

BUSINESS INTELLIGENCE

IDEAwatch

Tips for Growing Your Business

■ **Put the “recess” in recession.** You can stand out from the competition by giving people some positive news. Try throwing a fun anti-recession party where customers can come together and network. Collect stories from customers about how they are not letting the recession get them down. Also, consider a “bailout” for customers. Laguna Grille in New York selects a random table at every lunch and dinner to be “bailed out.” The bailout covers the winning party’s tab and comes with a “Laguna Grille Bailout” certificate. You can bail out customers by forgiving interest they owe, extending their payment plans or giving them a freebie.

Source: www.damniwish.com

■ **Should your marketing approach be product- or people-centric?**

Companies typically use a product-benefits approach when selling a product, but that only makes sense if you’ve got something truly unique. More often than not, a company’s products and services look similar to the competition and, therefore, require a more people-centric approach. That means crafting an offer to address prospects’ hot buttons: fear, anger, guilt, exclusivity or salvation.

Source: *The Marketing Report*, 370 Technology Dr., Malvern, PA 19355

■ **A customer’s initial contact with your company** sets the stage for their perceived experience. Therefore, answer the phone like you have time to talk to whoever is on the other end of the line — like that caller is your favorite caller of the day. Similarly, greet customers warmly when they walk in the door. In retail, doing so is also a good step toward security: Those who come into your small business with bad intentions may change their minds once you and your employees make eye contact and simply say hello.

Source: www.nfib.com

MARKETING

Is Your Customer Base at Risk?

IN TODAY’S ECONOMIC climate, you may find that prospective customers are strongly focused on downsizing and cost cutting. In the face of retrenchment, it is increasingly costly and time consuming to develop new business.

Now, more than ever, it is critical to keep your existing customers close and invest in expanding business with companies that are already buying from you. But how long has it been since you took a serious look at the

loyalty of your current customers? Have you earned that loyalty by consistently focusing on how to deliver value with each meeting? Or have you been taking their business for granted?

What can you do to protect your base from price cutters, and continue to expand your business, even in these hard times? The first step is to reassess your relationship with each of your major accounts and determine how likely they are to consider changing suppliers in the near future. The second critical step is to develop strategies to shore up your defenses and reduce the risk of losing customers to predatory competitors.

Reassessing Customer Relationships

To better understand the relationship with your key customers, answer the following true-or-false questions: 1) Our products/services are critical to how the customer does business. 2) Our products/services are interconnected with the customer’s business processes or procedures. 3) The customer has invested in lasting assets (equipment/products) we provide. 4) Price has not historically been a primary concern in this relationship. 5) Execution of delivery, restocking and other aspects of how we do business are important, but not primary reasons to buy from us. 6) The customer sees great value in unique benefits we provide, such as consulting, sharing information about our technology direction, etc.

If you answered “true” to the above questions, you are fortunate in having

strong relationships with customers who will experience high “switching costs” if they consider changing to another supplier. These are costs incurred when a buyer changes from one vendor to another. Types of switching costs include tangible costs such as people, equipment and procedures, as well as less tangible

Develop strategies to reduce the risk of losing key customers to predatory competitors.

costs such as potential business disruption or increased personal risk to the decision maker.

Customers facing relatively high switching costs are less likely to change suppliers. Still, even they may feel forced to make that choice if they are downsizing or under strong pressure to find lower-cost long-term solutions.

On the other hand, if you have important customers for whom the answers were “false,” you have business that is potentially at higher risk. If your customers see themselves as buying a commodity, they probably care most about factors such as price, delivery and product specifications. They find it relatively easy to change suppliers because their switching costs are low.

Strategies for Protecting Your Base

The key to protecting against erosion of your existing relationships is to focus on how you can increase switching costs and reduce the probability of engaging in unprofitable price wars just to keep your current customers.

1. Look at how customers use your product or service offering. If customers view your offering as a “commodity,” consider how they buy it, use it and dispose of it or reorder at the end the usage cycle. Can you link to the customer’s ordering and purchasing procedures? These kinds of links can be developed with any customer, whether their current switching costs are higher or lower.

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■ **A better approach to cutting prices** during tough times may be to introduce a “fighter brand.” Lowering the price of your main product can devalue your brand and make it difficult to raise your price when the economy improves. A fighter brand is a low-priced version of the flagship product, sold under a different name that will satisfy the appetites of price-conscious consumers, e.g., Procter & Gamble developed Luvs to keep Pampers protected. A fighter brand will succeed only if it can be produced at a much lower cost than the main brand. Sometimes companies create a de facto fighter by creating a stripped-down version of their core brand, counting on a bare-bones option to maintain sales.

Source: www.cfo.com

■ **Rewarding the families of high achievers** goes a long way toward job satisfaction, motivation and loyalty. Whether the reward is small or large doesn't matter. What does matter is making employees feel like a superstar in front of their families and outwardly recognizing their families' sacrifices, with gifts or tokens of appreciation. If families better understand the value of employees, they will encourage them to excel in their career, rallying behind them and the company. Can't afford to pay for a family vacation? Consider inviting the family for lunch and a workplace tour, pointing out the employee's special projects.

Source: www.salesandmarketing.com

■ **Does your to-do list contain long-ignored items?** The problem may be how you write your list. Rewrite each item on your list with these two tips in mind: 1) Break it down. Don't confuse to-do's with goals or projects. A to-do is a single, specific action that will move a project toward completion. For example, “Plan the committee lunch” is a project. “Email Karen to get catering contact” is a to-do that will take you one step closer to completing the project. 2) When you write that task down, use an actionable verb (call? email?) and include whatever details your future self needs to check it off. For example, instead of writing “Make dentist appointment,” write “Call Dr. M. at 555-4567 for a cleaning any time before 11 a.m. on Jan. 17, 18 or 19.”

Source: blogs.harvardbusiness.org/cs/

The end of TV ads? Not so fast

The advent of DVR technology struck fear in the hearts of advertisers worldwide. Suddenly, viewers were able to fast-forward through TV commercials. So, are we witnessing the demise of the TV ad? Well, not necessarily. New research is showing that, with the right kind of ad, fast-forwarding can actually enhance your brand messaging.

According to recent research appearing in the *Journal of Marketing*, eye-tracker technology was used to observe viewing behavior as subjects fast-forwarded through TV commercials. Here are some of the findings: 1) Fast-forwarding viewers actually pay more attention during commercials than those watching

commercials at regular speed; 2) Fast-forwarded advertisements still create brand memory, even with a 95% reduction in frames and complete loss of audio; 3) Fast-forwarded commercials can positively affect brand attitude, behavioral intent and even actual choice behavior.

However, there's one fact that every marketer must know to make brand marketing work during fast forwarding: The attention of fast-forwarding viewers is heavily limited to the center of the screen. To grab their attention, advertisers must place simple, eye-catching brand information dead center.

Source: MarketingProfs.com, January 14, 2009

Layoffs spark rise in lawsuits

If past economic history is any guide, employers can expect the current wave of layoffs and downsizings to produce a bumper crop of employment-discrimination charges later this year. The EEOC saw a 15% increase in the number of bias charges filed with the federal agency — and that's before lawsuits from recently laid-off employees are added to the total.

Most employers offer severance packages that require employees to release the organization from any claims in order to receive the money. However, as the recession deepens, many employers are

offering less generous severance packages or nothing at all. And some employees reject severance packages because they don't want to give up the potential for a claim for, say, two weeks of pay.

To protect your company, offer the most generous severance package you can afford. Make sure your severance policy is up-to-date and complies with current laws and regulations. And most importantly, make layoff decisions in a fair, appropriate and nondiscriminatory manner.

Source: [Human Resources Executive Online](http://HumanResourcesExecutiveOnline.com), February 16, 2009

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2. Make sure you are performing at the highest level to meet customer requirements. Consider what other sources of value you are providing. If your customers care about delivery, conformity to specifications and quality, is your company aligned with how they need and want to buy?

3. Make sure the customer is aware of your value. Don't assume the customer understands the extent to which your company is meeting and surpassing their requirements. Arrange a meeting with customer executives to provide an update on what you are doing to help them meet their business requirements.

4. Look for new ways to address the customer's current business issues and concerns. Developing innovative approaches that impact business results will differentiate you and your product or service, and will create unexpected value to the customer's organization. Perhaps your company can offer financial arrange-

ments that will provide a solution to a cash flow problem. You might be able to improve how you are delivering products to help your customers gain competitive advantage in their own markets.

Consider this: Rapidly changing conditions are affecting your existing base just as strongly as they are affecting prospective customers. Maintaining a keen awareness of your current customers' issues and taking steps to strengthen your relationships can make the difference between falling behind and continuing to thrive, even in the current hard times.

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■ **Need some temporary specialized talent at your company?** This summer, more MBA and undergraduate interns will be available to work at small companies due to large corporations scaling back internship programs. But you need to act now to start advertising your internship to prospective students. Start by talking to university career centers. Interns are generally paid unless the students can arrange to earn academic credit instead. Before taking on an intern, think about what kind of expertise you could most benefit from, and remember, interns are there to learn so plan to devote ample time to working with them.

Source: blogs.wsj.com/independentstreet

■ **Master the Google snippet trick.** Google and other search engines often display a “snippet” of text as the page description (what appears under the title on the search engine results page), and what’s displayed is sometimes a nonsensical description that’s out of the site owner’s control. To control your description as much as you can, place a benefit statement near the first instance of your main key-phrases. This simple technique often transforms a nonsensical snippet into a fairly decent marketing statement.

Source: www.targetmarketingmag.com

■ **Picking the right commercial collection agency** may mean recovering significant cash that can be injected back into your business, while keeping good relations with your customers. Most reputable agencies belong to at least one of these associations: Commercial Law League of America, Commercial Collection Agency Assn., or International Assn. of Commercial Collectors. Search for an agency that has a business philosophy that matches yours and subscribes to a high level of ethics. Other characteristics to look for include: long tenure of agency staff; being able to retrieve and listen to all recorded conversations with debtor; and being able to take back one or all of your accounts at any time.

Source: www.allbusiness.com

Stimulus act's effect on small business

Now that the American Recovery and Reinvestment Act of 2009 (ARRA) has been signed into law, small business owners are wondering what's in it for them.

Government contracts. You don't have to be in the construction business to take advantage of government contract opportunities. The ARRA set aside billions of dollars for projects like increased access to broadband, especially in rural communities; computerized health records; improvements in public, maritime, air and rail transportation; redevelopment of foreclosed homes; environmental cleanups; improvements in sewer and drinking water systems; development of clean, efficient energy; repair of federal buildings using green technology; and energy-efficiency upgrades and construction of alternative energy projects, including wind and solar.

Go to www.snipr.com/ci987 for basic information on securing federal contracts and www.fbo.gov for a database of what opportunities are available.

Tax breaks and credits. The ARRA offers new breaks and extends existing ones for small businesses. For 2009, ARRA reduces the estimated tax payment requirements for many small business owners whose adjusted gross income (AGI) for 2008 was less than \$500,000.

Taxpayers generally must recognize cancellation-of-debt income (CODI) when they cancel — or repurchase — debt for an amount less than its adjusted issue price. In certain situations, ARRA allows businesses to defer CODI generated from repurchasing business debt.

Generally, a net operating loss (NOL)

may be carried back two years to generate a current tax refund, providing a cash infusion in times of loss. For 2008 (not 2009), ARRA extends the maximum NOL carryback to five years for businesses with gross receipts of \$15 million or less.

Employers can claim a credit equal to 40% of the first \$6,000 of wages paid to employees in certain target groups, such as ex-felons, food stamp recipients, disabled and unemployed veterans and disconnected youth.

ARRA extends the increase in the Section 179 limit for initial year expensing to \$250,000 (from \$125,000 indexed for inflation).

Another depreciation-related provision extends the special depreciation for certain property, generally if acquired in 2009, equal to 50% of its adjusted basis. For eligible passenger automobiles, the \$8,000 increase for the first-year limit on depreciation also is extended to new vehicles placed in service in 2009.

Loan repayment assistance. The ARRA includes a \$35,000 life preserver for small businesses drowning in red ink. Under the law, the Small Business Administration temporarily will guarantee 100% of loans of up to \$35,000 issued by banks to small businesses that are struggling to make payments on existing debt. The program basically offers a loan to help pay a loan. The SBA will subsidize the interest on the loan, and small businesses will have a year before they have to start repaying it.

Sources: *USA Today*, February 9, 2009; *MaineBusiness.com*, February 20, 2009; *Charlotte Business Journal*, February 20, 2009

Email increases likelihood to buy by 50%

More than half (57%) of American consumers have more positive opinions about companies that send them emails, and 50% say getting email increases the likelihood they will purchase — either online or offline — from these companies, according to a survey from Epsilon and conducted by ROI Research.

Epsilon found that permission-based email marketing campaigns extend far beyond e-commerce transactions and also have a significant impact on purchasing

behavior and consumer loyalty in the brick-and-mortar world.

Among the other findings of the study, 40% said that simply receiving email has a positive impact on their likelihood to make a future purchase from a company; 71% remember email communications when making purchases at the sending company's website; and one-third said they usually visit sites directly instead of clicking on an email link.

Source: MarketingCharts.com, Feb. 20, 2009

Are You Seeing Value?

Value is a funny thing. We look for it everywhere we go – if it's not a good value, or doesn't provide us with benefits, we keep moving. I wonder why it is we don't feel WE have a value?

Several months ago I spoke to a prospect with a small home-based business. They use a \$15/hour person (4-6 per year) to handle their database and eNewsletter. They had high turnover because once they got to the 1099 threshold, they would find someone new. Different concept! The first thing that crossed my mind is this person had to be spending an awful lot of time interviewing, hiring, and training.

They were unhappy because they were 3-months behind in getting their database updated, weren't connecting with new prospects, and they were spending at least 3-hours a month going back over the eNewsletter proof to correct assorted problems on a piece the admin was taking four hours to create.

They charged \$200/hour for their services, so I simply said, "So, in essence, you're spending \$660 per month to create this eNewsletter. Are you getting a significant return on it?"

Well that opened up an entirely new conversation. When we started trying to figure out how much time they spent in interviewing, hiring, and training, well, you can imagine!

After three months of working together, their eNewsletter now costs them \$45/month; the database is current, prospect letters are sent within 48-hours of when they met; and we have an extended marketing plan in place. At the time of this writing, sales have increased 37% for this client and we're talking about adding to the marketing plan.

Why is it difficult for us to remember our time has value? What tasks could be outsourced to someone else, leaving you more time to devote to working ON your business instead of IN your business.

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Using Medications Safely

All medications have benefits, but they also have potential risks. Here are some tips to ensure that you are using medicines safely:

Keep a list of all medicines that you take, how much and when. Include prescriptions, over-the-counter medicines, vitamins and herbal remedies. Include any allergic reactions or severe side effects you have to medications. Discuss it when you visit your doctor. Keep a copy in your purse or wallet in case of emergency.

If you use more than one pharmacy, make sure each knows all the medicines you are on and any allergic reactions you have. Pharmacists can help look for potential interactions between your medicines that might lead to unwanted or even dangerous side effects.

Make sure you understand exactly how to take each medication. Read labels carefully and follow directions. This is especially important if you are giving medicine to a child.

Don't take someone else's medicine or take medicine that is past its expiration date.

Use antibiotics wisely. If you are given a prescription, take all of the medication exactly as prescribed. Don't stop taking the medicine just because you feel better. Improper use of antibiotics is helping bacteria become resistant to different types of drugs, which makes them harder to treat.

Store medicines properly – in a cool, dry location, away from small children – which usually means the bathroom is not the best place. Some medicines must be kept refrigerated.

To learn more about medication safety, visit The Institute for Safe Medication Practices at <http://www.ismp.org>.

Des Peres Hospital

Annoying Customer Behavior

We're not talking about the customers from hell. We're talking about good customers who periodically exhibit annoying behaviors, things that make your life difficult and cost you money.

Be grateful to those who cause you difficulty, they offer the greatest opportunity for learning. The Dalai Lama, Ethics for the New Millennium

Whatever the source of frustration, these behaviors offer an opportunity to eliminate headaches for yourself and your customers. Here's how it works.

Balancing the Scales

We live in a reciprocal world. If you treat me well, I'll treat you well. If you treat me poorly, I'll find a way to balance the scales. Annoying customer behavior is your customers' way of balancing the scales.

The Solution

Ask yourself "How do I contribute to this behavior?" The answers will help you create a more enjoyable customer experience and increase your profits.

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