the logos of three strategic partners: an HP laptop computer with an Intel chip in it designed to run Microsoft software.


From the customer’s point of view, the three are mutually enhancing: there is security and credibility in recognising the brands and a lessening of the risk in knowing that the computer will run the world’s most popular software programs.

### The key features of strategic alliances

So let’s just recap those features again, because they are the keys to the benefits you should be looking for when you consider joint ventures or strategic alliances:

- All three companies in the strategic alliance, the chip maker, the software producer and the laptop manufacturer **gain from the alliance**.
- They are developing **mutually enhancing products** that **add value for the customer**.
- They are able to **share marketing and promotional costs**.
- The ‘total package’ offers **better credibility** to the customer than if the three companies were to market alone.
- The alliance **reduces the risk** for the customer in buying the laptop, since the stickers are in effect a **guarantee** that the software you need will run properly on the machine.
- The alliance promotes **better brand recognition** in the marketplace. Strong advertising means that the customer will be looking for—and demanding—the stickers that confirm ‘Intel inside’ and ‘Designed for Microsoft products’ before they buy the computer. These stickers signal a safe purchase.
- The total result of the alliance is a genuine synergy that **enhances the competitive advantage** of all three companies in the alliance.
- The customer sees **more value in the total package** than if they were to judge each company’s product on its own.

When you consider the positive marketing benefits flowing from this example it’s hardly surprising that large companies have always exploited the advantages of strategic alliances.



**Take the initiative!**

Who would you love to work with?

Write down the names of five businesses that would make ideal strategic partners and then take the initiative. Ring them up and explain why a strategic partnership would work well for both of you.

## How your business can benefit

The benefits for small businesses of enhancing themselves through creative alliances can be even more valuable, and you should be looking for similar synergies. Here are some examples of business enhancing alliances and joint ventures, designed to stimulate you to think of ways you can do this too.

### Overcoming smallness

When it comes to competing with larger businesses, smaller businesses often feel most disadvantaged by their size. For instance, you might feel you lack:

- The same buying power, so you can't buy product as cheaply as larger companies.
- The money to compete with the advertising budgets larger businesses can afford.
- The recognition and credibility in the marketplace, and so on.

Forming strategic alliances can help you overcome many of the disadvantages.

For example, you could:

- Form a buying alliance with similar businesses to gain group purchasing leverage.
- Share advertising and promotional costs with your strategic partners.
- Gain enhanced credibility and market recognition through this joint promotion. If each business in the alliance puts an equal effort into publicity, the results are likely to be far better than the effort of an individual business.

### Tendering for large projects

Strategic alliances are also an excellent way of making your business look 'bigger' when it comes to competing against larger companies on a large project. The obvious example comes from the construction industry, where firms often form strategic alliances to present an impressive syndicate of complementary skills.

In some cases this may even include starting a separate company for the duration of the project. All the firms contribute resources, skills and knowledge to the company, which is run as a separate entity during the course of the project. The company is then wound up at the end of the



### Partnerships can take time

You do need to think medium term rather than short-term.

As one business owner comments, "It took me 3 years to establish a strategic alliance with a major corporate, and seven years to establish one with another major firm. But the benefits for my business have been huge, so I strongly recommend you keep plugging away, putting proposals forward and reminding people why it makes great sense for you to work together."

So get started sooner rather than later!

project, with the profits distributed to the participating businesses according to an agreed formula, perhaps based on the degree of participation and resources committed. What you need to think about in terms of your own business are those opportunities that you may have dismissed in the past with the thought: 'We can't handle that' or: 'It's a pity, but no, we don't have the resources for that.' For instance there may have been a government project up for tender that you felt you couldn't handle at the time. From now on, however, instead of automatically dismissing these opportunities as 'too big for us,' think in terms of strategic alliances or joint ventures. Can you form an alliance with another business, or a group of businesses to secure the work?

### **Always look for complementary businesses**

What businesses naturally complement or add strength to your own? Always be on the lookout for a business that offers products and services that could enhance your own range in the eyes of customers.

For example, suppose you are a photographer specialising in wedding photos. Those photos need to be displayed effectively and for an occasion as important as a wedding day people are prepared to spend on quality. So you might look to form a strategic alliance with a supplier of top-quality wedding albums and also with a picture framer. By doing this you've saved your customer the bother of travelling to three different suppliers.

### **Offer customers a more complete package**

As the example of the photographer already discussed demonstrates, forming strategic alliances allows you to offer a more complete package to your customers. You create a competitive advantage if you can offer your customers a 'one-stop shop' instead of saying 'No we don't do that.' For example, a business might specialise in brake repairs, but might find that many customers also want a wheel alignment. It makes sense to offer the whole package to the customer. You can then say, 'We can take care of that through our association with ABC Wheel Alignments. We choose our strategic partners carefully to give you the same standard of quality and service as we do.' The more comprehensive the service you can offer customers, the more useful you become to them.

### **Sticking to your core strengths**

Importantly, strategic alliances allow you to offer this spread of services to customers without diluting your core focus. You may be tempted to diversify your own business, but trying to be 'all things to all people' is often a fatal trap that results in overstretched financial resources and diluted quality of performance. Forming a strategic alliance with another business that is an expert within its own field is often the better way to go.

For example, the wedding photographer concentrates on photography and allows the strategic partner to produce the wedding album.

### Developing new products and services

As many start-up software businesses have found, strategic alliances offer an excellent way to overcome their individual lack of resources as they develop products. Alliances enable them to:

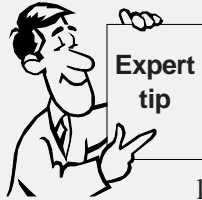
- Share the market research for new products and services.
- Share development costs that might be beyond the financial means of a single business.
- Reduce the financial risk and exposure in developing new products.
- Pool skills and experience rather than duplicate them.
- Share equipment and software (for example, the expensive licence costs for some specialised software).
- Share the marketing and promotional costs, and promote to each other's customers.
- Gain synergies from tapping into the market knowledge, the contacts and the business connections that each business has developed.

Note that an important benefit of such alliances is that you can often access specialised skills or equipment at a fraction of their market value or what it would cost you to acquire those skills or train one of your employees. The reality for many businesses is that they might not otherwise be able to afford these skills or specialised gear.

The alliance might also bring with it certain tax advantages that you could discuss with your accountant.

### Sharing customer databases

There are other ways too of sharing resources with other businesses and organisations. A good example is supporting a charity through your business. Many charities have excellent databases



**Who owns the IP?**

If a strategic alliance is likely to create some **valuable intellectual property** (such as a patent or copyright) that has future marketing value, make sure the partnership agreement spells out who owns the IP or how its value will be shared. It's important to protect both your own IP and your branding.

**Respect legislation**



If you wish to share databases with a charity or any other organisation, you **must** abide by relevant anti-spamming and privacy legislation. Check what applies to your country and any international countries you send emails to. Fines for breaching local regulations can be stiff.

of people who have supported them in the past. They might publicise your support for their cause in letters or newsletters to their customer database, while you do the same to your database of customers.

For example, the marketing message could be that the charity will get a donation of \$5 for every \$100 spent with your business. Both sides of the strategic alliance gain through this approach. The charity stands to gain extra funds (if the project is well thought out) and you stand to gain some new customers, plus the added credibility that accrues from supporting a worthy cause.

Of course supporting a charity is a worthy thing to do in its own right, but the added bonus is that the percentage you have to donate to the charity from your revenue from this promotion is money you would have had to commit to marketing anyway to attract these new customers.

### Further benefits from strategic alliances

- If you're interested in **developing export markets** for your goods or services then a strategic alliances with the right overseas partner can open up new channels of distribution that will help you penetrate foreign markets. In some cases a strategic alliance is the most effective way to overcome trade barriers.
- Developing a strategic alliance with **your suppliers** can help you lower your supply costs and provide your business with a strong competitive advantage over your competition. For example, you might agree to share promotional costs in a joint push to market certain products.
- Strategic alliances can also be a good way of **speeding up the development of your business**, allowing you to do things quicker and faster than you could have done without tapping into the resources and capabilities of other businesses through alliances.



**Decision not to compete**


A web hosting company made a conscious strategic decision early on not to develop websites for their customers. “We got many requests from customers to develop websites for them,” reports the founder. “But we decided not to go down that road. This allows us instead to work closely in alliance with website designers who encourage their clients to host with us because they realise we’re not competitors. This strategy has paid off handsomely.”

## Key issues with strategic alliances

It's important to select your strategic partners carefully before you begin working together because your business could be affected by the behaviour of your partner.

In a worst-case scenario, some less than ethical dealings by a strategic partner could adversely affect your business too. The more closely you work together, the more opportunity the strategic partner has to strengthen or damage your credibility. So here's a quick checklist to work through plus some tips:

- Check references and the market credibility of the business. If possible (or appropriate) speak to some of their customers.
- Make sure the business is solvent and not under pressure or threat and is competently run.
- The strategic partner should subscribe to similar ethical values and business practices as your own. For example, guarantees should be honoured and the standard of service should be high.
- As in a partnership, it's important to be clear also on how much each party is contributing to the alliance in the way of resources, work or finance, and, if the alliance is likely to produce profits, how these are to be split. In particular, clarify any financial commitments (cost of joint advertising, etc.), as these could be a source of future conflict.
- Many strategic partnerships are quite informal in nature; others rely on signed agreements. One expert has commented that in his experience the longer and more legalistic the partnership document, the less successful the alliance is likely to be. The likely reason for this is that the best strategic alliances are the result of a 'meeting of minds' between two business owners where both see clear benefits from the alliance and are able to capture the essence of the alliance in a short 'heads of agreement' type document.



**Clear benefits and clear outcomes**

Get together with the strategic partner to discuss the mutual benefits that should flow from the partnership. The benefits should be clear, and the outcomes from the partnership should also be clear.

### Trial periods and open communications

A good way to test the effectiveness of a strategic alliance is to establish it for a **limited trial period**, with a review process at the end of that period. For example, you might decide on a strategic alliance with another business in the form of a joint promotion over the Christmas trading period, sharing advertising and promotion costs.

Putting a definite termination date on the alliance then allows both parties to assess how well the cooperative effort worked. If there were problems you can then go your separate ways with no hard feelings, stress or pressure, since the expiry date of the alliance was set in advance.

The key to successful strategic alliances is open and honest communications backed by shared business goals and values. It's important you like the people you're dealing with.

## Changing the way you think about your business

The most exciting part about strategic alliances is that they should change the way you think about your business. You no longer have to think of your business as 'small,' 'isolated,' 'limited' or 'lacking in resources and skills' because all these features can be compensated by creative strategic alliances.

Exploring the possibilities of strategic alliances can therefore fundamentally alter your attitude to your business, empowering you to tackle bolder and bigger things and opening new doors to growth. What you need to do now is to make looking for such alliances a daily part of your business thinking.

## The importance of business networks

Business is all about people. It's impossible to do business in isolation from people. One of the best ways of finding strategic alliances is therefore through your business contacts and connections.

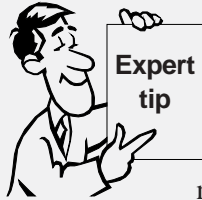
This section stresses the importance of making a conscious effort to develop and expand your business networks. Like many things in business it requires an active role on your part and a determination to continue widening your circle. This is because connections don't always pay off immediately; instead you should regard them as a long-term investment in your business. You never know when you may find it useful to know someone who also knows someone who can solve a marketing or distribution problem for you. The more people you know, the greater the depth of resources you can draw on.



**Networking**  
Successful business owners work constantly at developing their business networks. The more successful you are, the more extensive your business connections are likely to be.


## Tips for expanding your business networks

- Join your local Chamber of Commerce, industry group or employers' association. These kinds of organisations provide you with valuable opportunities to spread the word about your business.
- Join local community groups like Rotary, Lions or Zonta. Don't be concerned if there's no apparent or immediate payoff for your business—give it time. Taking part in community projects raises your profile in the community and will increase the credibility of your business.
- Join local business networking groups and attend the meetings. Again, be patient: don't look for immediate results, but do get out of your 'comfort zone' and don't cling to the familiar faces. Network assertively to meet new people.
- Join Toastmasters International or some similar organisation (such as Dale Carnegie) and learn to speak confidently in public. Perhaps you can become an expert in your field and be invited to speak on your industry area by other organisations. For example, if you're a financial consultant, this is an excellent opportunity for you to talk about investing issues. Make sure never to sell your services directly. Talk instead about trends in international markets, good sectors for current investment, etc. If your sales pitch is too blatant you won't get invited to speak again. On the other hand, if people see you as the expert and are impressed by the knowledge you offer them, they will start to seek out your services.
- Learn to listen. The greatest marketers and salespeople are great listeners. Ask people what they do and look for possibilities. Remember that the best opportunities exist in helping people overcome their frustrations.
- Make sure you're marketing your business in all your contacts. This doesn't mean putting across a hard sell message; it means keeping people aware of what you do.
- Exchange lots of business cards. Keep all the business cards you collect on a database, so you can send them appropriate notes, newsletters, notice of your new website, etc.



**Contacts**

You'll find fuller contact details for networking opportunities and training in the **Resources** section at the end.



**Benefit from their knowledge**

In business there's absolutely no sense in reinventing the wheel, but there is a great deal of sense in leveraging off the expertise and experience of others or people who have already accomplished the things you want to achieve.

## Creating your own advisory board

Another part of being well connected in business is having your own advisory group so you can leverage off their knowledge. You can make this group as formal or informal as you like. This is simply a collection of people that will be most useful to you in promoting and marketing your business. For example:

- A marketing or advertising consultant.
- The owner of a business similar to yours, perhaps in a different city.
- A business 'guru' or mentor, perhaps an older or retired businessperson you can turn to for marketing advice.
- Your accountant, lawyer and bank manager.

## Keep connected through technology

Finally, use the best technology to stay closely connected to your customers so you can serve them better.

This means:

- Keeping up with new cell phone and laptop mobility technology (for instance, connecting to the Internet by wireless).
- Using the Internet to speed up communications and make it easier for customers to buy off you or keep in touch with you.

For example, email and texting have made a tremendous difference to the speed and ease with which we can now communicate with each other. It has changed the whole pattern of business life. The time, effort and money that businesses used to put into typed correspondence using formal letterhead stationery has now been greatly reduced. In a few minutes at the start of each business day you can send off half a dozen quick emails to people. Multiplied over a year, that simple tactic alone adds up to a positive impact on your business.



## What you've gained from this chapter

### Strategic alliances:

- ✓ Are the modern way of expanding your business, allowing you: to present a more credible, complete and comprehensive solution to your customers; to open new marketing channels; and to speed up the development of your business.
- ✓ Will only happen if you make them happen, so be on the alert for businesses that could offer genuine synergies and win/win results for both parties.

### Strategic alliances work best when there is:

- ✓ Honest and open communications.
- ✓ A meeting of minds.
- ✓ Clarity about expected outcomes.
- ✓ Clarity about what each side will commit to the alliance.

### A wide network of business connections is important for your marketing effort because:

- ✓ The connections allow you to market your business widely and gather important business information.
- ✓ The quality of your networks and relationships with people can be one of your strongest competitive advantages.

## Action steps

1. Think up some positive ways in which strategic alliances could strengthen the marketing of your business. Ring up the businesses NOW! (Remember to check out your strategic partners before you do business with them to make sure that the alliance will truly benefit both sides and enhance your image in the marketplace.)
2. Commit to developing your business networking by joining at least one organisation or network group this month. Set up an advisory board. Find a mentor: someone you admire that you can approach for business advice.
3. To stay connected to your customers take full advantage of technology and emerging technology.
4. Trawl through this chapter for other ideas you can implement in your business.  
Do it NOW or it will never get done!

## Chapter 7

# Creating business ambassadors

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## Introduction

It's been said that you really have only two options in your working life: you can spend your life achieving your own dreams, or you can spend your life helping someone else achieve their dreams. In other words, you can be self-employed, or you can work for someone else.

By becoming a business owner, you've made your choice. Your task now is to persuade others (your staff) to help you fulfil your dreams for your business. In terms of marketing, this means that your challenge is to turn each and every one of your staff into ambassadors for your business. This chapter will help you achieve that.

## Staff come first


There's an old business cliché that the customer comes first. But for the purpose of this chapter, the cliché is wrong. It is your staff that come first, because it is your staff that will help you make a success of your business. If you want your staff to give customers quite exceptional service, then you must first treat and train your staff in such a way that they will willingly deliver this outstanding service—and do it consistently.

### Everyone markets the business

Staff that have no contact with customers are just as important as staff that do. You depend on such staff to make a quality product or design an exceptional service or provide efficient administrative support. If they don't, you stand to lose customers. You have to make it clear to all your staff that they are ambassadors for your business. This can be quite a revelation for some staff, who think they have no role in marketing the business. In fact, **everyone** markets the business.

### Your role as leader

The way that people view a business has much to do with the kind of values that the business embodies. If you look at some of the top businesses that have been created in the world, such as Virgin Airlines or The Body Shop, they are characterised by having very distinctive cultures. These cultures affect the way customers view the businesses and also the way that employees of the businesses view their jobs.



**Contacts**  
Remember too that staff don't disappear into a vacuum after business hours. They come into contact with family and friends, and these contacts are likely to gain their image of your business from what the staff member tells them.

For example, Virgin Airlines has an image in the marketplace of being fresh, different and innovative. Its image is completely the opposite from the stodgy, conservative image of other airlines. After all, the airline was created by an unconventional adventurer called Richard Branson with a gift for self-publicity. When you fly with Virgin you expect the staff to be professional, but also different to the staff on other airlines: less formal and conventional in appearance and behaviour, and more fun.

Likewise, founder Anita Roddick created for the Body Shop an experience for shoppers that is quite different from the more conventional shops selling soaps, lotions and personal care products.

Customers are attracted to Roddick's Body Shops by the respect for the environment, the natural products used, the sustainable way its Third World suppliers harvest these products, the company's fair treatment of suppliers and its campaigns against testing cosmetics on animals. This is all part of its special branding.

### **Charisma and values**

In sum, these two businesses were created by charismatic leaders who have imbued their businesses with distinctive values that inspire their staff. As customers we know these businesses are very different from the average and we're attracted to them because of this difference, either because we share these values, or because we're curious and attracted by the energy that makes them distinctive.

These two leaders provide an example of what you can do for your business. Not all of us can be charismatic leaders on the scale of Branson or Roddick. But as leaders of our businesses we should all provide two things:

- 1. A strategic vision**
- 2. The core values that underpin that vision**



### **Business cards for all**

“Everyone in my business gets a business

card,” comments one successful business person. “Some of them are quite startled by this. ‘What’s this for?’ I’ve had my technicians ask me, ‘I don’t do any selling.’

My answer is: ‘Yes you do. Every time you do a quality job you’re selling the business because you’re encouraging the customer to come back to us again.’

I’ve found that giving staff these business cards helps them all to realise they are part of a team and that we all have to lift our game to be better than the competition and to give exceptional service.

Giving business cards to everyone also cancels the gap between ‘them’ and ‘us’ that exists in many businesses and promotes a feeling of oneness. The cards help promote the values that I advance—that all jobs have equal dignity and importance in making a success of the business. We’re all in it together.”

It's important that you share and communicate both your strategic vision and your core values with your staff because you need your staff to help you achieve your vision for the company. It is often the staff who are at the 'coalface' of dealing with your customers, so it is your staff that can make or break you.

## Communicating your strategic vision

The best businesses are motivated by a shared sense of purpose that gives meaning and continuity to everyone's activities. The staff are clear about where the business is heading and how their tasks will enable it to get there.

The vision comes from the answers to these questions:

- Where is the business now?
- Where do you want it to be next year?
- Where do you want it to be in 5 years time?
- What must you all do to get there?

It's important to:


- Consult key staff on these questions.
- Get their suggestions and gain their 'buy in'.
- Build their ideas into your business.

But at the end of the day you are the leader of the business and the answers will reflect your vision for the business.

## Pushing limits, raising standards

Your task is also to encourage people to venture outside their comfort zone. For example, you might set service goals that go way beyond what staff thought was practical or possible. Suppose you run an appliance repair service offering on-site service for householders. You decide that your new service standard will be: 'We guarantee to be on time, or we'll cancel our call-out fee!'

At first your staff are horrified by this idea, and point out that it's very difficult for them to know how long each job will take them as there are often unexpected delays and complications. Offering this guarantee will take them right out of their comfort zones.



**To boldly go...**

A leader's true task is to show people how to venture beyond the point where they were prepared to go by themselves—then watch them grow.

Nevertheless you decide to do this because the guarantee addresses one of the main frustrations of householders you've discovered through your market research: that tradespeople don't turn up on time. So after making some changes to your business processes you go ahead with the guarantee and it develops into one of your main competitive advantages.

You impress upon staff that every claim under this guarantee diminishes profits for the business, and this affects everyone. Staff have to develop their skills in estimating how long jobs will take.

If there are delays they must phone the next customer. Staff will take pride in being on time because it reflects their efficiency.



### **Lifting standards**

The positive thing about setting difficult goals is that they raise the level of the business's performance. You're suddenly doing things you never thought possible.

## **Communicating your core values**

Your core values are the values that define what your business stands for and why it exists. They are the guiding principles behind all the dealings your staff have with your customers, and give substance to those dealings.

You will need to revisit your strategic vision for the business from time to time and make adjustments as markets and economic conditions change. By contrast, your core business values, like integrity, honesty and fair dealing, are the bedrock of your business. They will not change: they are the values you and your staff will use in dealing with others and that others will evaluate to judge your business.

For example, anyone who has worked for a McDonald's restaurant will have been taught the McDonald's core values of 'QSCV': Quality, Service, Cleanliness and Value.

Your task is to work out with your staff what your core values are. For example, quality, service and value are values that apply to all businesses, while cleanliness is obviously mainly a concern for hospitality businesses, but perhaps less important for other types of businesses that don't work with food.



### **Values**

At the heart of all lasting and successful businesses are clearly defined core values that provide a sense of direction and purpose.

## Why did you start your business?

Start by thinking about your business and why you started it. Once you've defined your values, you need to make these key values clear to customers as well as your staff, so that your customers know how to measure you.

For credibility reasons it's extremely important that you live the values. For instance, if integrity, honesty and responsibility are the cornerstone values, then any departure from these values will compromise your business. If your dealings are less than ethical, then staff will take their cue from you and feel that they also can behave less than honestly towards customers. If there is not a culture in the business of **taking responsibility for transactions**, then customers are likely to be frustrated by the experience of being shunted from one person to the next. Values are all about standards, and if you don't set high core values, then the service standard is unlikely to be high. As with your competitive advantages, don't expect staff or customers to guess your core values. It's important that you display them at your place of business and incorporate them in your promotional material, including your website and your guarantees, because they are an integral part of your authentic voice.



### The benefits

Communicating your core values to both staff and customers

increases your credibility, projects professionalism and builds confidence in customers, reducing the risk they might feel in doing business with you.

## Recruiting the right staff

A common fear in businesses is hiring the wrong person. Many later staff problems can be avoided if you take extra care to recruit the right people in the first place. A strategic vision backed by strong core values will help you get the right staff: people are attracted to working in a business with a clear sense of direction and values.

In many such businesses (for example technology businesses), staff will work long hours, driven by the passion of reaching goals. Your core values make up the 'personality' of your business, and in communicating them you're also telling others what's unique and authentic about your business.

From a marketing point of view you're looking for people who:

- Like making other people (your customers) happy. **People do business with people they like.**
- Are friendly and outgoing.
- Enjoy cooperating with others in a team.

- Can take responsibility for their own decisions.
- Show some leadership qualities.
- Are prepared to share their knowledge. If they are very good at sales or people skills, for example, are they happy to help train others?

Check all references carefully and look for some evidence that they have added value to previous businesses they may have worked for. A good question to ask the business is: ‘Would you re-employ this person?’

The best reference is for the business to tell you that the applicant did more than their jobs: they have some personality and showed creativity and initiative.

Most important, do **you** like them? Could they sell you something?

## Gaining staff buy-in

Every business needs a Procedures Manual or House Rules that set out the standards and procedures that staff must follow. For example, in a retail business a few examples of these procedures might include:

- Always wearing name badges.
- Conforming to a dress code.
- Greeting customers (preferably by name).
- Answering the telephone in a consistent and welcoming way.
- Learning the names of regular customers.
- Taking responsibility for following through on customer service.
- Always asking new customers how they found the business.

## Explain why procedures are important

Certain procedures should be non-negotiable: they are a condition of employment. But at the same time you will have more success in getting staff to adhere to these procedures if you make their purpose clear. For instance:

- Wearing name badges and conforming to a dress code help to build a friendly, professional image. If customers have a service problem, they can attach a name to the



**Extra trouble**

Taking extra time and trouble at the recruitment stage will save you much heartache and stress later.

You can train people who show willingness, but some simply have the wrong personalities and it's beyond the scope and powers of a small business to change them. Don't employ them in the first place!

Research shows the personal qualities and attitude of an individual have the most impact on the way they do their jobs.

person who served them. This is enhanced too by greeting all customers, a process that gives them recognition and acknowledges their importance (make sure you ban the off-putting ‘Can I help you?’).

- Answering the telephone in a standard way again promotes friendly professionalism since following a script ensures that nothing important is left out (such as communicating your competitive advantage to customers).

### Undermining the business

You need to point out also that staff who don't follow these procedures are **undermining the strategic aim of your business**, which is to **build long-term relationships with customers**.

Explain why this is important: that you've spent money on advertising and promotions to get people into your business so you don't want to do business with them just once; you want to build enduring relationships. So staff need to understand the concept of lifetime value, and what the business needs to do to retain customers.


This is why they must learn the names of regular customers (set a goal of say 10 names a week): it is part of building this relationship. Regulars who are greeted by name when they walk in will appreciate the recognition that tells them they are valued customers.

### Give staff the training they need

Investing in your staff is crucial. They tend to be the most expensive cost in small businesses and they need regular ‘tune-ups’ and ‘maintenance’ just like any other asset of the business. Too many small business owners spend money on new technology without considering their people management. Invest in your staff by:

- Sending them on sales training and people skills courses.
- Giving them relevant trade magazines or publications.
- Giving them videos to watch.
- Having lots of meetings to distribute information.
- Having regular social outings where staff can mix outside the pressures of business.
- Sending them on conferences or trade shows where they will be exposed to new ideas.

These trips can be a type of reward to raise their self-esteem and show you have confidence in their ability.



**Poor performance**  
The four main culprits of poor performance are:

1. Hiring the wrong person.
2. They don't know what their job is.
3. They don't know how to do the job (training, setting standards and procedures)
4. There's interference with their desire to do the job.

## Providing exceptional service


Help staff to understand the ‘moments of truth’ concept discussed in Chapter 5. Once they understand the concept, ask them to identify the ‘moments of truth’ for customers in their own job and define what they think would be an exceptional experience for the customer, for example in dealing with a customer on the phone, by email, or in person. It’s important that they understand how vital teamwork is, and how interrelated work is in most businesses and how poor quality at any stage of the work affects the result. For instance, if the technical people in an appliance repair business do a poor job of a repair it’s the sales person who has to deal with the disgruntled customer. Similarly, if the admin staff do not invoice correctly, or forget to send the invoice out, their poor procedures rebound on others dealing with the customer.

Clarify with your staff the need to take responsibility for the customer if they are the first point of contact. If they pass the customer on to others, they must ensure that there is a result: the customer gets an answer, a price, a quote or whatever is required. In other words, making sure that the customer gets satisfaction and is not forgotten or frustrated. The quickest way to lose customers is to have them shunted back and forth without getting anywhere.

Here you might also ask them what authority, training or resources they need from you so that they are **never a dead end for customers**. In other words, how much leeway do they need from you to make a decision on the spot that will resolve the issue to the customer’s satisfaction?

## Gathering market research

Staff are a vital source of customer feedback in all businesses. Require your staff to gather market research and make sure they do so by explaining why it is important. A simple example would be to ask **all** new customers how they found your business. Just a simple ‘By the way’ how did you find out about us?’ is quite sufficient.



**Empowering staff**

One boutique hotel allows even the cleaning staff to make decisions about cancelling or reducing the guest’s bill if guests complain the room was substandard. The decision can be made on the spot without the delay of a manager being involved. That’s powerful and very effective staff empowerment. The side effect is that having to cancel a bill for a guest’s stay concentrates everyone’s minds on fixing the problem as quickly and permanently as possible. Putting better systems in place is often the key.

In this case the answer will help you to direct your limited marketing resources most effectively. For instance, customer feedback might reveal that:

- 80% of customers discovered your business through the Yellow Pages.
- 15% found you by word-of-mouth referrals.
- Only 5% discovered the business through your ads in community newspapers.

The obvious logic of this feedback would be to spend less on advertising in community newspapers, strengthen your Yellow Pages ad (perhaps increase its size next year) and set new goals for word of mouth referrals (for instance, increase referrals from 15% to 20% over the next year by improving your level of service and customer satisfaction. Plus brainstorm with your staff new ways of building customer loyalty and encouraging referrals.


### Make staff aware of the bigger picture

In some businesses staff are required to do some market research such as getting people to fill in questionnaires, but results disappear ‘into the system’ and they are never sure how the information is used. What we’re urging you to do instead is to make all your staff aware of the ‘bigger picture’, of how you can use the feedback to improve the business.

Explaining the bottom line of it is straightforward: the best source of information for improving your business comes from customers, because they pay for your goods and services.

The more feedback you get from them, the better placed the business is to make the necessary changes and fine-tuning. **This means a more successful, more profitable business and increased job security for staff.**

Rather like your core values, however, you must ‘walk the talk’. If staff dutifully provide feedback but they get no comment from you and see no changes made in the business, they will soon lose interest. It’s essential to give feedback of your own (perhaps at a monthly meeting) to show how useful the feedback is and what action you’re taking. Show some excitement when you get some real insights (as you will from time to time) from customer feedback that reveal a whole new path forward for the business.



**Surprises**  
Be prepared for surprises. Customer feedback of this kind will often reveal results quite different from what you thought or had predicted. For example, you may have thought that a series of radio ads was bringing in the extra business whereas the real reason for the increase is quite different.

### To gain 'buy in', ask for their input

It's also a good idea to ask staff for their comments to increase their 'buy in' to the process. For example, "The feedback I've got from you over this month suggests that customers would really like us to open an hour earlier in the morning so they can come in before work. Do you think this is worth a try?" Make them part of the improvement process.

Remember that as your staff numbers grow you're likely to find yourself more distanced from your customers. It becomes even more essential to get a good flow of market research information from your staff and you become more dependent on your staff for quality information. Make sure you encourage the 'virtuous circle' of customer feedback translating into changes and improvements leading in turn to a better business and improved feedback.

### Make sure others don't take the credit


Staff often hold some valuable keys on how to improve a business but they never pass this information on. Possible reasons are:

- There's no established channel for suggestions.
- Innovative behaviour in staff is not encouraged.
- Staff have had experience in passing on great ideas only to find their supervisor or someone else taking the credit.

Keep open channels of communications with staff and ensure they get credit for ideas.


### Keeping your staff motivated

The importance of sharing your strategic vision for the business and also your core values has already been stressed. Communicating your strategic vision for the business and your core values clearly to staff will go a long way towards providing them with a sense of purpose and 'buy in'.



**No one listened**

Make sure these problems don't affect your business. Many new businesses are started by former staff who left their previous jobs because they saw ways of doing things more efficiently or more competitively, but no one listened.



**What's not said**

"The most important part of communications is listening to what is not said."

Peter Drucker

This will be further reinforced if you include them in the process of determining your strategic vision and defining your core values. People always take more responsibility for things that they have helped to create, rather than things that are simply imposed upon them. “Do this” carries less weight than “So we’ve agreed we’ll do this.”

Contrary to popular belief, money is not at the top of the list as a staff motivator. This is not to say that it hasn’t a part to play: many businesses operate very successful profit sharing schemes for staff. But there are other important motivators that don’t involve money, particularly:

- A feeling that they are **on a growth track**, not a dead-end job, because you have explained your strategic vision for growing the business and how they can contribute.
- They are given **challenging goals** to encourage them to grow, to keep them interested in the job and to increase productivity.
- They get **recognition of their worth to the business**, their effort and their contribution. Make a point of catching staff doing something right and give them positive feedback that they are doing worthwhile work. Make it clear that even the simplest job has dignity and can be done with the same concern about quality and excellence as more complicated jobs. Show that the person doing it is playing an important part in the success of the business. Eliminate divisive status symbols such as reserved car parks or senior staff perks: these belong in the past.
- You give staff a sense that they are **trusted and empowered to do their job**. This means showing openness to creativity and a tolerance of mistakes. If people are empowered to experiment and be innovative they will certainly make some mistakes along the way (just as you probably did), but from these mistakes will often come the knowledge that will drive the business forward. We all learnt to walk by falling over frequently; there is no other way.
- Making the business a **fun place to work** is important. This means fostering open and clear communications at every level and encouraging a spirit of cooperation. It also means being alert to bullies (management by fear or harassment) and those who enjoy abusing their power or playing manipulative office politics. Get rid of such people as soon as you can (but be sure to get expert advice first from an



**Shared passion**

The more you share with staff your business goals and the important part they play in the overall scheme of things, the more likely they are to respond with a positive effort. Businesses that are characterised by a shared sense of passion and excitement are particularly fortunate and often experience fast growth as a result.

employment expert and carefully observe correct procedures so you stand less chance of a Personal Grievance case against you).

Asking staff what they like best about the business and also what they least like can give you surprising insights into areas of your business that could be improved.

### **Take an interest in their hopes and dreams**

To show they are more than work objects to you, take an interest in the concerns and interests of your staff, their personal lives and their families. How much do you really know about your staff? How can you hope to inspire them if you know nothing about their hopes and their dreams? These interests also provide important keys to unlock motivation. Once you understand each person's special performance drivers, you can strike deals on the basis of 'you do something for the business, and I'll do something for you.'

For example, if you discover a staff member is saving hard to send a daughter overseas with her sports team, you can make a deal such as: "If you can increase your sales by 25% over the next six months, I'll help you with the price of your ticket." A chat with the staff member every month also reaps good dividends in bond strengthening: there's a lot to be said for 'management by wandering around.'

## **Maintaining high service standards**

All the tips and ideas we've offered so far should make your staff keen and well motivated. It is always better to concentrate on building the positive rather than dwelling on the negative. But despite your best motivation it will sometimes be necessary to discipline staff who fall below your required operational standards.

If you don't discipline such people, it affects the morale of everyone. After all, why should others work hard or take your values and business vision seriously when you do nothing about a staff member who chronically arrives late for work, refuses to wear a name tag, or doesn't observe good service procedures? Not to discipline such a person is an insult to those who are trying their best. Poor performance also sabotages your business and marketing goals.

### **Mystery shopping**

Try as much as possible to make the process one of self-discipline rather than you doing the disciplining. For example, mystery shopping is an excellent way of finding out if the business's agreed service standards are being met. If you take a "how can we use this information to improve the business?" type approach then you can implement improvements without offending or directly criticising the performance of an individual staff member.

### **Self-assessment**

Letting staff assess themselves can also be a useful technique to lift standards. For example, asking them: “How do you rate your level of customer service?” or “How do you rate your sales ability?”

Following on from this, you can then ask: “So what do you think we can do to improve things?” This suggests you’re happy to help the staff member achieve higher goals, but also that you’re keen for the employee to take some responsibility and ownership of the challenge.

### **Teamwork**

Some businesses that rely heavily on team work successfully use teams to keep up standards, particularly if you set team goals. In such cases team members will often bring into line the team members who are not pulling their weight, particularly if there are clear incentives for achieving goals.

In some businesses it’s made clear to job applicants that the final employment decision rests with the team, not the boss. They must meet the standards and expectations of the team before they can be accepted into the business.

### **Working towards common goals**

Finally, in any business it’s important to regard staff not simply as employees, but as co-operators in helping you achieve your common goals. If you can successfully communicate this idea to staff you’ll stand a far better chance of gaining their committed support.

## **What you've gained from this chapter**

- ✓ Your staff come first. You can't achieve your business and marketing goals without the enthusiastic cooperation of your staff. More often than not, your staff are the ones who deal with your customers and are therefore in a very powerful position to influence the success of your business.
- ✓ It's therefore very important that you put time and energy into making sure that they are indeed effective ambassadors for your business, delivering exceptional service to your customers and helping you develop new and creative ways of marketing the business.
- ✓ Recruiting the right staff in the first place saves much time, expense and stress later.
- ✓ You must show leadership by sharing your strategic vision for the business and communicating your core values. These encourage growth, continuity, commitment and purpose. Ask for suggestions and manage by consensus if you can to gain staff buy in.
- ✓ Staff will be more willing to do tasks such as gathering market research and customer feedback if you explain the bigger picture of how it improves the business and they see that you do take meaningful action with the feedback.
- ✓ There are many ways of motivating your staff that don't involve money. Learning about the hopes and dreams of individual staff members uncovers their key drivers. Make deals to help them if they help the business.
- ✓ Establish clear service standards and clarify the non-negotiable essentials and procedures. Use self-discipline and self-assessment as much as possible to help wayward staff improve.
- ✓ Failing to discipline substandard performance insults and demoralises those who try harder.
- ✓ Stop thinking of staff as employees. Start thinking of them instead as fellow team members working to achieve common goals.

### **Action steps**

Create an action list for the ideas from this chapter you want to implement, assign responsibility for each task, and a budget if necessary.

Do this NOW or it will never get done!

## Chapter 8

# Finding new customers

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## Introduction

Many businesses might see advertising as the quickest way to get more customers. Indeed for some businesses like retailers this might be true and a later chapter will help you decide which advertising media best suits your business.

But advertising costs money and can be the most expensive way of getting new customers. In addition, the results are by no means guaranteed. So, in line with the advice we give throughout this book, we recommend that **before** you look at advertising you do everything else first that doesn't cost you money. The fact is, all small businesses have limited resources. The more limited your resources, the smarter you have to be in using those resources. This chapter is all about the **shrewd use of limited resources** to build your customer base.

### Getting new customers is an intentional act

First of all, it's no good hanging out your shingle and then waiting for the action. As the Chinese proverb says: *Man who stands on side of mountain waiting for roast duck to fly into his mouth will wait a long time.*

Business is not like a Saturday morning garage sale where you display everything for sale and then sit back. The action you take must be:

- **Planned:** in business you make your own luck. The best way to success is to plan assertively for it, not wait for it to happen.
- **Intelligent:** the more limited your resources the greater need for focus and wise choice of action.

Here are the steps we recommend to get new customers.

## 1. First, get your house in order

Every business should follow this marketing principle: **Do what you do so well that people can't resist telling others about you.** Write it large on the wall somewhere in your business.

Word of mouth is one of the most powerful forms of getting new customers. And best of all, it's free! Your aim is to make people **want** to be your customers. In order for this to happen, you must get your business house in order.

Start by answering these two questions:

- a) If you were the customer, is it absolutely, compellingly clear that dealing with your business is the right choice? (Why? List as many benefits as you can).
- b) Is your product or service a lot better than anything else on the market? In what ways exactly? (List them).

Now get a friend to check your lists. Are the points you've made believable and persuasive? Does everyone on your staff know and promote them? What can you do to strengthen the weaker points?

### **Find 'em and keep 'em!**

So before you go looking for new customers, make sure you've got everything lined up and sorted out. Getting new customers can be up to seven times more expensive than doing more business with existing customers. So if you can't keep them:

- You've wasted the investment.
- You've condemned yourself to spending yet more money to get others.

And if you fail to retain the next lot of new customers well, that becomes a very inefficient and unnecessary waste! So the message is: don't even bother to look for new customers until you have an efficient business set up to handle them properly. You can't keep customers if your service is bad, your business is unprofessional, your products are inferior, the quality is poor, enquiries aren't dealt with or are forgotten, and phones aren't answered.

The checklist below offers a summary of what's been emphasised in earlier chapters. There's no point in looking for new customers until you can with confidence answer 'Yes' to all these points:

#### **Point of contact (what the customer sees)**

**YES**

- |   |                          |
|---|--------------------------|
| Customer's first impressions of your business are excellent.          | <input type="checkbox"/> |
| First impressions are reinforced by quality performance.              | <input type="checkbox"/> |
| Customers are immediately aware of the benefits of doing business.    | <input type="checkbox"/> |
| Contacting you is quick, easy and pleasurable.                        | <input type="checkbox"/> |
| Enquiries are promptly answered (phone, fax and email).               | <input type="checkbox"/> |
| You deliver on time, every time, at a convenient time.                | <input type="checkbox"/> |
| You consistently delight the customer by exceeding expectations.      | <input type="checkbox"/> |
| You have clear systems in place for orders, enquiries and complaints. | <input type="checkbox"/> |
| Service standards are very high: you treat customers like gold.       | <input type="checkbox"/> |

#### **Staff training and performance**

- |  |                          |
|--|--------------------------|
| Staff are highly motivated and enjoy customer contact.           | <input type="checkbox"/> |
| Staff realise the lifetime value of customers.                   | <input type="checkbox"/> |
| Staff are trained to cultivate customers, not just service them. | <input type="checkbox"/> |

YES

- Staff are trained to cross-sell, on-sell and up-sell.
- Staff are trained to listen, listen, listen—and report back their findings.
- Staff understand and promote your competitive advantages.
- Staff understand your core values and business mission.
- Staff take responsibility for resolving enquiries and complaints.
- Staff are empowered to make on-the-spot decisions.
- Staff are trained to convert complainers into advocates.
- Staff are trained to follow systems (market research questions, etc.).
- Staff are neatly dressed and wear name badges (if retail).
- Staff do one random act of kindness a day.
- Staff learn the names of key/repeat customers and use them.
- Staff always ask for referrals (see later section in this chapter).
- Staff are positive, friendly ambassadors for your business.

### **Products and services**

- The quality of products and services is high (value for money).
- Your competitive advantages are clearly spelt out.
- Your products are backed by guarantees and testimonials.
- Your guarantees and warranties are better than competitors' equivalents.
- You understand what customers really want and have adapted accordingly.

### **Business systems**

- You have documented business systems in place to ensure consistency.

#### **You measure and work on improving:**

- The conversion rate of enquiries into sales.
- The number of referrals from existing customers.

#### **Market research is systemised:**

- Everyone always asks key questions designed to improve the business.
- Market research is built into the way you do business.
- You always capture customer names in your database.

### Passing the test

Once you're able to tick all the 'Yes' boxes in this checklist, you can move on to the next step knowing that your business, your people and your systems won't let you down. The money you invest in finding new customers won't be wasted. You'll be able to retain those new customers and develop long-term relationships with them. If the test uncovers any areas where you feel your business is shaky, now is the time to go back and read the earlier chapters.

## 2. Actively pursue referral business

Now that you've got an excellent customer-focused business set up, you're very well placed to get positive word of mouth from your customers or clients. Remember that marketing principle: Do what you do so well that people can't resist telling others about you.

But although word of mouth is an excellent source of new business, it is a passive process: you have to rely on people to tell others; perhaps they will, perhaps they'll forget. You should also be prepared to show some initiative in looking for new customers. That means actively pursuing referral business.

### Why referrals are such excellent value

Research consistently shows that between 60% and 80% of referred leads can be turned into sales. That's a far better conversion rate than most businesses get out of 'cold leads'. But if you think about it for a few minutes, it shouldn't surprise you. In a sense, these referral leads are already half-sold.

Even more so if you can persuade your customer to ring up the lead or (best case!) to personally introduce you to the lead. You now have the endorsement of someone the new prospect knows. Someone who's happy with the business they've done with you. That's such powerful credibility that your job's half done. So it should be no surprise too that referrals also tend to buy an average of 20% more than ordinary sales.

All in all, if you can generate referrals, you're onto a great deal:

- They cost far less than advertising or other methods
- There's a much higher conversion rate (already half sold)
- And as a way of multiplying your customers, the method is unrivalled.

So it's certainly worth spending time and thought on how you and your sales force can gain more referrals.

## How to get referrals

If you've got salespeople, try this test: ask a few of them how many referrals they got this week. Ask for a list. You may be dismayed by how few they can come up with. But if you haven't got a system for getting referrals, don't blame your salespeople—blame yourself. It's time for leadership: you do need to train your salespeople and you need to give them a system to follow.

The first principle is: **always ask**. That's NOT:


- Sometimes ask for referrals (if you remember).
- Ask when you feel like it (if you're in a buoyant, confident mood).
- Ask only when you sense the 'vibes' with the customer are right.

These are just the excuses. The rule is: **always ask**. Make it clear to your sales people that this is not a choice, it's a requirement of the job. Use the McDonald's example to reinforce the message. Every time you pull in to a McDonald's and give your order you're prompted: 'And what else would you like with that?' Not sometimes asked; **always** asked, because McDonald's management knows this is an effective way to get more business. The same principle holds true when it comes to asking for referrals.

Now set about measuring and working at improving the referral rate. Go back to those conversion and sales figures cited on the previous page if you need any more convincing. **Referral business is just so good you can't afford to neglect it.** It's very simple: unless you ask, you won't get.

## Incentives and trigger questions

Start with the incentives. Once your staff realise that referral business is much easier than other business (because of the built-in credibility) their motivation increases. On top of this, you could also think of adding some incentives to get the sales staff to get referrals. Look at it this way: getting referrals saves you a lot of money you'd have to spend getting new customers in other ways, like advertising. So why not share some of those savings with your sales staff?



**You're serious...**

Another good reason for measuring the referral rate is that it lets staff know you're serious about the tactic. If you just say, "Look, I want you to ask for referrals" and don't follow up, the instruction will die a natural death, like the many other instructions in a business where the owner or manager shows some initial enthusiasm but then forgets about them as other matters intrude and take over.

You might be thinking at this stage, “Well, that’s all fine and dandy, but the fact is that my salespeople won’t ask, no matter what I tell them to do, if they don’t feel comfortable about it. In fact if I feel embarrassed about asking for referrals, then I probably won’t keep it up too.”

This is quite true.

### So what’s the solution?

The solution is to make your salespeople feel comfortable about it. That means coming up with ways of asking for referrals:

- That are a natural extension of the way they do business with the customer.
- That don’t feel forced or unnatural.
- That don’t make the customer feel they’re being used or harm the integrity of the salesperson or the image of your business (i.e., no pushy tactics like forcing salespeople to pursue their friends or their church groups).

This is your challenge. If you can come up with natural and logical ways to ask for referrals then your salespeople will do it, and you can require them to do it.

The secret is to come up with scripts (‘And what else would you like with that?’) and timing procedures that allow your staff to ask for referrals in a natural and unforced way. Effective scripts are usually developed around some key trigger questions.

### Here’s what you should avoid:

- Asking directly: “Do you know anyone else?” It’s too direct, too uncomfortably familiar to the customer and too easy for them to say no to. The only thing this triggers in the customer is the thought: ‘This person seemed genuine at first, but they’re turning out to be just another pushy sales person. What a disappointment.’
- Using the sympathy approach: ‘If I can sell just a few more of these I’ll win that trip to Fiji’ or “This will help me pay my huge student loan.’ Here the salesperson comes across as self-absorbed and manipulative and it’s no surprise that customers couldn’t care less about the salesperson’s personal problems.



### You can help them

If people are ever going to refer you to their friends and business contacts, it’s because they sense that **you can help them**, not exploit them. So your focus should always be on what you can do to help them solve their problems. And if you’re passionate about your products and services (as you should be) this enthusiasm should come across naturally.

## Base referral scripts around trigger questions

Here's a good tip: some of your sales people will be noticeably better at gaining referrals than others, possibly because they have natural people skills but probably also because they've developed effective ways of asking. Use them to teach the others.

For example, let's suppose you run a security firm specialising in installing alarm systems. At the next staff meeting you might comment, "Susan, you seem to get a lot of new customer referrals, I'm impressed—in fact we're all impressed! How do you do it?" Susan might then say something like:

"Oh, I don't do anything special. When I visit the customer to quote for the system, I just make some comments like:

'It's good you're putting this system in—it'll make you feel so much safer. Is yours the only house that's been burgled around here?' (This gets them telling me about the other houses in the neighbourhood that have been burgled recently.)

Then I just say, 'Well, I wonder if I could help them too. The more of these alarms that go in the safer your neighbourhood will become. Burglars will just give up on the area if they know everyone's got great protection.'

I always get some leads to follow up from this kind of approach and very often the customer will actually ring up a neighbour or someone they know down the street and get an appointment for me."

Here you have the beginnings of a script all the sales staff can follow. You can write it down in the sales manual (so that it becomes part of the sales system) and then refine it or come up with variations as others report what worked for them. Notice that Susan never asks directly for referrals; the trigger question is: 'Are you the only house that's been burgled around here?'

Sales people are a notoriously individualistic lot, so you might expect some who say (or think), 'I can do much better than that!' This is an easy one to handle: you can simply respond: "Fine, tell us what works better for you and we'll be happy to use it!" The proof of the pudding will always lie in you measuring how many referrals they can generate with their system.



**Save time and effort**

Developing good scripts will also save you considerable time and effort when you come to training new staff. They won't be forced to reinvent the wheel, because you can say to them, "Look, here are the scripts we've developed to get referrals from our customers, something we all take very seriously around here because it's such an effective way of increasing business. Start by following these scripts, because we know they work, but if you can come up with something better let me know."

## Timing the referral request

The best time to ask for referrals is **during** the business relationship, not after it. This allows the customer time to think of suitable prospects. Few people can instantly produce a list. For example, if you sell office equipment, then businesses that are starting up or relocating are good targets for furniture. Trigger questions might be:

“You must be the newest business in this building/area/town.”

“I haven’t heard of any other businesses recently from (the customer’s previous town or city) moving here.”

Both these questions are just comments, not referral requests, but they do invite rebuttal or amplification: “No, we’re not the newest, someone else is just about to move in round the corner” or: “There are at least three others we know of planning to move here as well.” Now you have the conversational opening you can develop into the leads you’re looking for.



### Have a system

The key to success in business is to

do things systematically, and marketing is no different. So sit down with your staff and brainstorm scripts to get new customer referrals using some trigger questions.

The most effective scripts will always be those that allow your staff to gain the referral leads in a natural and comfortable way that doesn’t harm the relationship with the customer or violate the core values of your business.

## Other referral techniques

### Tell your friends (scarcity value)

Here are some suggestions for trigger statements, but **use them only if they’re true!** If the customer comments favourably on the price of the product, suitable trigger statements might be:

- “Yes, that price is good because it’s the last of that stock. We only have a few left and can’t get any more, so we’d really like them to go to our customers or friends of our customers first before we advertise.”
- “Yes, but we can’t keep on delivering this service at this price. We’ll have to put it up next month, so if you know anyone who wants to take advantage of the lower prices, tell them now.”
- “We keep our prices low by not advertising and relying instead on satisfied customers to tell others.”

### **Concession bargaining (reciprocity)**

Reciprocity is something everyone understands and expects. If I do something for you, you'll probably want to help me too.

If the customer wants something, then a referral is a fair swap:

“I think I can get the boss to give you that discount/extended warranty/free delivery/extended payment terms, but can I at least report that I got something in return? Even a referral will do.”

“You drive a hard bargain. I'm sure you'll be happy with that price but I'm not sure the company will be too happy. Can I at least ask something of you in return?”

### **I'll help you (reciprocity)**

The same reciprocity principle applies to helping others. As the saying goes, ‘You always win when you help another person.’ Even the ‘one random act of kindness a day’ rule fits into this category. To get referrals, give referrals first, and be generous in helping others. If you can make a difference to their lives, they will want to do the same for you. Lead by setting the example: refer your customers on to other businesses (but be careful only to refer people to businesses or people you trust and that have similar high standards to your own, otherwise the tactic can backfire). The return favours may not happen for a while, but they will happen.

### **Community and charity work**

The same principle applies to working for the community and helping charities. These things are worth doing for their own sake, but you'll also gain a higher profile, meet new people, make new friends, and your business will benefit. If not in the short term, certainly in the medium and long term.

### **Testimonials are referrals**

A testimonial is a referral, particularly if it comes from a well-known person. Any third party endorsing you carries so much more conviction than anything you might say about your business. (Note that this principle applies to newspaper articles about your business too. They also carry more credibility than an advert or what you say, which is why you should try to get local editors to write up your business).

If people say nice things about your business (and if you've followed our tips they'll be doing this all the time!) then don't let the moment go. Either:

“Thanks for those kind words about our service/product—they're much appreciated. I really enjoyed working with you and overcoming some interesting challenges. I wish there were more customers like you too. Do you know any who'd be interested in our products/services now you can see what they do and how we've worked with you?”

Or you could try something like:

“Thanks, I really appreciate what you’ve just said. It’s been a pleasure to work with you. You know, we’re putting out a new brochure soon/adding a customer feedback page to our website and we’re always looking for good customer comments. Do you think we could use what you’ve just said?”

Almost everyone will willingly give their permission. Now here’s the key: don’t leave it there, or expect them to put their words in writing because in most cases it just won’t get done; people hate writing so the task goes in the ‘too hard basket’.

Instead get their fax number or email address and say: “Can I put what you’ve just said in a fax/email and get it back to you? You can then edit or change it anyway you like before we use it.”

They’ll be only too happy for you to do the work, and if you’re faithful to the spirit of what they said you’ll likely get it back approved and unchanged, ready to be included in your promotional material.

## Turning unhappy customers into champions

As the saying goes, a satisfied customer might tell three people, a dissatisfied customer tells 10. Following all the tips in this book you shouldn’t have any disgruntled customers, you should have raving fans!

But be aware that turning round disaster situations can be very rewarding for your business.

## Winning back customers is worthy of a special effort

Recovered customers can become the very strongest advocates for your business, generating powerful word of mouth for your business:

“I had an unfortunate experience with that business, but you won’t believe the trouble they took to make it right. I got a call from the owner and...”

## Try sending a gift!

One businessperson actually sends a gift to customers who have complained about poor service, broken promises, defective goods, etc. The script goes along these lines:

“Thank you for pointing out (*the problem*). Your feedback has been very valuable to us because it’s allowed me to improve our business. Please accept this small gift as a token of thanks for your help. We’ve fixed the problem by (*details of remedial action*) and look forward to welcoming you back as a customer. Next time you come in, please ask for me. I’d like to thank you in person for your assistance and make sure you get our best possible price and top-quality service from us.”

The businessperson reports very good results because people are so startled to be rewarded for complaining.

But in fact most of the time (of course there are exceptions we're all glad to be rid of!) complainers are doing you a favour: they're showing you the weak areas in your business. Their comments enable you to build a better, stronger business. In bigger businesses especially, you may not always be aware that some of the staff are damaging your business through poor people skills, that service is poor, or a batch of substandard goods went out. Customer complaints may be your first clue to these problems.

Sustain yourself with this thought: 'Getting new customers is expensive, so what can I do to change this unhappy customer into a champion promoter for our business? If I can do this, the customer will lead me to many new prospects.' Even if some cost is involved it's usually still a great deal.



**A revealing window**

Slack staff are often very convincing at hiding their tracks (it's always someone else's fault) so complaints can offer you a revealing window on your business. Take them seriously and do your utmost to turn the situation around. The resulting positive word of mouth will more than reward your effort.

## Get on the problem early

As with overdue accounts, the secret to success in winning back lost customers is to spot the problem early and get on to it promptly:

- A good database system should enable you to quickly identify customers who haven't purchased for a certain number of days.
- Sometimes businesses lose customers because they forget the golden rule of keeping in touch at least once every 90 days. People simply forget about you and what you have to offer, or they may resent your neglect and apparent indifference.
- Set up good internal systems that enable you to track dissatisfied customers. If staff are too afraid to tell you that the business has probably just lost a customer, then you're doing something wrong and it's a leadership issue. You need to explain to staff why winning back customers is so important.

**Rapid intervention is the key.** Follow up these customers systematically. It's more manageable to follow 5 or 10 of them a week, by setting aside a time slot each week for this purpose. The sooner you speak to them the better. Use the tactics discussed below to woo them back into the fold and to turn them into enthusiastic advocates for your business.

### Find out what went wrong

Try to get the real story. People often hide the real reasons they're unhappy (such as rude staff) through a desire to be polite or kind. One businessperson takes this approach when speaking to former or disgruntled customers:

“I've found that people try to be kind when I ask them what went wrong, but we need to get this problem fixed. I'm sure that you don't want someone else to experience what made you so unhappy, so please could you be really frank with me.”

### Come up with competitive strategies

For every reason that customers leave or go elsewhere, try to find a fix. For example:

<b>CAUSE</b>	<b>YOUR POSSIBLE TACTIC</b>
Lower prices elsewhere	Better service, delivery, backup, guarantee, product knowledge, bundled extras, free installation.
Moved somewhere else	You can still order from us via our website/mail order.
Poor service	Staff have been intensively retrained.
Late delivery	Procedures overhauled, delivery now guaranteed.
Inconvenient location	We've started a free door-to-door delivery service.
Inconvenient hours	We've changed our hours of business. And you can order from our website 24/7.
Lost touch	Welcome back discount. Sign up for our regular newsletter with valuable tips.

You get the idea. For every reason the customer might have left, you should be able to come up with some kind of counter or solution.

### Some tactics to use

Here are some other tactics for you to consider:

- Do something extraordinary, such as sending a gift (as in the example already discussed) or turning up unexpectedly on the ex-customer's doorstep.
- Sometimes a direct 'what would it take?' type question works well. For instance: “We really valued you as a customer and we're sorry to have lost you. What would it take from me to get you back again?”
- Offer a 'Welcome back' discount, or membership of a 'Welcome back' club, with appropriate privileges, such as previews of new products and services, better guarantees, etc.

- Tell them how you've fixed the problem and give them your personal guarantee that you'll be personally supervising their custom in future. Give them your direct dial number and after-hours number. Let them feel they're dealing directly with the boss: people like to feel recognised and valued, and distinguishing them in this way can work wonders. One small businessperson uses this approach: "I've told my staff to call me the next time you come in so I can help you personally."



**Outstanding!**

Remember your overall objective is to get these customers saying to their friends and contacts: "I had a problem, but the way they fixed it was quite outstanding!"

## Pursue strategic alliances and joint ventures

One of the great secrets to finding new customers is being creative in seeking out strategic alliances and joint ventures.

The reason is simple: as you know, your existing customers have cost you a lot of money to acquire. You had to establish your business with all its overheads. You had to invest money in premises, staff, signage, stationery, websites, promotions, direct marketing, advertising, Yellow Pages adverts and so on.

This is why researchers have worked out that it costs you around 6 or 7 times as much to find new customers than to do more business with your existing customers.

So if you could tap into other people's databases of customers FOR FREE, (in other words, reaching customers that cost them a great deal of money to acquire) would that be a great benefit to your business? Too right it would!

Put in this light, the advantages of strategic alliances and joint ventures become clear, and this is why you should put this tactic at the top of your action list. When you deal with other people or businesses, always think, "Could I form some kind of joint venture with this business or person?"

### Tuning your mind to the possibilities

Now here's a thought to mull over: many opportunities for forming productive and profitable joint ventures slip past the average businessperson. Some probably miss opportunities every month. The same thing is likely to have happened to you in your business. Why? Because business people are simply not thinking in terms of this kind of opportunity. It's a question of tuning your mind to the opportunity and always being alert to possibilities. Unless your attitude changes, these opportunities will continue to slip by you.

The fact is, many of us think of our businesses as separate. We're on our own. We're captains of our ship and we're competing against 'the rest'. This is our proud Kiwi individualism but it can work against us in modern business. Is it better to be just one ship competing against the rest or part of a fleet of ships taking on the market?

So if you haven't yet formed any strategic alliances or joint ventures, make sure you do! Don't limit yourself by thinking 'Well, anyone I joint venture with must share our high standards and have similar values.' This might indeed be important for more formal alliances, but working with others can take many forms, from a simple exchange of ideas and leads with your insurance broker, your travel agent, your accountant or your lawyer. It's a question of being alert for the possibilities and these are likely to crop up in the most unlikely places or businesses if you keep your mind and thoughts open.

Make a commitment to using this great tactic for finding new customers within the next three months.

## Form marketing partnerships

American marketing guru Dan Kennedy makes a powerful point about marketing consultants:

"The best marketing experts do not tell you what to do. They try to create a partnership with you to combine your unique understanding of your business with their special expertise. Then they do the mechanics."

These partnerships can often take the form of a profit split, with both parties benefiting. In other words, a joint venture. For example, a small business owner wanted to try fax ads for their product, but couldn't afford to pay the fax marketing company the \$750 fee for the faxout. Instead of paying for the faxout, they came to an arrangement. They would pay nothing upfront, but share the profits. So the partnership was:

- The small business had the product.
- The fax marketing company had the database of 10,000 fax addresses.

Marrying the two enabled both parties to profit.

Can you do something similar with marketing consultants you approach (or who may approach you)? Instead of paying them a fee, why not offer to split the proceeds of the promotion they propose?



**Marketing partnership**

This kind of partnership arrangement certainly sorts out the marketing consultants who are genuinely confident about their skills and products or services. The test is simple: if it doesn't work, they simply don't get any money.

## **Vigorously network**

Network meetings are great for meeting new people who may turn into customers or lead you to new customers.

But if you go to a network meeting, you'll notice how many people stick together in small groups. We seek out friends or people we know and stay with them. A bit like the classic parties of the 1970s: men on one side, women the other. (Except the network meetings don't usually end in a frenzy of quick choices in the last half hour!)

Looking for 'security blankets' may be natural human behaviour, but it's not good business—and when you go to a network meeting, you're on business duty! That's right: you're not there to have a good time, you're there to make new business contacts. So push yourself out of your comfort zone.

## **Never pre-judge people: circulate!**

Stop persuading yourself that you're not losing out with the others because they probably won't be interested in your business—that's a cop out! Never prejudge people. Not only do they have their own businesses, they also know others in business.

Efficient networkers circulate: they know how to work a room. If you're shy, set yourself modest goals at first: "I'll get to know two new people at this meeting." Then get hold of Dale Carnegie's book, *How to win friends and influence people*: it's a networker's bible; an oldie but definitely a goodie. Or do a Dale Carnegie course or join Toastmasters and become a confident speaker (you can find both organisations quickly through Google). The message is: lose your shyness because it's holding back you and your business. **Business is all about people.** People are a rich resource so the more people you know, the better.

## **Find something strong and positive to say**

When we ask people at networking meetings what they do, they are often quite hesitant and defensive as if they find it a bit of a strain or are embarrassed to tell you. Be confident and proud of what you do. There's no gain in being low-key. It doesn't impress. Tell people about your business and what you're doing. Come up with **a few key sentences** that capture the essence of your business and your special place in the business world. Be passionate about explaining your competitive advantages: what makes your business worth doing business with.

## Win new customers through e-commerce

The Internet offers you some very cost-effective ways of gaining new customers, If you have a website make sure it comes up near the top of the list when people are looking for it through search engines such as Google or Yahoo. The easiest way to do this is to try to find your own website by typing in all the key words and phrases associated with your business activity. Then get a friend to do the same thing, and if the results are disappointing, find an expert who can help you get better rankings.

### Some more tips:

- If you send out an email newsletter, remind your customers to pass it on to their friends or interested parties and make it worth their while to do this by including something of value or interest in the newsletter such as useful articles that compels them to spread the word.
- Use the tip-laden articles also to get links from other websites as a way of gaining new customers. For example, suppose you are a tax planning consultant. You could write a tip sheet on 'How to plan and minimise your taxes effectively'. Such an article would be a valuable addition to many chartered accountants' websites, the websites of legal firms and many others. You supply the article for free, in return for a link to your website.
- Feature specials and competitions online to encourage repeat visits.
- Announce competitions and specials online, and encourage people to enter their friends as well, so that you capture their email addresses.
- Investigate Google business solutions such as AdWords and AdSense ([www.google.com](http://www.google.com)) and other innovative ideas for winning new customers.

### Can you use viral marketing?

Viral marketing, a form of 'free' advertising, is so-called because it spreads as rapidly as a virus from person to person. The classic example of viral marketing was Hotmail, which offered people free email, but attached a tag at the bottom of each free email sent that said: 'Get your private, free email at <http://www.hotmail.com>'. People receiving emails from friends saw the message and signed on in droves.

The service spread like wildfire and grew so popular that Microsoft bought Hotmail from its founders, making them very rich in the process.

### **Viral marketing has these common features:**

- Something desirable such as a product or service is given away (at least initially!) for free.
- This encourages people to tell others, who tell others, who tell yet others.
- Like a pebble dropped in a pond, the message spreads rapidly though word of mouth or through the Internet.

The more effortless the transmission (like a simple click of the mouse) the quicker the transmission occurs, which is why the Internet is considered an ideal medium for viral marketing, since transmission is very fast and very cheap.



### **Brainstorm**

Are your products or services suitable for viral marketing? Brainstorm with your staff ways you could make use of this technique.

### **How can your business benefit?**

So how could you use this technique? Can you come up with something very desirable, such as a free e-book or a software program that people find really useful? You don't have to develop or write either of these products; you just have to source them from somewhere (the Internet is a great source!) and get permission to use them.

For instance there are lots of very useful shareware or freeware programs, utilities (and even games) people don't know about but which could be very valuable or entertaining for them. In the case of articles or booklets, titles such as: '*How to...*' '*10 tips to improve...*' '*A beginner's guide to...*' '*Seven ways to promote...*' '*What to avoid when you...*' are always popular.

People can download these products from your website or from other business's websites linked to yours, simply by registering for your newsletter. You now have their contact details and can tell them about your other products and services.

### **What's cool?**

But viral marketing happens very successfully outside the Internet too. For example, a new type of vodka, produced in far-off New Zealand, gained marketing share by providing free samples at important gatherings and leading parties. When the socialites and the 'smart set' around town were seen drinking the vodka it rapidly became fashionable for others to follow suit. This marketing technique was not new; it was pioneered by others in the smart bars of New York.

The same tactic has been very successfully used in the teenage market, which is strongly driven by peer pressure. For example, a shoe manufacturer in the United States gives away shoes to carefully selected pupils at high schools. The teenagers they select are the 'cool' group leaders whom the others look up to. Once these few 'alpha' teenagers start wearing the shoes, peer pressure makes it almost compulsory for others to buy the shoes.

## More cost-effective tips and thoughts for finding new customers

### Be imaginative and different

Worldwide, products and services are converging (similar looks, cost and qualities). So how can you possibly stand out from the common herd?

The distinguishing feature has to be your relationship with your customers. You need to make sure it's outstanding. Go through the checklist at the beginning of this chapter again to make sure your business can score top marks.

**Do what you do so well that people can't resist telling others about you.**

### Overcoming comfort and inertia

Why do people stick with one supplier? In many cases the answer is simply comfort and inertia. People buy from the same place because they've got to know the supplier. They may have some grumbles, but what the heck, they know what they're getting and to go anywhere else would take them out of their comfort zone. Going out to get several quotes from other suppliers is just a hassle they'd prefer to avoid. They'd have to make some decisions. Why not just go with the flow?

Of course all this laziness works to your advantage with your own customers (although if you're using our tips they'll have much stronger reasons than comfort and inertia to stay with you!). But in the case of your competitors' customers you must think of ways to break the inertia. For example, a rep for aluminium windows cruises the new building sites, speaking to builders and architects. The typical response is that they've already locked in their aluminium window needs for the building they're busy with. But the rep is not interested in current sales; the goal is future possibilities. By listening carefully (one of the keys to good salesmanship) they pick up grumbles about current window suppliers. And they know that a present 'no' is never an 'always no'.

**Question:** what can you do to overcome the inertia that keeps potential new customers with their present suppliers?

### Get free publicity

Become active in the community. Give speeches, run seminars, get involved with your industry or association activities. Write books, articles, newsletters, and do pro bono work with non-profit organisations and charities. Get known out there!

Run promotions, use gimmicks and events that will attract media attention. If you can't think of ways to do this, get advice from a PR expert. Good public relations can be far more effective than paid advertising. Find a retired journalist in your area: they will be able to give you tips on how to write press releases that get results.

### **Use direct marketing**

Depending on the nature of your product, direct marketing can be a cost-effective way of finding new customers.

## **Some final advice...**

To make new sales the three crucial steps are:

### **1. Uncover**

- What bothers the customer in their relationship with other businesses?
- What do customers really want?

To uncover what customers really want you have to understand their needs. Most importantly listen. Don't fake your interest, be interested. If you don't have an interest in people, find some other line of work (not self-employment!). The same applies to your staff.

### **2. Clarify**

Then you need to clarify what customers want to accomplish before you can help them fulfil their goals.

### **3. Then fulfil**

Give them what they want, because others perhaps don't. Give them what they want better and more convincingly than the competition.

Don't fake your passion about your products and services, be passionate. If you're not passionate, others won't believe either.

Don't fake excellence, be excellent.

If you do these things, then you'll attract many new customers.

### **Never be average, never be boring**

Saying "We're just an average small business" is the same as saying 'We're mediocre.'" 'Average' is gray, dull, and what stands between you and excellence!

Customers want new, intriguing, enigmatic, exciting, breakthrough, problem solving, innovative, positive. The worst marketing mistake you can make is to be boring. Make other mistakes, but don't be boring!

Apply this test to all your advertising and promotions.

## What you've gained from this chapter

- ✓ If you win new customers but can't retain them you've wasted your investment. So first 'put your business house in order'.
- ✓ Before you spend money to gain new customers, try the cost-effective tactics.
- ✓ Referrals are an excellent source of new business.
- ✓ Referrals must be actively and systematically pursued.
- ✓ It's worth making a special effort to turn unhappy customers into advocates and champions for your business.
- ✓ To win back customers identify the loss or problem early and take quick action.
- ✓ Joint ventures and strategic alliances are excellent ways of gaining new customers.
- ✓ Instead of paying marketing consultants, think about finding people who will work in productive partnerships with you.
- ✓ Network vigorously to extend your business contacts. Don't prejudge: you never know where contacts will lead.
- ✓ E-commerce offers you many opportunities to gain new customers. Can you use viral marketing?
- ✓ Never be average or boring!

### Action steps

There are so many tips in this chapter there **has** to be something for your business!

Create an action list for the ideas from this chapter you want to implement, assign responsibility for each task, and a budget if necessary.

Do this NOW or it will never get done!

## Chapter 9

# Using the power of the Internet

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## Introduction

With millions of new users each year, the Internet offers businesses a massive potential. In recent years the Internet has become a mainstream business tool. No longer something strange or unknown, we now regard the Internet simply as another resource to help us build our business.

Most of us already use the Internet, often without realising it. If we order tickets or book airline flights through an automated phone system we're using the Internet either directly or indirectly. The chances your customers are connected are very high. So must you be.

Soon we'll no longer talk of e-commerce or e-business, but just business, and take it for granted that our business operations fully include the Internet.

The purpose of this chapter is to help you market your business through the Internet by exploiting its potential to the full. From a marketing point of view there are a number of important reasons for you to be interested in the Internet:

- To market your business far more widely
- To find more customers
- To increase the market credibility of your business
- To make business easier for your customers
- To lower your costs
- To speed up your business processes
- To get a good return from your investment in the Internet.

This chapter will show you how you can achieve all these objectives. If you're just learning about the possibilities of the Internet this chapter will help you grasp its potential. If you're already well advanced in your use of the Internet then read this chapter for additional tips and ideas to make your use of the Internet even more productive.

## The case for e-commerce

Why should you bother with the Internet? There are a number of reasons in addition to the ones we've just mentioned. From the marketing perspective, you need to look at what the Internet offers that other distribution and promotional channels don't offer. These distinctive features include the following:

### The Internet conquers time

If you have a website, your customers can browse through your products, send you orders and messages 24/7 (24 hours a day, seven days a week). This means that your business is no longer restricted to your 'office hours' or even to your time zone if you're an exporter.

Customers can do business with you at any time as though you are still in the office because (in a typical example) they'll get an automatic message sent back to them acknowledging their order or enquiry, etc. You arrive at your business in the morning and the orders and enquiries are ready for you to deal with.

### The Internet conquers distance

On the Internet, location becomes irrelevant. Your 'location' is your domain name (your Internet address). Of course many businesses will remain local and bound by a delivery radius (such as a pizza delivery business) but others are finding that a website allows them to reach nationwide or even worldwide markets that were simply out of reach just a few years ago.

For instance, many local niche businesses are now building international businesses through the Internet far more cheaply, effectively and quickly than would have been possible in the past. .

Some small businesses might have already developed some export trade through travel to overseas trade fairs, correspondence with distributors, advertising in overseas publications, etc. But all these conventional methods are slow and expensive compared to the returns from a well designed website.



**Domain name**

If you don't yet have a domain name (your www.address) get one NOW (even if your website comes later). The cost is minimal, the advantage in securing a catchy name is great.

### The Internet levels size

It's difficult to tell the actual size of a business from its website. Of course, there are some clues (such as the number of branch offices listed under contact details) but the point is that from a marketing perspective you have the opportunity to create a website as impressive as a much larger company's website—and possibly even better structured and more appealing!

By providing this 'level playing field' the Internet offers you an important competitive advantage: size no longer matters (it's what you do with it that matters!).

### The Internet empowers you to deliver better service

It's a competitive advantage for you to offer better service to your customers and respond more quickly through emails than your competitors. For example, if you have an online catalogue and your competitors don't, you enjoy a competitive advantage because your customers can browse through your catalogue whenever they like and order what they want online. For instance, the most convenient time for them to do this may be in the evenings after work. And you'll find lots more examples of better service in the rest of this chapter.

### The Internet lowers costs

For instance, emails save you shipping and are much cheaper than faxes. An online catalogue is much cheaper to replace or update than reprinting a catalogue. It's cheaper to process an order via the Internet rather than pay a staff member's time to take the order on the phone. 'Self help' allows customers to access information and frequently asked questions (FAQ) on your website rather than tie up staff time. Some businesses can even deliver their product such as software or an e-book online and eliminate manufacturing, packing and shipping costs.

### The Internet speeds up business and information to the marketplace

Corresponding by email is far faster (and cheaper) than by letter and more convenient than faxing (a fading technology). Sending customers an invoice as an email attachment is much faster than posting it, so you stand to get your money more quickly (and preferably direct credited). Customers across the country or world can order from you (and get an automatic acknowledgment) by return. If you have some special news for customers you can bulk email them in minutes.



**Update**

It's quick and inexpensive for you to keep an online catalogue up to date, whereas a printed catalogue can soon become out of date or get lost by the customer. Everything online can be shown in full colour whereas to save costs in a printed catalogue you might have to use black and white images.

## The Internet staircase

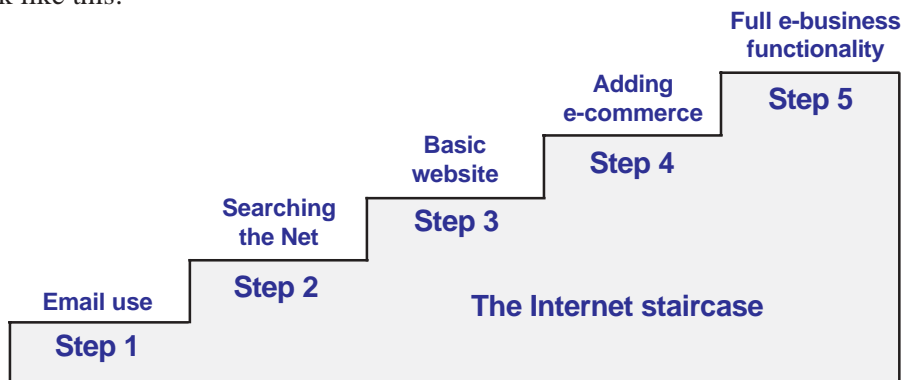
So if you haven't yet taken the plunge into the Internet world you should at least be convinced by now that the advantages for marketing your business are enormous. After all, who doesn't want to find more customers, lower costs and speed up their business?

What might be stopping you are these factors:

- The fear of the unknown (you might not know much about computers or technology).
- The fear of being pressured or sucked into a process that will consume more money, time and energy than you can afford.
- At the end of all this, the fear of not getting the results that you wanted or a decent return on your investment (of time and energy as well as money).

In fact some of these fears could come true if you approach the Internet in the wrong way. For instance, it's perfectly possible to spend a large sum of money on a website that simply doesn't do for your business what you were told it would do or what you thought it would do.

This chapter is designed to show you how to avoid the pitfalls **and** increase your chance of a good return on your investment. For instance, what to look for in a good website, and what to avoid. Our first piece of advice for Internet novices is to **take the Internet at your own pace**. Learn some of the simpler uses first and then progress onwards. As you gain more confidence, you'll be prepared to move further out of your comfort zone. For most people that means climbing the 'Internet staircase'. Imagine a set of stairs you have to climb to reach a fully developed e-business. The steps might look like this:



**Expert tip**

**Time and investment**

It would be unrealistic to claim that there is no learning curve involved in expanding your business through the Internet. You should budget for extra time and some investment, although you can keep the budget modest while you learn.

## 1. Learning to use email

Most small businesses now use email in their daily dealings, so this battle is largely won. If you don't, your business is in danger of falling further and further behind. Computers have become cheaper and cheaper over the past decade relative to other business costs and the computer you now buy (this has been true for a number of years) will come with the hardware and software you need to 'get connected'. You can start with an inexpensive dial-up Internet connection and then, as your Internet business grows, progress to a broadband connection that allows you to continue using your phone or fax while you're online.

### Getting the most out of email

Remember, you can build your confidence with small steps first. Your first step up the staircase is to encourage the use of email in your business. Here are some advantages:

- Emails encourage quick and responsive communications with your customers. They are the cheapest form of communication (far cheaper than toll calls or cell phone use).
- Rather than tying up your phone lines (and using up staff time), you can respond to emails during quiet periods of the day.
- For this reason encourage your regular customers to order from you by email rather than by fax. Some people **prefer** to be contacted via email.
- Billing your customers by email (sending invoices or statements as email attachments) cuts down on paperwork and can speed up the payment process.

### Delivering excellent service

Some tips to ensure your customers get consistently excellent service from you:

- Make sure emails are dealt with promptly. Most people expect a reply to an email within 24 hours maximum and this is acceptable if you're dealing with different time zones. However, you should aim to do better than this by replying within the same business day. If you don't have a permanent email connection, then make sure that you and your staff connect to the Internet periodically to check for emails.
- Set a policy for everyone to check for emails at least four times a day: first thing in the morning, midday, mid-afternoon and just before you close the office.
- Develop scripts for emails. If customers tend to ask the same questions, start developing standard answers that you can save as text documents and cut and paste into emails. These are an efficient way of saving time and ensuring a consistently high standard of service (remembering to include all the important details). Later, when you develop a website, you can collect these texts as a Frequently Asked Questions (FAQ) section that will become a valuable resource for your customers.

## Develop a database

Capture the details of everyone who emails you. Train staff (and yourself) to file emails into appropriate folders, such as 'Existing customers,' 'Enquiries,' 'Orders' and so on, just as you would for conventional correspondence.

Your aim is to build a database that you can use to build a long-term relationship with customers, as we'll discuss later in the chapter.



## Useful automatic features

Most email programs such as Outlook Express offer these features:

- Folders or groups to **filter and organise** your database and contacts information.
- A **standard signature file** (sometimes called a 'Footer') at the bottom of each email, providing full contact details and a link to your website. Try including a sales message also: it's free advertising! This could be news of a special offer (perhaps linked to your website) or your main competitive advantage expressed in one short phrase, for instance: "Delivered on time or it's free!"
- An automatic **courtesy acknowledgment** for all emails that you're not replying to immediately. This could be along the lines of: 'Thank you for you email. We will respond to your enquiry as soon as possible' or: 'Thank you for your order. It will be processed promptly.'
- An **automatic response** for staff members going on holiday: 'Thank you for your email. I'm away from the office until the (date). Please contact (alternative details) or phone me on (cell phone).' (An alternative is to have all emails for this staff member answered by another staff member.)

## Set a staff Internet policy

Emails are legal company documents and they can be used in a court of law. So it's important that staff know the boundaries between business use and private use, and also how thoughtless private use of the Internet can damage the business.

- Discourage private emails: they use up your resources, tie up phone lines and can get out of hand. You can probably never stop staff making private phone calls or sending private emails, but do set a policy to limit private emailing chit-chat (for example, to lunch hours).
- Discourage or forbid the transmission of jokes and joke attachments. These are often in poor taste and since emails do go astray, they can reflect very badly on your business if they end up in the wrong hands. There's also the possibility of virus infection when

downloading attachments. The same applies to negative comments or criticism of people: these should never originate from your business computers. Point out that your market credibility is an important asset that takes years to build up, but can rapidly be destroyed.

- Forbid the downloading of music or files for private use from the Internet (such as video clips). These consume time and resources that you're paying for.
- Install antivirus software (such as Norton or McAfee) and consider some kind of firewall protection for your computers. Remember many viruses spread by sending out infected messages to everyone listed in your Address book. If you infect customers with computer viruses, you stand to lose their goodwill. Some investment in protection is wise: it shows customers you're running a competent business.

## 2. Learning to search the Net

The second step up the Internet staircase can be described quite briefly, but once you become comfortable with it, the step will provide your business with valuable market research information and almost unlimited knowledge.

Essentially, the Internet is the world's largest library of information and knowledge. The more expertly you can tap into this, the bigger the benefit for your business.

Learning to use the Internet basically involves efficient use of search engines. These are devices that perform the function for you of very efficient librarians—on a global scale.

The best search engines are quite amazingly fast in producing the results you're looking for. The top two search engines at time of writing are Google and Yahoo, with competitors trailing some distance behind, but the Internet is so dynamic that it will probably not be long before top-ranking Google is displaced by something even faster and more efficient.

For example, it is likely that context-based search capabilities will emerge soon. This technology will likely be smarter at interpreting the full context of what you're looking for, so you don't get hundreds or millions of irrelevant results to a search query.



**Efficient searching**

Learn how to limit and focus your Internet searching so you don't end up getting a list of hundreds of irrelevant or only partly relevant articles or links. It's an important and time-saving Internet skill.

### Specialised search engines

Note that there are also dozens of search engines that specialise in specific areas (like medical issues), or even industries (as it happens, the best way to find them is typically through Google). They often allow you to drill down more quickly to the specific issues or topics you're interested in, or developments in your industry.

### Benefits of Internet searching

Some of the benefits include:

- Market research on your competitors (studying their websites can be an excellent source of information). Remember to sign up for their newsletters—under a different name if necessary!
- Buying goods online to become familiar with the e-commerce world and how it works.
- Finding out what's happening internationally in your industry (searching online industry journals, magazines, looking at online catalogues and websites of overseas companies).
- Finding articles of interest on marketing topics and reading online reviews of books you may want to acquire.
- If you're looking for articles for your own newsletter or for other marketing purposes (such as a free booklet or e-book incentive) the Internet offers an almost unlimited source of information.
- Sourcing new suppliers to get your goods at the most favourable prices, checking prices or looking for possible joint venture partners.



**Staff member**

If one of your staff members is especially good at Internet searching, put them in charge of it. Give them specific tasks (such as researching the competition or identifying international trends in your industry) and get them to report regularly on their findings.

### 3. Developing a basic website

If you want to enter the Internet world gradually (and inexpensively), you can start with a basic ‘electronic brochure’ that provides the same basic details about your business as your printed brochure, but allows customers to view your business from anywhere in the world 24 hours a day every day (24/7). This is a good step towards building the credibility of your business in the marketplace.

#### The case for a website

Some of the marketing reasons why it pays you to have a website include:

- It’s expected. If you don’t have one, you look outdated (and uncompetitive).
- It adds credibility to your business. It’s often very useful for salespeople to say: ‘Take a look at our website, it has all the details.’
- It is possible to build a basic ‘brochure ware’ site yourself for under \$500.

Once the site is up your online website brochure will cost less to change and update than printed brochures.

- Everything on your site can be in full colour.
- Printed brochures get lost or thrown away: your site is always there.
- You can’t post brochures all over the world; a website gives you global coverage.
- Your site can become a useful resource for customers: you’ll learn how in this chapter.
- It offers very convenient service: customers can browse and shop at any time of the day or night.



**Browsing then buying**

Don’t underestimate customers browsing online to make a purchase decision and then coming into your store or business to buy.

#### Tips for building an effective website

To turn your website into a competitive advantage you need to produce something that is better than your competitors’ websites. This is not always that difficult: many websites are really quite confusing, frustrating, boring or badly thought out! With some imagination and careful thought, you can avoid the worst mistakes.

#### Learn from competitors

Start by surfing competitors’ websites, making notes on what you observe:

- How easy and logical was the website to navigate? Did the site load quickly?
- What are the frustrations? Is the site cluttered with unnecessary ‘bells and whistles’, slow ‘introductions’, irritating flashing banners and other gizmos?

- If the site offers online trading, buy something and track the process from order to delivery. How easy was it to make the purchase (how many clicks to get results)? Was each step handled to a high degree of service excellence? For instance, did you get an order acknowledgement?
- What could you do better? For example, what's missing? A customer feedback section? A guarantee? A resources section of free articles? A newsletter? What else? Make notes of improvements and take these to your website designer. As with all things in business, copy the best bits but build on your own value-adding features. In all this, don't assume that a competitor's website is working well for them!

### A website features checklist

Your overriding task with a website is to **build market credibility** and to **reduce risk** for the customer. Accomplishing both these steps will lead to success. Here's a suggested list of action steps and features for a successful website:

### Sustain your marketing image

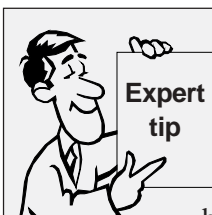
The site should sustain the same logo, colours and 'appearance' that you project to the marketplace through your stationery, your printed brochures and promotional material. You should be promoting **one consistent image and brand** throughout.

### Secure your own domain name (web address)

You can do this for just a modest sum, so do it NOW. Choose a short, memorable web address that's easy for customers to type. It doesn't necessarily have to be your business name or link to your activity, although this is often a bonus. 'Amazon' does not immediately suggest books, nor do 'Yahoo' or 'Google' immediately conjure up search engines. But as brands these are now memorable and successful. Choose a name that you can build into a brand, and that harmonises with your other branding.

### Go for a professional look

For a professional look, avoid designing the site yourself. It's not your core business. Unless you're very good with computers and have strong design skills the results can look amateurish. Remember, your credibility is at stake.



**Suitable for all**

If you're just starting your business, it's a good idea to get help from a graphic designer and web expert on what colours and logos work well on paper (for your stationery and brochures) and on a screen. This saves you from having to change your whole colour scheme later because the colours are not effective in one medium or the other. Remember that the web is a full-colour world.

Avoid cheap or free site hosting plans on portals or shopping malls. You'll get better results from a site of your own rather than getting lost in the clutter of many other sites and distracting advertising. Things that are free or nearly free are usually worth their price!

Resist the temptation to use Aunt Jane's gifted nephew or niece who has just finished a computer course and can build you a site at 'family rates'. They may indeed be able to produce what looks like an impressive site to the untrained eye, but how much do they really know about business on the Internet?

### Choose your web designer carefully

Choose a website designer as carefully as you would any other supplier or contractor. Use your business contacts and networks to narrow the search to two or three designers or businesses that have designed **proven sites** that work and are **producing results**. Contact some of the businesses they have worked with to find out if the designers can produce results on time and on budget.

Look for sites belonging to businesses of a similar size to your own. For example, you may run a small business with limited resources. It's always instructive to see what others with similarly limited budgets have been able to achieve.

Speak to the designers to find out if you can work with them on a continuing basis. Check out their own websites. Are you impressed? Then run through this whole checklist with them.

### Simple, logical and easy to use

Keep the site simple. The site should load quickly, even on the slowest current modems, otherwise you'll lose potential customers. Don't clutter up the site with flashy effects or fancy graphics that slow things down. Designers might be keen to show you all the latest tricks: resist them unless they will **genuinely add value** to the site for your customers and profits for you.



#### Budget and timelines

Once you've selected a designer, set

**budgets and timelines** and schedule regular progress meetings to make sure the project stays on track. At the second meeting the website designer should provide you with a design concept including an overview of the site's flow and how the different parts connect.



#### Targeting

Remember the first rule of marketing

is to **target your market**, so if your web designer doesn't start by asking you about your target market, you may have the wrong designer.

Your basic site might have these familiar sections: Home Page, About Us, Contact Us, Customer Feedback (or What Customers Say), Products and Services.

As you add more functions to the site, so other sections will appear, such as Shopping, Articles of interest, Customer log-in sections, etc.

The site should be simple and logical or intuitive to navigate. From any 'page' you should be able to get to other sections of the site quickly and simply.

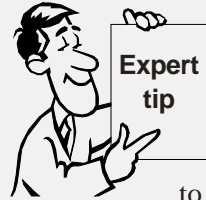
### Think ahead

- **Design the site from the start for expansion.** Although you may wish to begin with a simple and relatively inexpensive 'brochure ware' site, tell the designer that you'll be wanting to add more functions later, such as an online catalogue and full e-commerce capability so that customers can order directly from the site. This allows the designer to take these features into account from the start.
- **Ensure you can update the site yourself.** If not the whole site, then at least text and pictures. You don't want the expense and hassles of approaching an expert frequently to update prices or add simple images or graphics of new or altered products and services. It's much more convenient to be able to do this in-house and it helps you take advantage of the Internet's speed: you'll want to keep things like prices and stock levels current.

### Search engine rankings

For some businesses, especially those wanting to export or attract international interest, being highly placed in search engine rankings is important. This simply means that if you sell a product, for example hiking or mountaineering backpacks, your website comes up at the top or near the top of the listings when a prospective customer types 'backpacks' or 'hiking equipment' into a search engine like Google or Yahoo.

If you have a website, trying to find your site through a search engine can be an illuminating experience: you might be pleasantly surprised, or very disappointed. The reality is that people searching the Internet will concentrate on the sites that come up on the first screen, rather than scrolling through the next thousands of matches to whatever word or phrase they typed in.



**At the design stage**

It's important to note that your later ranking in some search engines can be influenced by the way your site is designed and the kinds of phrases, images and even coding used in the construction of the site, so think ahead and get advice on this topic at the **site design stage**.

So for some businesses it's vital to be in those first 10 or 20 listings that come up. How to get to the top of search engines and stay there is a specialised topic that's best left to an expert. There may be dozens, hundreds, thousands or millions of other websites similar to yours out there. Think of the fattest Yellow Pages book you've seen multiplied a thousand times.

### All search engines work differently

Some search engines list by popularity of the site, others look for key words or phrases, others check out your website for its integrity and usefulness (such as links to other sites), while others are starting to demand some kind of payment to be listed. If your web designer can't help you, enquire around for examples of sites that have achieved high ranking and ask the business that owns the site who helped them achieve this.

A good designer will know how to design your site to get good **search engine rankings** (or at least know someone who can). Discuss this with them, and also ask about the site metrics (measurements such as number of visitors, sales, etc.) they can provide so you can measure results and improve the return on your investment, as we'll shortly explore.

## 4. Developing an e-commerce site

The next step is to add more e-commerce functionality to your website by offering your customers secure online buying. This means posting your catalogue of products and services on the site and keeping all the details (such as prices and availability) up to date. Plus you can continue to add special features, for example, an archive of useful articles or access for loyal customers via a login code to special sections of the website.

### Customer driven

The whole design of your site should be customer-driven—what's important is not what you want, or what looks 'cool' to the web designer, but what your customers want, so ask them! Find out what customers want from your site and then design it so it delivers these functions. For example, the design should enable customers to get **easily and intuitively** to the parts of the website they are most likely to visit.

The visitor arriving at your Home Page should **know immediately what business you're in**—no guessing!

### Guide them to a decision

If you want visitors to buy from the site, then the site should be designed to **guide visitors towards a buying decision**, making it as easy, fast and convenient as possible for them to do so. For example, too many buying steps and you will lose buyers.

If you're not looking for an immediate sale, but want the potential customer to take some other action that will lead to a later sale (such as getting in touch with you or signing up for your newsletter) then the same principle applies: the site visitor should be guided and prompted through logical and intuitive steps and incentives towards that action.

## Driving business through your website

There's only one good reason to spend money on any business project: to make more money. Now you've invested in a website, you need to set about getting a good return from your investment. How do you go about this?

### Reduce risk, build credibility

As with your other promotions, first work on reducing the risk for your customer in doing business with you. Every time you reduce risk, you're building your credibility for visitors to your site who might be wondering if they should buy or not. For example:

- **Include a Customer Feedback** or 'What Customers Say' type page of brief quotes, just as you should in a brochure. If some of the customers are well known (such as sports people or prominent business people) so much the better.
- **Feature Success Stories.** Depending on your type of business, you might be able to feature stories of successful projects or 'Case studies'. For instance, if you run a business helping other businesses install and set up customised accounting software, you can include a couple of example of businesses that you've helped, and the results and improvements for their business. Written in the right way, such stories also profile the other business (include a link to their website if they have one) and they do a tremendous amount to boost your own credibility.
- **Offer money-back guarantees.** If you can make the guarantee unconditional, and personal (perhaps even signed by you) so much the better.
- **Offer extra value.** Trawl through competitors' websites to see what they offer and go one step better. If they offer delivery in one week, can you cut this down? If they guarantee products for a year, can you offer 18 months or two years? And what don't they offer? Throw in extras such as free home delivery or installation, free first consultations, add-ons, bundled goods, etc. People will feel exceptionally well treated if they get **more than the bargain called for.**

- **Feature the logos of well-known brands** such as your suppliers or strategic partners on your site. (Of course get their permission first!) Well-known logos and brands build confidence in the eyes of prospective customers.

### Security of the transaction

People (especially first-timers) are still a bit nervous about buying online so give them as much reassurance as possible. You can either design the site so you process the orders yourself and bank the money, or you can use a payment system such as PayPal or an online payment service your bank recommends (use search engines to find more solutions). There are pros and cons for both courses. The important factor is that your customers feel secure about shopping with you, so if you handle payments in-house, display security logos on your site to boost confidence.

### Provide incentives to buy online or to contact you

Dell Computers is a good example of a small business started in a modest way by college student Michael Dell that has grown into a huge company, operating in many countries and making extensive use of the Internet. Dell is just one company that offers price reductions if you order a computer online through their website rather than by conventional means.

Why would Dell do this?

Because it's cheaper for Dell than processing an order conventionally. The more business is done online, the fewer staff the company needs answering telephones and faxing or mailing quotes, brochures and information. The customer customises their own computer online, rather than wading through all the options on a phone with a service representative. Online orders lower the cost of doing business for both the supplier and the customer and speeds up the whole process. So it pays Dell to offer an incentive that educates customers to 'think Internet.'

And there are other benefits. Customers get trained to visit the website where they see the benefits of repeat visits. They get exposed to complementary products. They can visit the FAQ (Frequently Asked Questions) section, which is a much cheaper option for the company than employing extra staff to answer the same questions time and again over the phone.



## Give people a reason to return to your site

Now put yourself in a customer's shoes. Is there any good reason why people should return to your site? What real incentives are there to go back again after a first visit?

If the site is a static 'brochure ware' site, then the incentive is practically nil unless the site is kept refreshed or the customer has forgotten your contact details or your full range of products or services. Even worse are those sites customers visit where six months later a certain potentially interesting section is still 'under construction.' If the site's owner can't be bothered, why should anyone else care?

Give people reasons to return: the more the better. Depending on the nature of your business and your site you can encourage repeat visits through some of these methods:

### Keep your site fresh

- Regularly refresh your website. The Home Page should have something different on it—who wants to revisit the same old page?
- Keep the site up to date with what's happening in your business. A poor website is one that is treated merely as a kind of 'add-on' to your 'real' business. A good website is fully integrated with all your business activities (for example, your latest promotions and specials).
- Brainstorm with your staff new ways of getting people to do more business with you online.

### Add convenient features

Encourage repeat traffic by offering great value and service. Examples of convenient features include:

- Reminding shoppers of **complementary products and services**. For instance, if you buy a book from most of the online bookstores, you'll typically be told about related books on the topic that other people found valuable. This is helpful to the visitor and will also help to drive up the average sale on your site. Can you do this in your business? For instance, if you sell printers, you could offer specials on cartridge refills to entice buyers to add a few refills to their order.
- Providing news items on the Home Page that are relevant to the site. For instance, if you are a mortgage broker, you might feature **news items and financial forecasts** that might affect interest rates or house prices.



**Announce special events**

Get customers used to visiting your site for news. Make a habit of announcing special events through the website, such as Anniversary Sales, Fathers' and Mothers' day promotions, and so on.

- Providing a **currency converter** for international customers to tell them how much it's going to cost in their own currency.
- Featuring a **distances and time estimator**, as a travel agency did on its site. This proved to be very popular feature for tourists planning car or motor home travel between overseas destinations.

What features can you appropriately add to your site? For example, if you're promoting to the farming community, could you provide weather forecasts or current market prices for farm produce? If you're a financial planner, can you add financial forecasts, stock market reports, etc.? Your aim is for people to bookmark your site as a favourite.

### Customise the visit

A website **allows interactivity**, so make use of it! For example, use short questions with tick boxes to encourage your visitors to tell you more about what they want and their specific needs. The more you understand your customers, the better you can adapt your website to serve them.

Encourage your visitors to **customise their experience** of the site. For example, if they are predominantly interested in the catalogue section, offer them the choice of going straight to this section on their next visit instead of having to navigate there from the Home Page.

Another example: if you refer in an email communication or newsletter to a certain article of special interest on the website, provide a 'deep link' to the particular page on your website rather than just the website link. Clicking on the deep link enables them to go straight to the relevant page rather than having to navigate there from the Home Page. Customising therefore offers a **better, quicker service** to the visitor, encouraging repeat visits and favourable reports on the site to others.

Major online retailers like Amazon use powerful software to customise their websites for visitors. You may not be able to afford the same level of customisation, but there's often a simple way of adding value for your visitors. For example, a few short questions about what kind of information they would like will enable you to send appropriate follow-up emails or targeted email newsletters that add value and encourage an on-going relationship.

### Make your site a resource

Another way to encourage repeat traffic is to make your site a useful resource. For example:

- If, as we'll shortly recommend, you start an email newsletter, you can archive the articles, tips and ideas from each newsletter on the site under a 'Useful articles' site.

- Link to other sites if these provide complementary resources that your site doesn't. For instance, if customers want a book on a topic you don't sell, link through to an online bookselling site.
- Many such sites offer partnership or affiliate type arrangements whereby commissions are paid to other sites for click-throughs that bring them business. Put simply, if the customer buys a product on another site after linking through to the site from your own site, you should get a commission.

(But be careful here: this might indeed be an added service for your visitors, but once they leave your site, will they return?)

### Add an FAQ section

Just about every website can benefit from a Frequently Asked Questions section. This serves three useful purposes:

1. It again reduces risk and builds credibility. Many potential customers who might have concerns about using or installing or getting good value out of your products or services will read through the FAQ to get an idea of your products and services, how easy and effective they are to use, and what value they are likely to provide.
2. It encourages your customers to visit your site again to find answers or solve problems and thus promotes the site as a valuable resource.
3. It saves you time and money. Instead of customers taking up your time or an employee's time on the phone and asking the same type of questions, you can deal with many of the issues through the FAQ section. You can **explain or resolve all sorts of issues** and of course make up some of the questions yourself to cover issues in a way that reduces risk in the eyes of a buyer.

### Promote customer loyalty privileges

Other convenient features include automatically letting customers know via email (if they choose this option) of new stock coming in, specials of products they've indicated an interest in, upcoming sales, close-outs (reduced prices on discontinued products). On your Home Page point out the advantages and privileges of becoming a customer and signing up for your free newsletter. Another incentive could be free entry to competitions.



## Promote your site offline

Once you've invested in your website it obviously pays you to promote it as widely as possible. So remember to include your website address:

- On all your stationery, flyers, brochures and business cards.
- In all adverts and promotions. You can encourage visits to the site by saying things like 'Specials posted on our site every Friday!'
- If your site is new, then promote it through all your communications. For example, add a note to invoices and statements. Add a footer at the bottom of your emails saying 'Visit our new website at [www.\(address\)](http://www.(address)) for special site opening deals, useful articles...' and list all the other reasons a visit would be worthwhile.

## Permission marketing through newsletters

For many businesses one of the best ways to promote your site and online trading or the enquiries that will lead to sales is **through a database of customers and visitors** to your site. If you don't have a customer database, start building one now! Your aim is to 'capture' as many visitors to your site as possible, by making it into the kind of attractive resource we've discussed.

One of the best ways to capture visitors is to get them to sign up for a free newsletter. Do this on your Home Page (and at other appropriate places on your site), with a prominent notice along the lines of: 'Sign up for our FREE newsletters and receive...'

### Incentives for signing up could include:

- A free newsletter that will add value to their businesses or lives.
- Access to 'premium content' areas of your website. For example, casual visitors to your site can access some of the articles, but not others. Or they can read an article up to a certain point (a 'teaser' section), after which a notice tells them they need to register (at no charge) to continue reading.
- Regular quality articles on topics of value to them.
- A free special report or e-booklet on a topic of interest (these are easy to produce in Word or PDF format).
- Free membership to a 'club' for selected interests. For instance, if you are a financial adviser, this could be stock market or investing tips. If you sell wines, it could be special invitations to wine tastings, if you sell to industry it could be membership of a news group or discussion forum on industry topics and challenges, if you are a retailer it might be advance invitations to special sales and events, and so on.

## Provide reassurance

One of the big stumbling blocks for people tempted to sign up for a free newsletter is the fear that if they give you their details, you will on-sell this information to others and they risk getting deluged by spam (unsolicited sales emails).

To reduce their sense of exposure in giving you their details and counter this fear, you should prominently state your policy, for example: ‘We hate spam as much as you do and give you our assurance and guarantee that we will NEVER sell or disclose your details to third parties. Also, we will only contact you when we have something of value or interest to you. You may unsubscribe at any time from our newsletter.’

## Developing a long-term relationship

Once potential customers have opted in to the newsletter, you have their permission to contact them and a chance to build a long-term relationship with them. Here are some tips to achieve this:

- **Never abuse this permission** by an over-eagerness to get sales. Think **long-term relationship** (lifetime value) rather than short-term gain. Your aim is to turn them into enthusiastic advocates for your business so they refer others to you.
- Think carefully about how often you contact them: too often and they might get irritated and unsubscribe, too seldom and the relationship gets forgotten. The timing of emails will depend upon your business—a good rule is to keep in contact at **least every 90 days**—in other words, four times a year minimum.
- Your aim is to get them to **look forward to your newsletters**, rather than click on the Delete button. They are more likely to do this if the newsletter gives them **something of value**. For example, some information or an article that adds value to their business or enjoyment and interest to their day.
- If they enjoy your newsletters you can encourage them to **forward the newsletter** to others, thereby building your database.
- An **enticing subject line** is vital. When you get emails, you typically see just the sender and the subject line. So the subject line is what will persuade them the email is worth reading. Make the subject intriguing if you can, but don’t oversell. Nothing will turn readers off quicker than if you make a promise: ‘How to make a million’ in the title that the rest of the newsletter doesn’t support. Especially don’t copy subject lines in spam emails: this is the quickest way to lose readers!
- Keep the selling discreet and low-key. You don’t want your readers to associate the newsletter with ‘here’s another pushy sales message.’
- Use short paragraphs and sentences to increase readability.

If you include an article, print just the first few lines (the teaser), then provide a *Read on* type link to the full article which you should post on your website (the article

belongs there anyway in the Resources or Articles of Interest archive). There are three bonuses here:

- It keeps the newsletter much shorter and thus more readable.
- You get readers to visit your website.
- You can fully format the article and include images and photos as well as text.

Remember to provide a deep link to the article (a link that takes you straight to the article itself) rather than making readers navigate there from your Home Page.

## Measure to improve!

Finally, to make sure you're getting a good return on your Internet investment you must monitor the results. Your web designer and /or your web hosting company should be able to provide you with site metrics (measurements). You can then use some ratios to assess:

- How many visits each month to the website.
- What were the favourite pages.
- How many visits converted to sales.

For example, some of the ratios might be:

**Sales per visit:** The average sales amount per month divided by the average number of unique home page views per month.

**Sales conversion rate:** The average number of orders per month divided by the average number of unique home page views per month.

**Cost per order:** Your average monthly Internet budget (marketing plus hosting costs plus development costs) divided by the average number of orders per month.

You might also be interested in the number of people who have signed up for the newsletter each month or the number of site visitors who came from other sites through referrals or reciprocal links.

### Making improvements

The measurements will help you to improve the website. For example:

- Improving the hit rate on certain sections of the website.
- Increasing the conversion rate of visits to enquiries or sales.
- Getting more visitors to sign up for the free newsletter.

## Set online business targets

As with other marketing activities, set marketing goals for your online business. For example, the goal might be to increase this year's online sales from 10% of total sales to 18%. As with all goals, draw up a plan of **how** you're going to achieve this, **who** has responsibility for each task and **when** the tasks will be actioned. For instance:

- Offer special incentives in June and July for orders placed through the website (discounts or free e-booklets).
- Promote the website in March advertising.
- Build more traffic through the newsletter, by offering e-booklets, special gifts, free competitions, and so on.

## 5. Developing an e-business

The fifth step in climbing the Internet staircase is transforming your business into a true e-business.

This means using the Internet as much as possible for ordering goods, invoicing and payments, banking and submitting tax returns electronically, letting your suppliers view your real time stock levels (and vice versa) and so on.

Beyond this, there's a great deal of business you can do through the Internet.

For example, you could have a special log-in page where suppliers can check your real-time stock levels to see when you'll be wanting fresh stock. Or you can go beyond this and automate the process. For example, retailers can be permanently connected to their supplier through the Net, so that when stock falls below predetermined levels the supplier automatically ships replacements.

This level of Internet integration through your supply chain, your customers and for compliance and banking is known as e-business, a level beyond just online transactions (e-commerce). Soon this way will be standard for almost all businesses: it's essentially a question of using the Internet to do business tasks more efficiently and faster.

### Valuing your digital assets

E-business in its fullest sense also extends to recognising your digital assets and how they add value to your business. A simple example would be your customer databases. Others would include template letters and other documents (such as brochures and flyers) stored electronically that you can use repeatedly to market your business.

Recognising, valuing and protecting your digital assets (for example through off-site storage, password access and firewalls) is a sign that you're reaching the level of e-business thinking in your business.

## What you've gained from this chapter

- ✓ The Internet offers exciting marketing opportunities for your business and more are emerging.
- ✓ Don't shut yourself off from new technology: it's important to participate in the age in which we live.
- ✓ The more you learn about the Internet, the more opportunities you are likely to see.
- ✓ Your Internet strategy should be part of, and fully integrated with, your marketing and promotion plans.
- ✓ You can build your Internet knowledge and confidence one step at a time.
- ✓ First lower your costs and speed up your business by making full use of email.
- ✓ Then learn to surf the Internet effectively for market research, new products and services, and to find out what your competitors are doing.
- ✓ Creating even a simple brochure ware website allows you to offer a better service to your customers and to market your business far more widely.
- ✓ Make your site simple and convenient to use. It should be absolutely clear to visitors what business you're in.
- ✓ Use professionals to design a customer-targeted and customer-driven site.
- ✓ The next step is to add some e-commerce functionality, particularly online shopping.
- ✓ Provide incentives for people to do business online, to keep on visiting your site and to refer your site to others.
- ✓ Do everything you can to make the site useful, to build your credibility and to reduce the risk for the customer.
- ✓ Publicise the site as widely as you can both online and offline.
- ✓ Brainstorm with staff ways of increasing your Internet business.
- ✓ Concentrate on developing long-term relationships with your customers through permission marketing.
- ✓ Measure the results and set goals for increasing your online business to get a good return from your Internet investment.

### Action steps

Create an action list for the ideas from this chapter you want to implement, assign responsibility for each task, and a budget if necessary.

Do this NOW or it will never get done!

## **Conclusion: Yes, you can!**

Yes, we face tough times, but Kiwis have a history of being tough and smart when faced with adversity, and of overcoming challenges.

### **Smart marketing is your survival key**

Getting your business through tough times means being more creative than your competitors. Here are our closing recommendations:

- Trawl through this book again and list the best ideas for your business. Then rank these in order of priority.
- Consider implementing the low or no cost ideas first. Credit may be tight, but many of the ideas in this book cost very little. They are just waiting for you to action them. Sometimes all that's required to produce better results is a change in attitude (as in the case of customer service). Smarter use of technology can be another quick gain.
- Love your customers. Stay in touch and keep building relationships because they are the key to continued sales revenues and to getting more customers.
- Make sure you can compete on far more than just price, because if you compete on price alone you are in a very vulnerable position.
- Be creative in developing your competitive advantage. Look for new points of difference you can promote to customers. How can you make your business indispensable?

### **Stay positive**

Finally, avoid letting dismal news in the media affect your attitude. Downturns do bring opportunities (such as less competition) so focus on identifying the opportunities that will present themselves.

Remember also that business cycles continue, and that slumps are followed by upswings. Your reward in surviving the current downturn will be knowing that you've developed a strong, sustainable business that poised to take advantage of better business conditions.

'Yes, we can' is the confident phrase that got President Obama into the Oval Office. 'Yes, you can' shows our confidence that you can succeed.

## Resources

### [www.business.govt.nz](http://www.business.govt.nz)

Make [business.govt.nz](http://business.govt.nz) your portal for the latest news, developments, links to other Government websites and resources and tools to help you grow your business. Consider subscribing to the **Business news** feeds to keep you up-to-date with tax and other changes, and the latest business information.

### [www.nzte.govt.nz](http://www.nzte.govt.nz)

The New Zealand Trade and Enterprise website provides details of:

- **Business Mentoring:** one-on-one support from real business people
- **Enterprise Training:** workshops and seminars fully funded by NZTE and delivered by specialist training providers throughout New Zealand.
- **Escalator:** a service to help you raise equity funding for your business
- **E-business Guide:** improve your company's e-business capability
- **Business Clusters:** details of groups of companies that collaborate to grow their businesses
- **Business Incubators:** facilities that assist new businesses to become established
- **Enterprise Development Grants:** latest new on Government funding programmes for businesses
- **Export Services:** a range of resources to help you export your products or services.

### Business books

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