

LINDA HAILEY'S

kickSTART MARKETING

The **no-nonsense**
system for
boosting your
small business


ALLEN & UNWIN

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Four years ago I wrote the words:
'I'd like to write a book for small business owners'.

I made it, thanks to some very special people.

My mother Dulcie and my late father Charles who both gave me
the gift of confidence.

My husband and best friend Michael, who said 'go for it' when
I started this business and has never wavered in his support or
good humour.

But most importantly, thank you to my clients. The most
amazing group of passionate, enthusiastic, motivated people you
could ever hope to meet. Thank you for sharing your business
challenges. Thank you for your friendship.

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Contents

Introduction	vii
1 The Kickstart Marketing process	1
2 Review your business	9
3 Review your marketplace	41
4 Matching your marketing mix	70
5 Strategic analysis	75
6 Product marketing	87
7 The marketing toolkit	103
8 The realities of retail	133
9 Strategic selling	154
10 Catching and keeping customers	169
11 The marketing message	196
12 The importance of image	222
13 The power of clients and contacts	231
What next?	246
Index	248

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Introduction

This book is not about theory—it's about practical marketing for small business owners. The concepts and ideas outlined here, which have been developed over the last ten years specifically for small business, have been tested on over 500 real businesses during consultancies and have been introduced to thousands of other businesses at lectures, seminars and workshops.

To help you understand how these practical exercises were developed, I need to go back to my early business days.

My background is a little unusual for a marketing consultant: I do not have any formal qualifications, just a lot of experience in the real world. I started my career as an advertising cadet with Myer Melbourne, where I learnt all the basics of advertising and specialised in copywriting. I then took off around Australia on an extended working holiday and worked for lots of small businesses including a pub, building company, car dealership and truck dealer. I eventually got a chance to use my cadet skills and joined a country radio station as a copywriter. (I only got the job because no one else in town knew what a copywriter was.) I spent the next fourteen years in radio, ending up at Radio 2WS in Sydney as a copywriter, creative director and then marketing manager. What I didn't realise at the time was that all those years writing ads for small businesses in Sydney's western suburbs were teaching me the basics of marketing. I was solving marketing problems in 30 or 60 second radio spots.

My last job before taking the leap into small business was as a marketing manager for a large regional shopping centre in Sydney. It was

1990, the start of the dreaded recession, and retailers were starting to feel the pinch. One of my main responsibilities, to provide marketing support services for the 150 retailers in the centre, entailed walking the mall for at least a couple of hours a day getting to know the retailers. I quickly discovered that these small business owners were finding it very difficult to get unbiased advice on marketing or strategic planning. If they rang the local newspaper, guess what: advertising would solve all their problems, graphic designers could solve their image problems with logo design and flyers, and visual merchandisers could turn things around with window displays, but the business owners couldn't find anyone to tell them what worked and what didn't. They were keen to learn and desperate for advice, but they didn't know where to start.

I wish I could say that I identified this as a brilliant market opportunity and immediately set to work developing the concept for my business. I didn't. I assumed most small businesses would want me to write their brochures, leaflets and radio commercials and set up my business in the offices of a colleague. I found out very quickly that the product I wanted to sell wasn't really needed in the marketplace.

I had a car lease to support, so I soon became very focused and I started thinking about the problems faced by the retailers I worked with at the mall. I picked up the phone and rang everyone I knew who ran a small business and asked them what problems they faced. Bingo! I started to get the same answers to all my questions: 'I don't know how to find new customers'; 'Should I advertise?'; 'How can I tell if it's working?'; 'I know where I want to go with my business but I can't work out how to get there.'

I spent the next few months thinking about how I could help these businesses and I got the best textbook I could find on marketing. I read it once, put it back on the bookshelf and then started to develop and document the ideas you'll read about in this book. So, I had the basics of a service I could sell, but no track record. I got back on the phone to the business owners I knew and offered them a very cheap consultancy. All they had to do was to commit the time and take a risk on an unknown quantity—me. Within a month or so I knew I was on the right track and my business was up and running.

After several years of successful consultancies, I was invited to give a three hour talk on marketing for a small business course at a college

for technical and further education. I was hooked. It was a wonderful experience talking to a whole room full of enthusiastic business owners and intending business owners who were hungry for knowledge on marketing. Their questions were fascinating; they got me thinking about new approaches and ideas and helped me to realise that workshops and seminars would be an exciting extension of my business.

One group of students I was about to meet would dramatically change the way I looked at marketing. I put the word out on my small business grapevine that I was looking for opportunities to run workshops and within a few weeks received a phone call asking if I was interested in presenting around 30 hours of marketing training for a New Enterprise Incentive Scheme (NEIS) course. The New South Wales government sponsored scheme offers unemployed people the opportunity to pick up six weeks' full-time training in how to run a small business and develop a business plan in the process. Prior to the NEIS, if you were on unemployment benefits and started your own business you would simply lose your benefits, which made it next to impossible to start a business and give yourself a new start. The NEIS program continued to provide participants with unemployment benefits for twelve months and funded their six week training program.

I leapt at the opportunity and before I knew it I was faced with 21 motivated, focused people who had six weeks to change their lives and mindset from unemployed to small business owner. This was one tough audience. In one group you could have participants aged from 20 to 50 with education levels ranging from masters degrees to left school at thirteen, different cultural backgrounds and different language skills. They were all hungry to learn; instant gratification just wasn't fast enough for NEIS participants. They wanted their marketing to be easy, cheap (or free) and it had to work. The NEIS program helped me refine all of the diagnostic exercises I was already using in my consultancy work and, more importantly, to develop a lot of practical exercises that I still use today.

The NEIS principles of marketing maintain that it should be easy, inexpensive, quick and effective, as business owners want to spend their time and energy on their business, not their marketing. Although this sounds like a marketing dream, there is a catch.

The marketing process requires some time and energy up front. You can use a lot of the ideas and strategies in this book regardless of

x Kickstart Marketing

the work you put in, but for the best results you need to invest at least a few hours thinking about the material in the first four chapters. Don't panic—none of them are difficult and some even involve alcohol!

The Kickstart Marketing process

I was really tempted to call this book *I Hate Marketing!*, because it seems most small business owners feel the same way about marketing as they do about a trip to their dentist for root canal therapy! Wherever I go people apologetically say, ‘I know I should enjoy marketing but I find it threatening, boring, time consuming, a waste of money or just plain frustrating.’ Even those enthusiasts who actually enjoy marketing say they often find it confusing and intimidating.

Over the years the marketing profession has turned a common-sense process into a myriad of mind-bending theories and mysterious jargon that is totally inaccessible to the average small business owner.

The good news is you don’t have to love marketing to get great results. Marketing doesn’t have to be fun to be effective. After all, no one insists that we throw a party every time we change the toner in our printer or tries to convince us that bookkeeping is exciting, so why should we view marketing as fun? It is just another part of running a business. No one starts a business because they love marketing and selling and not many small business owners want to become marketing experts—they just want to be the best they possibly can. Marketing is just one aspect of running a successful, profitable business.

And while we’re at it, let’s blow away a few other marketing myths.

Marketing is expensive

Some of the best marketing comes from businesses that don't have \$20 to spare. Somehow the marketing textbooks have tricked us into believing that spending money is better than not spending money when it comes to marketing, that spending hundreds of dollars on a press ad must be better than spending nothing. Wrong, wrong, wrong!

Marketing requires expert sales skills

Quite often the best sales tool a small business owner has is their natural enthusiasm and passion for their product or service. Selling needs to be an integral part of your marketing, but you don't have to employ hard sell or pushy sales techniques.

Marketing takes hours of your time

It's a common assumption that marketing is time consuming. Sure, some of the set up can take a little time, but marketing should be developed so it fits your schedule. If you only have two hours a week to spend on marketing then you can select marketing techniques that will give you results in those two hours.

Marketing is complicated and confusing

Most small business owners who have picked up a book on marketing have been enveloped by a sense of helplessness as they wade through examples, flowcharts, matrix analysis and complicated calculations. No wonder, as most marketing theories have been developed and tested in the corporate world, a world that is completely different to small business. Corporates deal in millions, not thousands. They have large, complex organisational structures and more funds to dedicate to research and marketing. They also tend to have much broader markets than the average small business, so it's no wonder a lot of marketing theories are totally inaccessible to small business.

Some big business marketing theories can be dangerous to small

business, for example the pareto principle or the 80/20 rule. This principle is based on the fact that as many businesses receive 80 per cent of their revenue from just 20 per cent of their customers, concentrating their marketing and customer service on those 20 per cent of customers can build business efficiently. The theory makes good sense and seems to be applicable to small business, except that some small businesses only have ten to twenty clients. If 80 per cent of their revenue is coming from 20 per cent (or two) of their clients, then they are at risk. What happens if one of those key clients is lost? The business certainly couldn't afford to spend all of its marketing energy on just two clients.

So, if you have no time, little money, hate selling and are not a great fan of marketing then you are reading the right book. On the other hand, if time is no object, you have heaps of money to spend, leap out of bed every morning excited at the prospect of marketing and can't wait to start selling, you will also gain a lot from this book.

What is marketing?

Before you can start to market you need to understand what it is. Ask most people for a definition of marketing and you'll be greeted with ummms and errrs. Ask what is the first thing that comes into their mind when you mention marketing and most will say 'advertising'. Other people think of marketing in terms of promotion, customer service, selling, publicity, branding or image. Some people just panic!

The big problem with marketing is that the word itself is a generic term used to describe a whole grab bag of ideas, concepts and methods, so it's understandable that it means different things to different people. I like to describe marketing as a matching process, and like any good process it has a beginning, a middle and an end. *When you market you are simply matching you, your business and your product or service to your customers' or clients' needs and wants.*

Advertising, customer service, selling, the right image, promotion, publicity and product development are just a few of the things you have in your toolkit to make the matching process happen. The closer you get the match, the more money the business will generate.

The matching process doesn't have to be expensive or complicated. It can be as simple as the way you make a sandwich. I was once

in a hurry to catch a train and decided to buy my lunch at a kiosk at the railway station. The girl behind the counter sliced a crispy roll open and slathered it in butter. Then she piled on big chunks of chicken covered with a thick layer of shredded lettuce and topped off with a liberal squirt of mayonnaise. I paid and ran down the platform to catch my train. I pulled the roll out of the bag and was rewarded with a lap full of mayonnaise-covered lettuce. The roll was too big to get into my mouth and I couldn't even pick the chicken out of the roll because it was covered in lettuce and mayonnaise. That roll went back into the bag and ended up in a rubbish bin on the station.

How does this story illustrate the matching process of marketing? Consider this: if you ran a sandwich bar at a railway station you'd have to reason that nearly half of your customers would be eating on a train. But the sandwich bar had made no effort to match their product to my needs and wants. If they had been good marketers they could have provided me with a paper napkin, cut the roll in half, put the mayonnaise on the roll rather than the fillings or even suggested a different kind of roll.

Think of marketing as the engine that will drive money into your business. It would be lovely if you could register a business name and have \$1000 magically appear in your bank account. Unfortunately, that isn't going to happen unless you market. Sure, marketing can affect the awareness, visibility and image of your business, but its main function is to find the customers or clients that will bring the dollars in.

The marketing process

The three phases in the process of matching are review, analysis and planning.

Before you can even start to market you need to review all of the aspects of your business that might affect its marketing. There are seven basic steps; each step is like a mini-stocktake of one aspect of the business, a little like a financial audit but much less scary. You simply look at all the elements of the business that will have an impact on your future marketing.

1. Analyse the people resources in the business, including the skills and strengths of the business owner.

2. Review the business operation, including financial performance, systems, structure, location, resources and past marketing activities.
3. Analyse your product or service.
4. Compare yourself to your competitors.
5. Establish your market boundary, where you will concentrate your marketing activities.
6. Identify your target markets.
7. Develop a customer profile of the decision maker in each target market segment.

This seven step exercise will give you great insights into your business and the confidence to choose the right marketing strategies. You will also find it has the added advantage of changing your focus from the product to the customer. Most business owners are product focused first and foremost. After all, their product is the one thing they know and understand the most, and it is something they have control over. So people are often inclined to build their marketing activities around their product or service and its strengths rather than develop marketing from the client perspective.

Once you've completed the review you need to analyse your findings, which simply boils down to common sense. The review will give you all the ammunition you need to create great marketing.

Once you've analysed the findings, you can start matching your marketing to suit your target clients. Suddenly you will have a much clearer picture of who your target clients are, where you can find them, how they like to be approached. You will also know what your business is capable of in terms of growth and revenue. Most importantly, you will know exactly what your product or service can offer your clients. Every marketing idea is tailored to suit the business and the customer. This matching process automatically creates a marketing plan.

One client jokingly calls me the 'It depends' lady, because when we first started working together every time he asked me whether something would be good marketing for his business I would reply 'It depends'. What I was trying to tell him was that until we'd gone through the review and analysis process I couldn't really give him a clear answer. Marketing depends on lots of factors: the skills of the business owner, the financial and business resources available, the location, the track record of previous marketing and the potential

clients the business wants to target. What works for one business may not work for another.

Most small business owners don't know that a marketing process exists, so they tend to start at the end. They buy an advertisement or spend money on a public relations consultant or on developing a flyer, which explains why the majority of small business owners advertise in the early days of their business. It seems the logical thing to do and everyone else advertises so it must be right.

The Kickstart Marketing process will take some of the worry and uncertainty out of choosing the best marketing for your business. Best of all, once you've gone through the matching process you no longer have to battle with all those marketing questions like 'Should I advertise?', 'How do I reach my target client?', and 'What kind of promotion will work best for my industry?' This book takes you through the process step by step and gives you lots of practical examples of how real businesses coped with the marketing process.

While you are at the 'getting ready to market' stage you need to think about what you would like your marketing to achieve. For instance, if you have a dream of working in your business three days a week, there is no point in developing marketing strategies that will generate enough business for five days. If you want to generate \$250 000 additional yearly revenue, you are going to need more aggressive marketing than if you are looking for an increase of \$50 000. If you are building a business to hand on to your children, you are probably going to use more conservative or less risky marketing than someone who is building the business for a quick sale.

I often come across people who market like crazy but don't take time out to ask themselves, 'What am I trying to achieve?' It's a bit like a personal trainer putting you on an exercise bike and saying 'just pedal' without telling you how long, how far or why you are pedalling. You shouldn't have to keep asking yourself 'Am I there yet?'

Make marketing your slave, not your master. You don't have to love it; always keep in mind that it is just the engine that will drive the dollars into your business. Remember also that it is an integral part of your business, but you don't need a bottomless source of funds or to spend endless hours on it.



REAL LIFE



I once received a phone call from an information technology business that specialised in real-time software which linked the control room software of a processing plant to the business management software to give major companies cutting edge production and business reports. They urgently needed help to generate more business. I was shown a couple of cardboard boxes full to the brim of 'request for information' slips cut out of several industry magazines. The business had spent around \$30 000 on advertising and generating publicity in the magazines and had been very successful. The business owner guessed there were about 15 000 business leads in the boxes but he didn't have the time to follow them up, and most of the requests for information came from companies that certainly couldn't afford their \$100 000 plus products anyway. I soon discovered that the business could only handle a maximum of two new contracts a year. Their marketing had been very successful judging by the number of leads generated, but a total waste of time in terms of generating revenue. We drew up a list of just 20 potential clients and spent a few hundred dollars researching and approaching them.

To begin the marketing process, take a blank piece of paper, find a comfortable place and spend some time jotting down what you would like to achieve in your business.

REWIND

- Good news. Marketing doesn't need to be expensive, it doesn't require super sales skills and it doesn't need to take hours of your time. Above all, it doesn't need to rely on complicated marketing theories.
- Marketing is a process that matches you, your business and your product or service to your clients' needs and wants. The closer you get the match the more revenue you will generate.
- Like any good process, marketing has a beginning, a middle and an end. You must work through three phases before you can make effective marketing decisions.

- The three phases are review, analysis and planning. Review the aspects of your business that will affect your marketing, analyse the findings, decide what you want your marketing to achieve and then match your marketing to suit your clients.
- Advertising, pricing, publicity, promotions, customer service, selling and image are simply the tools you have in your toolkit to make the matching process happen.
- Think of marketing as the engine that will drive the dollars into your business.

Review your business

The first phase of the matching process involves a little navel gazing. This navel gazing can seem a terrible waste of time when all you want to do is to find new clients, but it is the most critical phase of the marketing process and it can be a very positive experience.

It is important that you take a good hard look at your business while wearing your 'objective' hat. Be honest with yourself so that you get the most out of the review process, tailor marketing to match your budget, resources and capabilities.

It is vital that you know those areas where you and your business are vulnerable to attack from competitors or to changes in the marketplace. You also need to identify the areas in your business where you excel so you can capitalise upon them to increase your revenue. An understanding of what makes your business tick will also help you forecast how you will cope when your marketing brings results. There is no point in generating 1000 new clients if your production facility can't cope.

Each of the three steps outlined in this chapter takes less than two hours and the whole review process can easily be completed in one or two days. Although finding the time is a big ask when you are busy, you need to think of this time as an investment in your business. While time is a valuable resource, so is your money, and two days spent developing a matching or marketing plan may save you thousands of dollars in wasted marketing activities. I traditionally take two days off every January to navel gaze and think about the

future of my business. I find it acts as a good kickstart to the New Year and I am much more focused and motivated when I resume work in February.

Step one: Put yourself under the microscope

The first objects under the microscope are the people resources of the business—most importantly, you, the business owner. In the case of a one person business it's important to realise that you *are* the business. You will be responsible for planning, producing the product or service, talking to clients, marketing, selling, bookkeeping, emptying the rubbish bins and everything else that needs to be done. It's unrealistic to think that you can be an expert at every aspect of your business, so you need to identify your skills, strengths, weaknesses so you can tailor your marketing activities to maximise the positives. As a consultant I can say to a business owner, 'From my experience, the best marketing technique for reaching your target clients is telemarketing.' Most business owners who are paying for the advice will nod their head and agree wholeheartedly, but if that owner hates making phone calls or has an accent that can affect communication there is no way they will actually carry out that marketing technique. Regardless of whether it is the 'right' strategy for the business, it is wasted advice if it doesn't suit the business owner.

Even if you have staff it is still important to look at what you personally bring to the business. Although you can rely on extra bodies to carry out some of the tasks, most of your team will look to you for guidance, especially when it comes to marketing. As most people who employ staff will tell you, the onus of developing the business is always on your shoulders.

A personal audit is an easy way of taking stock. Put aside 30 minutes when you traditionally have some quiet time. I know, I know, 2 am always seems to be the only time that's free when you run a business! You need about eight pieces of blank paper and a cup of coffee, glass of wine, can of beer or some other suitable refreshment. Write one of these headings on each piece of paper:

*Skills**Strengths and weaknesses**Loves**Hates**Dreams and goals*

Next, write down everything you can think of under each category. This personal navel gazing will give you a good idea of the skills you bring to the business, where you are at risk and what strengths you can capitalise upon. You should also start to get some clues about the type of marketing that will suit your personality and skills. You can also identify areas where you will need to bring in expertise.

Skills

Your skills are all the talents you have picked up during your life. If you were in the corporate world before you started your business you probably attended endless courses, and each of these will have given you a skill. Think of the skills you developed as a part of university or technical and further education college studies. If you have or had a trade, write down all the skills you have that were associated with that trade. For instance, if you were a carpenter don't just write carpenter; detail all the skills such as accurate measuring, purchasing, joinery and so on. Think of all the jobs you've had and detail the skills you developed. Don't forget sport and hobbies, as many businesses start with a sport or hobby we loved.

If you were a homemaker before you started your business make sure you detail all the skills that come with bringing up a family. Weekly shopping involves stocktaking skills, and anyone who can convince a toddler to eat his breakfast while the rest of the tribe argues over who has what for lunch definitely has conflict resolution skills!

In particular, take note of the skills you have that may be useful in marketing. If you are a whiz with the written word, have the gift of the gab or are good with colour and design make sure you write it on the list. Remember that this list should be specific to you and your business.

When you've completed your list, tick all the skills that are critical to running your business as it is these skills that you will have to

nurture with training or education. These are also the skills that you may need staff to duplicate if you decide to concentrate on just one aspect of your business. These ticked items may also give you some clues as to where your time should be spent in the business.

This exercise is important because sometimes in our quest to be the perfect small business owner we forget some of the skills we've gathered along the way.



REAL LIFE



I once had a phone call from a florist who was due to open her new shop in a busy shopping strip the next week. She had spent five years studying her art and had spent her life savings fitting out her shop.



Unfortunately, she ran out of money and couldn't afford to spend extra on the flowers she needed for the window display. She was dis-



traught. A 20-minute phone conversation later I learned that fifteen years earlier she had been head of merchandising at a major department store. When I asked her how she would have solved the



problem then she said, 'But I am a florist now!' She didn't realise that her merchandising skills were still relevant. Two rolls of tin foil, some black plastic and two red roses later she had a stunning window display that established her as a very creative florist!

Strengths and weaknesses

Like it or not, we all have innate characteristics that will have an impact on our business. If we own up to them, we can make sure our marketing maximises our strengths and minimises our weaknesses. Your list will be personal, but there are some strengths that I commonly see in small business owners: determination, enthusiasm and good communication. Some of the weaknesses often mentioned include procrastination, avoiding conflict, poor written or language skills, lack of patience. Think of your strengths and weaknesses in terms of marketing. If you dislike people, then you certainly shouldn't put yourself in charge of customer relations. If you are a natural sales person, you should be involved in selling your product.

Although not necessarily strengths or weaknesses, there are two characteristics that can have a marked effect on how a business is run. These are concerned with your natural outlook, whether you

tend to see things in a positive or negative light. Positive people can be unrealistic optimists who spend their whole time chasing new ideas and looking for quick fix options. They can also be so enthusiastic that they act too quickly and risk their businesses because of rash decisions. On the other hand, a negative outlook can paralyse a business as innovations are seen as too risky and doom and gloom is always the prognosis. If you are at the radical ends of the positive or negative scale you may want to find yourself a mentor or colleague who can act as a sounding board for some of your ideas.



REAL LIFE



I once worked with a company that had four directors. Three were doom and gloomers and the fourth was a raving optimist. Can you imagine the board meetings? 'I've got a great idea.' 'It won't work.'



'Yes it will.' 'No it won't.' 'No it won't.' 'No it won't.' The only solution was to create a working board of just two people: one with a positive outlook and one with a negative outlook. They worked well together and soon the business was growing steadily under their management.

Once you have written down all your personal strengths and weaknesses, review the list and mark those that are likely to have a significant impact on the business. I have to admit I was always a chronic procrastinator. In fact, during my radio days my nickname was Robinson Crusoe because I left everything to Friday. When I started my business I knew that procrastination was a real risk so I spent time and money on time management courses and diaries and eventually broke myself of the habit. Well, almost—I've been putting off writing this chapter for around a week now!

Loves

Identify all the things you love about your business, those things that give you the biggest buzz about running or owning your business. Is it the smiles on customers' faces? Is it the time you spend working on the machines or face to face with clients? Is it the recognition from your industry? Is it the cheques in the mail?

This is a critical question, because as the business grows we often move away from the things we love doing. We hire staff to work the

machines, we concentrate on managing rather than working with clients. Before we know it, we're not having fun any more. So make sure you nurture and schedule time for the things you love about the business. If you love interaction with clients, make sure you schedule a few hours every week behind the counter. If you like the positive feedback from clients at the end of a project, make sure you always conduct the client review sessions. If you love the money, make sure you open the mail every day and see the cheques. And it is okay to love the money. A lot of people seem to think that we need more noble aspirations, but money is always crucial to a business. When I was a struggling consultant I used to issue a daily prayer for cheques to come in the mail. Shan and Simone, the two support people I shared with a marketing colleague, soon realised the importance of this little prayer and would race into my office brandishing any cheques. They then helped me celebrate by insisting on a cheque dance before they would hand over the mail. Although it may seem silly, it was a real celebration of the importance of money to my business.

Hates

No matter how motivated we are there will always be things about our business that we hate or dislike, and it is those things we tend to forget to do. This list will be critical to your business development and marketing as it will identify all the areas where you are at risk. For instance, if your list of hates includes writing up invoices, writing marketing letters, disciplining staff and cleaning, you are at risk of going broke because of poor cash flow caused by slow invoicing, losing clients to competitors due to an absence of marketing, being unhappy because of staff problems, being closed down by the health inspector or even disappearing under a year's worth of paper rubbish.

Once you've identified your hates you can start to plan strategies to overcome these risks. You can set revenue targets to show you when you can afford a bookkeeper or cleaner, you can reward yourself for performing unpleasant tasks like debt collection calls, or you can hire staff to help with management or marketing.

Dreams and goals

Write down your main goals for the business and the reasons you want to be in business, an essential step to help you develop your future marketing. These dreams or goals will give you clues about how you should market and what you shouldn't attempt for your business:

- ◆ If you are building your business to sell it for a profit, your marketing will need to be aggressive and you will probably be prepared to take more risks than other business owners.
- ◆ If you are building a family business, you will probably want to pursue less risky marketing strategies.
- ◆ If you want a business that you can operate three days a week, you will need to tailor your marketing strategies so they only generate three days worth of work.
- ◆ If you started or bought a business so you would never have anyone telling you what to do, you need to think carefully about taking on a partner or investor.
- ◆ If you want a business that is not reliant on your presence and can be sold at a later date, you would be wise not to build the marketing around you or your personality.
- ◆ If you would like to set up other businesses over a period of time, you need to develop a business that can be run by staff and will not be reliant on your physical presence every day.

If more business owners took the time to do a personal audit before they bought or started a business we'd have less businesses go broke. We'd also be spared the experience of dealing with business owners who obviously hate what they are doing. I remember my morning visits to a local newsagent, a middle-aged man who had taken a retrenchment package from the bank and bought a newsagency because he'd heard they were a licence to print money. Every time I went into the shop he was down in the mouth, complaining about staff or just being stropic. He hated getting up early, he didn't want to work seven days a week, his bad back was playing up from lifting papers and he really didn't like dealing with the public. If he'd taken the time to look at his people resources he would never have gone ahead with his decision to buy the business.

If you are really serious about this people review you can ask a colleague or friend to fill out the form with their perceptions of your strengths, weaknesses and skills. It will give you another interesting insight. If you employ staff you can ask them to fill out a similar review sheet. This will help you identify the skills your staff have that may be useful in your marketing and give staff an opportunity to have a say about their future with the business.

Step two: Zoom in on your business

Now that you know what makes the people in your business tick, it's time to turn the spotlight onto the business itself. Businesses are like people; they have their own personalities, characteristics and unique resources that can be used for marketing. There are strengths and weaknesses that are particular to each business, and every enterprise faces different opportunities and threats.

Financial review

Look at the financial performance of the business to give yourself an idea of what your marketing can achieve. A lot of small businesses survive on a day-to-day basis—the owners don't take a salary or drawings and cash flow is a never-ending problem. These businesses have little or no funds available for marketing activities and, more importantly, the owners rarely have the time to do anything other than concentrate on getting the work out the door. When businesses are only marginally viable it will be much harder, but not impossible, to achieve your business objectives.

Reviewing the financial performance of your business can help you calculate what type of revenue growth is feasible, identify areas where you need to reduce or increase spending and show you which products or services are the most profitable. A simple financial review should look at:

- ◆ Revenue or sales. Revenue is the total amount of money the business generates over a period of time, usually a financial year.
- ◆ The profit of the business. There are two calculations of profit: gross profit, which is revenue minus the direct costs of producing the product or service, and net profit, which is gross profit minus

operating expenses, for example, administration staff costs, electricity, phone, rent.

- ◆ The revenue and profit margins from each product or service sold.
- ◆ The cost of goods sold, which is the actual cost of merchandise sold during a financial period. Calculate stock or inventory at the start of a financial year, add stock purchased during the year including freight and subtract stock at the end of the financial year. The result is cost of goods sold.
- ◆ The average spend for the business, which is revenue over a week or month divided by the number of sales over the same period. A fast food outlet might have an average spend of \$4.50, while a training consultancy might have an average spend of \$4000. Some businesses with very different products or client groups may wish to calculate average spend by product or client category.
- ◆ Number of stock turns per year, which is calculated as the cost of goods sold (see above) divided by the average stock. Average stock is calculated as the cost of stock at the beginning of the financial year plus the cost of stock at the end of the year divided by two to give an average. Depending on the industry, stock turns will differ. For example, a gourmet food operator may turn their stock over 90 times a year, while an antique dealer may only achieve three turns a year.
- ◆ Retailers can also look at average spend by postcode to identify the areas where their highest spending customers come from.

To conduct a financial review you need profit and loss statements and balance sheets for at least a couple of years. Your accountant should give you a copy of these at the end of every financial year. If you are using an accounting program like QuickBooks or MYOB, you will have all these reports on hand. If you are still keeping manual accounts you will need to sit down with the calculator and work out some of these figures. Sales reports identifying revenue from each type of product or service sold are useful as well. Categorising revenue by type of client is also a good idea. For example, a primary producer of fruit may have three main sources of revenue: sales to manufacturers turning product into jam; sales to retailers selling the product to their customers; and sales direct to the public from a stall outside the orchard.

If you are not confident about analysing your business's financial performance you can make an appointment with your accountant for a review session. Your accountant should be able to look at the profitability of the business, identify potential cash flow problems and develop options for funding your marketing and business growth. Your accountant can also give you good advice on timing the business development so you don't put additional financial strain on the business.

You may also be able to benchmark your business against other businesses in your industry. Benchmarking is a great tool for small business. It gives you an opportunity to compare your performance against businesses that have the same turnover or are located in the same region. Companies like FMRC produce a benchmarking program that covers around 400 small businesses, mainly in the service and retail areas. You can purchase benchmarking reports through accountants, business consultants, business advisory organisations or direct from FMRC (www.benchmarking.au.com). You have to fill in a questionnaire that details information from your profit and loss statement and balance sheet. Retailers also have to provide information on trading hours, staff numbers and retail space in square metres.

The benchmark report shows items on your profit and loss as a percentage of turnover and compares that to other businesses of similar size, turnover or location in your industry. For example, your rent may be 7 per cent of your turnover but the industry average may be 4 per cent, so you can quickly identify areas where you are well above or well below the industry average. FMRC also conducts benchmarking studies for particular industries and makes these available through industry associations, so if your business doesn't fit into a standard FMRC category make sure you contact all your industry bodies.

Benchmarking can be a real morale boost when you see that you are performing better than other businesses in your category. It will also help you identify the areas that may cause problems for future marketing, for example, high staff costs or low productivity, higher than average rent or lower than average spend on marketing and advertising.

SWOT versus SWAG

The next area to go under the microscope is the business itself. The most commonly used and most effective business review tool is called

a SWOT, which stands for Strengths, Weaknesses, Opportunities and Threats. However, most businesses seem to prefer another method when planning for their business, the SWAG. A SWAG is the diagnostic tool that most businesses use: a silly wild assed guess!

A SWOT provides a snapshot of your business at one particular moment in time. Another SWOT conducted in six days, six months or six years will look different. A SWOT simply gathers all the information about your business in one place so it is easier to analyse, information that is crucial when making decisions about your marketing. A SWOT looks at the internal strengths and weaknesses of your business and identifies the external opportunities and threats your business may face now and in the future.

Unfortunately, the SWOT is also one of the most misunderstood diagnostic tools in the small business world. Many business owners undertake a SWOT only to end up with 20 sheets of flip-chart paper covered in a scribbled heap of information they don't know how to use. To conduct a SWOT, allow up to two hours for the exercise and make sure that you will not be interrupted. You can involve as many people as you like, but try for between three and eight people. You can ask anyone who knows you and your business, including your accountant, business adviser, ex-employees or your life partner. Make sure you represent all levels of staff, including the workshop and contractors. Don't forget the receptionist, as they often have a good overview of the business.

The aim of the SWOT is to generate a list of issues, not solve problems, so try and limit discussion to issues. Remind all the participants that every opinion is equal, that for today the new apprentice's thoughts are just as important as the boss's thoughts. To encourage honest feedback, tell people you are expecting to hear good and bad points and no one will be blamed or victimised for bringing up negative issues.

The most interesting part of the SWOT is the opportunities and threats section, which is focused on external issues that may affect the business. Generally you will find there are less issues in this part of the SWOT, often because we know less about the external marketplace than the internal workings of the business.

Economic issues that may create opportunities or threats can include anything that will have a financial impact on the business. Some typical issues include the goods and services tax (GST), the price of the Australian dollar and share market fluctuations.

Political issues can be local, state, federal or industry based. If the local council was intending to rezone your area for light industrial, this could be an opportunity or threat depending on your type of business. State or federal legislation that will have an impact on your product or service could also create opportunities or threats. The power of your industry body could create opportunities or threats along with your personal relationships within the industry.

Identifying the social issues that may have an impact on your business can be difficult. The following checklist may act as a thought starter, but remember that every business will have different trends affecting it.

- ◆ Trends in the way your product might be seen in the marketplace; for instance, if you are selling UV protective children's wear the trend towards rash shirts and cover ups would be an opportunity.
- ◆ Attitudes that will affect the way your product is viewed, for example, increasing awareness of the importance of recycling could create an opportunity for a new product line.
- ◆ Social factors like the importance of the Baby Boomers (the big bump in the population of people born between 1946 and 1964 who are changing the way we look at ageing).
- ◆ Sporting events such as the Summer and Winter Olympics.
- ◆ Impact of multiculturalism.
- ◆ Increasing leisure time.
- ◆ Changes in family structure.
- ◆ New methods for delivering products and services such as the Internet.

If you are interested in finding out more about social trends, Hugh MacKay's *Reinventing Australia* (Angus & Robertson, 1993) and Faith Popcorn's *Clicking* (Thorsons, 1997) are both excellent publications.

The technology category used to focus mainly on the equipment needed to be cutting edge in your particular industry, but in the last five years there has been a dramatic change in technology as the impact of the Internet and web marketing hits small business.

Consider the following example of a SWOT for a printing company called Colosco, who were keen to increase their market share in a very competitive marketplace. The key issues are marked with an asterisk throughout.

Business performance

STRENGTHS

- ★ Potential to tap into IT industry
- ★ Potential in graphics
- ★ Potential to increase average spend
- ★ Potential to tap into other divisions of existing clients
- ★ Mid-range company
- ★ Kelly on board to look after clients
- We deliver before due date
- Checking and finishing quality
- ★ High standards, won't send out any work that is not quality
- ★ Fast response times
- Now have digital copying
- Typed quote as opposed to handwritten
- Detailed quote with no add ons
- Actually print on premises
- Ben—quality of print work—ten years' knowledge/history—good memory
- Colosco—25 years in North Sydney
- ★ Two in-house designers
- ★ Clients through referral

WEAKNESSES

- ★ Lack of sales focus
- ★ Reactive not proactive re business development
- ★ Lack of follow up
- Quote response time slower due to volume of work
- Digital copying yet to contribute to turnover
- Hard to quote competitively with lack of details from competitors
- Lots of things we can't do in house
- ★ Quality of logo and image
- Time spent 'educating' new clients
- ★ Setting client expectations
- Team can be competitive when dealing with clients
- No briefing sheets for creative team
- Not enough production meetings or group meetings
- ★ Finishing staff never know what work is coming up
- Lack of communication
- ★ Clients are unaware that we have graphic designers



STRENGTHS

Christine and Malcolm always looking to improve the business

- ★ Recent amount of new work

New clients—big \$\$\$\$

Work in progress sheets for graphic designers

Can meet the needs of large clients

Wider spread of influential clients than originally

Less reliance on one large client

Good team spirit

WEAKNESSES

Clients don't know capabilities of Colosco

- ★ Don't know enough about clients

- ★ Lack of capital for improvements

- ★ Don't add on sales

Location

STRENGTHS

- ★ Central North Sydney
 - Close to city
 - Close to original location
 - Off the main street, not as many walk ins or time wasters
- ★ Doesn't look like a franchise
 - Banks regard area as CBD
 - Other print shops close by
- ★ Personality—casual and friendly
 - Flexible
 - People make an effort to find Colosco
- ★ Through traffic
- ★ Open layout, can see what is going on
 - Can see into print shop
 - Storage space
- ★ Relatively cheap rent
 - Centre is fully occupied
 - Print shop works well—work flow
 - Potential for shelving on walls in print shop
 - Close to loading dock
 - Near lifts

OPPORTUNITIES

- ★ Other providers moving into the North Sydney CBD area
- ★ No show and tell area
 - Hump in the floor near front door
 - Could utilise storage space better
- ★ Not main street visible
 - Administration area is cramped
 - Comb binding area takes up space
- ★ Customers don't know where to go or who to talk to when they come in
 - Work safety issues, e.g. stock on floor
 - Parking, one way streets
 - Not quite enough space
- ★ Can look disorganised and messy
- ★ Bland image
- ★ Shop doesn't match rest of outlets in the centre
 - Loading dock smells in summer
 - Lots of drop ins looking for directions

Customer perspective

STRENGTHS

- ★ Personalised, family business
- ★ Turnaround time
- ★ Deliver ahead of deadlines
- ★ Pick up service
- ★ High level of technical skills
- ★ 'I didn't know you could do that'
- Input from a team when problem solving
- High level of trust
- ★ Reaction time is better than big companies
- Can see into the print shop
- Individuals are empowered to make decisions
- ★ Clients are told quickly if there is a problem
- ★ Reliability
- ★ Clients can come in to check work

WEAKNESSES

- ★ Don't know all Colosco can do
- ★ Use us for letterhead but not other work
- ★ Everybody inputs into the client, which can give a fragmented approach
- ★ No music on hold
- Can see if they are interrupting Shannon and Malcolm in the quoting and production area
- ★ Lack of standard information for client enquiries
- ★ No price list
- Seen as too expensive by some people

Pricing

STRENGTHS

- Word processing quotes
- No hidden extras
- ★ No bad debts—excellent credit control
- ★ Will advise clients on more economic ways of doing a job
- Opportunity to focus away from competitive pricing
- ★ Opportunity to promote service
- ★ Opportunity to change pricing of some design services
- ★ Opportunities to promote ballpark prices
- Similar prices to competitors
- ★ High conversion rate of quotes

WEAKNESSES

- ★ Lack of add-on sales
- ★ No quoting software
- Very competitive marketplace
- Pricing doesn't always reflect effort, especially in print and graphics
- Too many variables when quoting
- ★ Not good at up-front prices—especially graphics
- ★ Don't time print jobs, which would help accurate quoting
- Some staff haven't had wide experience in printing industry—don't know all the tricks of the trade/short cuts
- Can spend a lot of time looking for short cuts
- Time spent with students

Resources

STRENGTHS

- ★ Interfaces for copiers have increased capacity
- Update on a regular basis
- Printer who cares
- Good suppliers—Jaegers/Edwards
Dunlop
- Advice network for Malcolm and Shannon
- Graphic design in house
- Employing and training designers in print skills
- ★ Strong referral sources
- Reliable outsourcing—RAT/PD and Bertrams
- Good organisation of production work
- Teamwork of finishing
- Good team spirit
- Joel's personality
- Kelly's sales focus
- Good relations with past employees

WEAKNESSES

- No training library
- Graphics computer needs updating
- ★ Computer network problems
- Age of ITEK machine
- Two relatively new graphic designers
- No longer have Chris's illustration skills
- ★ No dedicated front of house person
- Not big enough for some suppliers, e.g. Paper House, Express
- ★ No quoting software
- Time spent and loss of control from not having equipment

Promotion

STRENGTHS

- ★ Calendar
 - Opportunities to promote more on calendar
 - Opportunity to use client education as a marketing tool
 - Name is well known
 - MYOB database
 - Good standard of customer service
 - Christine has bright ideas for marketing
- ★ Colosco pad
- ★ Brochure
- ★ Pads with client logos
- ★ Kelly on board to look after clients
- ★ Developing a marketing plan
- ★ Christmas gifts/calendars

WEAKNESSES

- Malcolm and Shannon find saying 'no' difficult
- ★ Ben not consulted on design issues, e.g. calendar
- ★ No customer follow up
 - Kelly needs to find out who our target clients are
- ★ Poor knowledge of decision makers in the marketplace
 - No strategies for marketing
- ★ Strength of Colosco branding
- ★ No street sign
- ★ Not using database
 - Tend to be reactive, not proactive

Economic

OPPORTUNITIES

GST simpler systems

More opportunities for printing documentation on GST for information services

Affect of A\$ on paper supplier

THREATS

GST administration

Keeping up with information

Affect of A\$ on paper supplies

Euro\$

- ★ Available capital for improvement
- ★ Competing with cashed up companies
- ★ Capital for technology

Political

OPPORTUNITIES

Telecommunications deregulation could lead to new clients

THREATS

Telecommunications deregulation could lose clients

- ★ Difficulties of dealing with clients who are competitors of existing clients

Social

OPPORTUNITIES

- ★ Rise of Internet services
- Need for business cards and stationery
- ★ Image is increasingly important to business
- Increased paper sales from the computer age
- Trend research
- Outsourcing of services
- One stop services
- Delivery
- Moves towards approved suppliers

THREATS

- Electronic diaries replacing printed books
- Print medium to web design
- In-house printing
- Electronic readers for business cards
- ★ E-mail of business proposals and documents

Technology

OPPORTUNITIES

- ★ Clients sick of in-house printing
- Internet service

THREATS

- ★ Rate of advancement
- Keeping up with changes
- Y2K
- Offices with their own printers
- Colour printers in house
- Kinkos outlets open 24 hours
- ★ Officeworks offering cut rate services as a loss leader

Competitors

OPPORTUNITIES

- ★ Not a franchise

- North Sydney becoming recognised as a CBD

- ★ Marketing opportunities re IT segments

- Opportunity to position Colosco against the big boys

- ★ Not ruled by franchises

- ★ Can help because we are flexible—on site

- Parent appeal of Christine and Malcolm

- Flexibility of a young team

THREATS

- On demand printing

- E-print

- Officeworks—price on copies

- TV and radio advertising of Kinkos

There are a couple of secrets to developing a SWOT. Rather than just relying on your own opinion, you should involve your staff, colleagues, business advisers, clients or partners. Many years ago I used to work through the SWOT process just with the business owner, but I soon found out that I was missing vital information as I was only getting the owner’s perspective. As soon as I started to involve staff I found I was getting much better quality information and staff felt they had made a real contribution to the marketing planning. It is also easier to implement changes that come out of the SWOT process if staff had involvement in the initial discussion.

Don’t just create lists under headings like strengths and weaknesses. Use categories to help focus your thinking and ensure you don’t miss anything important. Under strengths and weaknesses include these categories: business performance, products or services, place or location, resources, pricing, and promotion or marketing. An optional category is customer perception.

Categories under opportunities and threats include: economic, political, social, and technical. In addition, you can look at opportunities and threats from competitors and customers.



TRICKS OF THE TRADE

There is no ideal length for the categories in the SWOT, but keep an eye out for lists that are full of strengths with no weaknesses. This could mean that your business is performing brilliantly or someone is being a little unrealistic. A SWOT that is full of weaknesses could be the result of a group of doom and gloomers getting together or a sign of a business that is in trouble.

When you've completed the SWOT you'll be faced with at least a dozen sheets of paper filled with information. However, as not all of the information will be of equal value you need to identify the key issues for your business. A key issue is anything that impacts or will impact on the performance of the business now or in the future. For example, the need to replace a forklift in the warehouse may be important but not a key issue, while a road closure that will drastically reduce the numbers of passing traffic would be a key issue.

A key issue can have a good or bad effect on the bottom line and may be 'hot', 'topical' or 'critical'. Key issues can give you clues for setting your initial goals and objectives. Work through the SWOT and highlight all of the key issues, then ask yourself whether they are urgent, important, necessary for ongoing development or something that needs to be considered for the future. The key issues will give you an action list of tasks and activities that are important to achieve as part of your marketing.

Look at the box for an example of the key issues for Colosco.

Systems check

In any business there are systems that help us create and deliver a consistent quality of product or service, systems that have often been developed over a period of years to make them more and more efficient. Before you undertake any marketing that may significantly increase the amount of business you are handling, you need to check how well these systems operate. This review is an ideal opportunity to

Key issues

URGENT

- ◆ Improve work flow in front office by redesigning area to hide mess, create privacy, a clearly defined reception area and a 'show and tell' area.
- ◆ Review existing pricing and develop a pricing policy that allows Colosco to capitalise on any opportunity to increase prices and improve the quoting process.
- ◆ Rework image of Colosco to give stronger brand recognition and promote that the business is not a franchise.

IMPORTANT

- ◆ Develop marketing and sales strategies for reaching target markets such as IT and other divisions of existing clients.
- ◆ Develop marketing strategies for increasing the amount of referral business.
- ◆ Develop marketing strategies and undertake training to increase the amount of revenue from add-on sales.
- ◆ Develop a marketing strategy for cross promoting all Colosco services including in-house graphic design.
- ◆ Develop marketing material that cross promotes all of Colosco's services and promotes the benefits and competitive advantages of the business.
- ◆ Improve communication within the departments by developing procedures to involve key staff at discussion stage and implementing a communication and meeting strategy.
- ◆ Develop a customer service and loyalty program.
- ◆ Develop an advertising and promotions calendar.
- ◆ Develop a cashflow plan for funding new Itek machines and other necessary resources.



Key issues

ONGOING

- ◆ Set up systems for gathering client and prospect information. Undertake regular research into decision makers and influencers.
- ◆ Develop a database for marketing to existing and potential clients.
- ◆ Undertake regular marketing activities.
- ◆ Review and monitor equipment needs to plan for capital expenditure.

FUTURE PLANNING

- ◆ Monitor improvements in printing technology.
- ◆ Monitor movement of industries into North Sydney to identify potential targets.
- ◆ Appoint apprentice to support and service expected growth in business.

make sure the systems will cope with significant growth and are customer friendly. Of course, every business is different but you should consider reviewing some of the following systems:

- ◆ supplier delivery;
- ◆ just in time production;
- ◆ job tracking;
- ◆ order processing from a phone call, fax or e-mail;
- ◆ pick and pack of orders;
- ◆ despatch of product;
- ◆ dealing with product returns;
- ◆ dealing with client complaints;
- ◆ setting up terms and conditions for payment;
- ◆ invoicing;
- ◆ debt collection;
- ◆ e-mail and electronic communication; and

- ◆ communication systems that allow information to travel between the manager and staff, and staff and clients.

To conduct the review, create a flowchart or track a piece of paper as it goes from stage to stage and person to person. Look for the areas where things often go wrong. For instance, if deliveries always run late perhaps you need to check that the production team are being given realistic deadlines—you may need to extend delivery hours. Ask yourself:

- ◆ Is this the most cost effective way of producing your product or service?
- ◆ Do you have the right skills and staff at each stage of the process?
- ◆ Should you consider outsourcing some portion of the process?
- ◆ Does the process rely on one person or the business owner?
- ◆ Are you wasting time because you lack training?
- ◆ Are you double-handling materials?
- ◆ Are the right people responsible for the system?
- ◆ Can you automatically track what is happening to an order or sale from a central point?
- ◆ Do you have a dedicated person to deal with customer queries, or do they talk to different people at different phases?
- ◆ Are you over promising and under delivering by setting unrealistic deadlines?
- ◆ Are there ways you can improve your customer service?
- ◆ Do you need to change the way you communicate information by introducing office e-mail or increasing the number of team meetings?

This review is essential for any business producing or distributing a product, and is a valuable exercise for service businesses as it provides clues to the areas that will be under stress as revenue increases. The review can also save significant amounts of money as it improves productivity and reduces wastage.

Step three: Focus on your product

Recently, a new client told me about the process she and her husband had gone through to choose a business consultant. Although experi-

enced business people, this was a new venture so they had decided to get some professional advice. Two of the consultants they interviewed had asked them, ‘What makes your business different?’ ‘What is your unique selling proposition?’ My client said if she’d known the answers she probably wouldn’t have needed a consultant in the first place! The questions made her feel stupid and she felt she should have had a ready-made answer. But most of us really don’t know what makes us special or different as we are too busy coping with the day-to-day stresses and strains of running a business.

So, the final area to go under your critical gaze is your product or service. What is the difference between a product and a service? A product is a tangible item you can touch and see like a lawnmower or a software program. A service is generally intangible, something you purchase but can’t physically see, such as radio advertising or a car repair.

Create a cocktail party description

A good place to start is with a ‘cocktail party’ description of your business and product or service, a couple of sentences that succinctly describe what you do and catch the interest of a listener. I call it a cocktail party description because it has to be interesting enough to compete with lots of chatter, trays of food and attractive people of the opposite sex! No matter how complex your business or service is, if you can’t enthuse someone in a couple of sentences then selling is going to be difficult. The description needs to include facts such as ‘I am a small business accountant’, but it should also include some passion or interesting information such as ‘I specialise in high growth businesses like the IT sector, and I’ve developed systems that help them cope with rapid growth’. You’ll need to experiment with a few lines of your own, then test them on friends and family.

What are you really selling?

Before you can actually match your product to your customers’ needs and wants you also have to understand what you are really selling, something that is usually identified by looking at the reasons clients buy your services. Often it’s surprising and a little frightening to

discover that your customers are buying something you didn't realise you had up for sale!

Let me pose this question: when you go into a hardware shop to buy a drill, what are they selling you? The answer is a hole. Think about it: if you didn't need a hole, would you need a drill? The shop is simply selling you different types of holes—a fast hole if you buy a power drill, a slow hole with a hand drill, a hole in masonry, timber or brick. In the same vein, if you hire a children's video on a wet and windy Sunday afternoon, what are you purchasing? Entertainment, the actors who star in the picture, the good name of Disney? More than likely you are purchasing an hour and a half of peace and quiet. Often when we are asked what are we selling we are tempted to say service, quality or expertise, but we need to think harder about the real reason people buy from us.

As a marketing consultant it would be easy to say I'm selling my years of experience, my knowledge and my unique concept for a marketing plan, but the fact of life is that my clients don't give a damn about those things. When they buy my services they are looking for increased revenue and profit, more clients and ideas that will save them time and money. If you are having trouble working out what it is you are really selling, ask yourself what the major motivation is for your clients to buy your product or service. If you understand what it is you are really selling, you will find that you can relate directly to your customer in your advertising and sales activities.

Features versus benefits

Once you know what you are selling, try to deconstruct your product or service to identify all its features. A feature is typically an attribute of the product or service. If I was selling a refrigerator some of the features you could expect to see would be size in cubic litres, energy rating, frost free capability, adjustable shelves, butter conditioner and freezer capacity. If I was selling a training service some of the features could include a one day course in conflict resolution, on-site team development training, accredited courses, offices in capital cities, on-site visits, free needs analysis and tailored courses.

Take the time to try to write down as many features as possible of your product or service. Don't be satisfied with broad features like

quality service or friendly staff; instead, detail all the aspects that mean quality service. Features can be very specific, such as the only factory qualified repair mechanic in the city, or more generic such as made in Australia.

The good news is that features are pretty easy to recognise once you get started. In fact, if you open the *Yellow Pages* or local paper you will see that most advertising lists the features of a product or business. The bad news is that customers don't buy features, they buy WIIFMs (what's in it for me), otherwise known as benefits.

Too many businesses market by telling their potential customers about their features and then leave it up to the customer to work out what's in it for them. Your marketing should talk about the benefits, about why the client should buy your service as opposed to your competitor's.

To turn a feature into a benefit you need to add the words 'so you' to the end of the feature. For example, this fridge:

- ◆ Is 150 cubic litres *so you* can fit three cartons of beer, two dozen bottles of wine and a tray of smoked salmon in it.
- ◆ Is a number four energy rating *so you* will save on electricity.
- ◆ Is frost free *so you* never have to waste time standing around with kettles full of hot water scraping ice out of the freezer.
- ◆ Has adjustable shelves *so you* can fit extra large bottles or cartons in it.
- ◆ Has a butter conditioner *so you* can have spreadable butter whenever you want.
- ◆ Has a large freezer capacity *so you* can cut down on your weekly shopping time and take advantage of specials at the supermarket or butcher.

If I was selling a training service some of the features and benefits could include:

- ◆ Conflict resolution training *so you* will have a happier team that works well together.
- ◆ Team development training *so you* can improve the productivity of your department.
- ◆ Accredited courses *so you* know that participants will be trained to meet industry standards.

- ◆ Offices in major capital cities *so you* can train staff at the closest centre and save on travel and accommodation.
- ◆ On-site visits *so you* do not have to waste your valuable time travelling to appointments.
- ◆ Free needs analysis *so you* have an opportunity to identify any important skills gaps and tailor the course material to address those issues.
- ◆ Tailored courses *so you* can introduce issues that are specific to your business and don't waste time covering information that is not relevant.

You can often find more than one benefit for a feature, which is a bonus. Just think how different your advertising will look once you start to use benefits in your telemarketing, advertising, flyers, brochures and sales proposals.

Identify your USP

Ask yourself if your product or business has a USP, which is a fancy advertising acronym that stands for unique selling proposition. In plain English, it means the one thing that makes you different or unique, but it can also be described as your competitive advantage. Unfortunately, quality and friendly service don't count, however, if you are the only qualified taxidermist in your city, use only organic fruit or are the only consultant to offer a free needs analysis then this could be your USP.

A strong USP is often identified when you are detailing your features, so keep an open mind. Sometimes a USP can be developed once you understand where you sit in the marketplace in relation to your competitors: a free delivery service, a package of products or a frequent flyer program for regular customers. Once you have identified a genuine USP you should promote it wherever possible, featuring it on all advertisements and marketing material.

Don't panic if you don't have a USP. You don't need one to market or run a successful business.

You have now completed half of the review process. The good news is that all of the areas looked at are under your control, as you can develop strategies to change or modify anything that may cause

problems with your marketing. You can train staff in new skills, you can hire staff to take on new tasks, you can purchase new equipment, you can modify your product or develop new services, you can introduce new customer service initiatives. The next phase of the review looks at the unknown, areas that you cannot control: your competitors and potential clients.

REWIND

- A marketing review will save you time, money and energy in the long run.
- Marketing should always be tailored to match your budget, resources and capabilities.
- As you *are* the business, you need to identify your skills, strengths, weaknesses, loves, hates, dreams and goals.
- Your marketing strategies should maximise your personal skills and strengths.
- Develop strategies to overcome your personal weaknesses.
- Take some time to do the things you love, and plan strategies to overcome the fear of doing the things you hate.
- Your dreams and goals will clue you in on how you should market your business.
- A review of financial performance will show you which products or services are the most profitable, what type of revenue growth is feasible, and which areas would benefit from increased or decreased spending.
- A simple systems check shows you how your business systems will cope with an increased workload as your business grows.
- Don't rely on a SWAG. A Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis will gather all the information about your business in one place for easy dissection. You can then identify the key issues, providing clues for setting goals and objectives.
- Define what you are really selling and create a 'cocktail party' description that will create instant interest in your business.
- Brainstorm as many features as possible for your product or service.
- Turn those features into benefits using the words 'so you'.

- By always promoting benefits your advertising will stand out from the pack.
- If you can pinpoint a unique selling proposition (USP), promote it at every possible opportunity.

Review your marketplace

Once you've had a long hard look at your business, it's time to get out from behind your desk or counter and focus on the big wide world. It's very tempting to stick with what you know best, your products and services. After all, you created the business, you know every nut and bolt in your product, every intricate step that's involved in delivering your service. However, the best marketing always comes from finding and understanding your clients, then from an ability to anticipate their needs and wants, worries and concerns. To do that you have to know them as people, not just as potential dollars in the bank. Business owners often incorrectly assume that they are the customer, a dangerous assumption that can create opportunities for competitors and missed opportunities for the business.

Look at the big picture

Every business inhabits a marketplace, where the majority of business transactions will take place. To be successful marketers you need to understand what is happening in your industry and your local marketplace. Usually that market is industry based or is geographic, although sometimes it is a combination of both. If you run a pharmacy in a suburban area you are in the retail industry and the pharmacy industry, and have a geographic boundary where most of your existing and potential customers live. Depending on the size of your business, this boundary could be five to eight kilometres from your location or

a 15-minute drive. It is probable that anything that is likely to affect your business will be a local community issue, a pharmacy industry issue or a retail trend, therefore, these are the areas you need to consider in your research.

A consultancy business or software development business may have worldwide geographic markets but very specific industry markets, so their research would concentrate on industry trends rather than local community issues.

Research the local area

If the majority of your clients and potential clients come from a specific geographic area, you need to understand as much as possible about the area and your clients. There are several easy ways to research your local geographic market.

The Australian Bureau of Statistics' *Social Atlas* is an excellent publication that shows the predominant characteristics of metropolitan markets at a glance. Every page has invaluable information like the number of 25–29-year-olds in your area, the use of public transport, the country of origin of the locals. You can then judge for yourself whether you are targeting the right area. The ABS also provides an invaluable range of reports and publications. Check out their website (www.abs.gov.au).

Your local council may have conducted demographic research that you can access through your local library or the town planning division. Local councils also commission retail and commercial studies that can be beneficial if you are planning to expand your retail business. These studies are often inexpensive to purchase.

Another product on the market is the amazing Eighty20 program. The brainchild of Sydney software developer Greg Sanders, the Eighty20 program takes Bureau of Statistics information and combines it with *Yellow Pages* business classification and business registry information to give detailed print-outs of postcodes or combinations of postcodes that can be compared to other areas in Australia. I recently used this program for a friend who was thinking of starting an organic fruit and vegetable business in Townsville, Queensland. One look at the age and income breakdowns showed us that the market would be too small to be viable and the idea was shelved, saving my friend a lot of money and heartache.

**REAL LIFE**

A business owner had two successful beauty clinics in very different metropolitan locations. Marketing for both stores was exactly the same, but no matter how hard the sales staff tried they couldn't increase the figures for waxing in one of the locations even though sales of facials were booming. A look at Eighty20 age groups and ethnicity showed that one location had a very high Southern European population and the other had a predominantly Anglo Celtic population. This was a light bulb to the business owner, who realised that one group had a greater need for waxing services. Further analysis led her to train the staff to give different greetings at each salon. At one salon it was culturally acceptable to give clients a hug and a kiss on both cheeks. At the other they stuck with more formal but friendly greetings.

The Eighty20 program is available on a subscription basis from their website (www.Eighty20.com.au). Otherwise, you can obtain Eighty20 reports for your market from the Business Enterprise Centre. Here are some other ways to research your local geographic market:

- ◆ Read your local newspaper to identify potential clients or local issues; keep up to date and find out what competitors are up to.
- ◆ Talk to your local Chamber of Commerce or local business development group about what is happening in the business community.
- ◆ Contact your local business advisory centre, which can be a great source of information about local business issues and small businesses in the local area. The names differ but most states and territories have not-for-profit or government-funded centres for business support.
- ◆ In regional New South Wales the Department of State and Regional Development has economic development officers or main street co-ordinators who are often able to give you an overview of local issues in regional and metropolitan areas. Again, the names will differ but check with your state government offices for details.
- ◆ Some areas have organisations that gather statistics on local trends and produce a range of reports.

- ◆ In smaller communities there are often people who are centres of influence, such as a local solicitor, ex-mayor, school teacher, president of a service club, or business person who is generally regarded as the ‘gatekeeper’ of local information. It is always worthwhile to ask these people for their advice.



TRICKS OF THE TRADE

When researching your area look for:

- changes in local legislation that may have an impact on your business;
- controversial issues that may create opportunities for your business;
- large numbers of people in your target age groups;
- ethnic groups that may be targets for your marketing;
- bumps in the population such as the Baby Boomers or a high percentage of young; families that may be potential clients for your business; and
- predominant types of business in your area that may be potential clients or competitors.

Investigate target industries

If most of your clients will come from a particular industry or business community, you need to research what’s happening in that industry. If you are part of a specialised industry or business category, you also need to keep tabs on what is happening to identify trends that may have an impact on your business. The following are some of the many ways you can check out what is happening in an industry.

- ◆ Subscribe to industry publications and consider subscribing to related industry publications. For instance, if you are in the plastics industry you may want to subscribe to a publication on packaging.
- ◆ Join industry associations. You don’t have to attend all their meetings, but their newsletters are often packed with useful information. Check the *Yellow Pages* or a directory of associations for information if you are not sure where to start.
- ◆ Organisations such as FMRC and ISIS both produce profiles that

identify trends for specific industries. You can purchase an industry report or profile compiled from data submitted by members of the industry.

- ◆ The Australian Bureau of Statistics (ABS) develops reports on various industries that are available through their bookshop, website and phone service. They also prepare reports on topical subjects such as the health care industry and environmental trends. It is worth subscribing to the ABS's free quarterly publication *What Figures*, which will keep you up to date with their latest publications and reports.
- ◆ Set up a reading list of magazines that will provide you with industry or marketplace information. For instance, as a small business owner I like to keep up with small business issues and trends so I purchase *Dynamic Small Business* and *My Business* magazines. *Business Review Weekly* keeps me up to date with general business issues and trends. The business pages of the *Sydney Morning Herald* and the *Australian* alert me to topical issues, and the occasional *Financial Review* rounds out my global picture. In the past I have subscribed to local business newspapers such as *Business NSW* and *Sydney Business Review*. In some industries it is worthwhile to subscribe to overseas magazines and publications.
- ◆ Don't forget the Internet as a major research tool. A couple of hours on the Net can often help you tap into overseas connections and information.

TRICKS OF THE TRADE

Once you have gathered your initial research material you can set up a trend register to help you stay ahead of the pack and keep up to date on issues that may impact on your business. In simple terms, a trend register is a personal reading or watching program that helps you spot trends and issues that could be important for product development or marketing.

Trend registers are the brainchild of American trend forecaster Faith Popcorn. Her books *The Popcorn Report* (Arrow, 1994) and *Clicking* (Thorsons, 1997) are great reading for anyone interested in trends.

Categories for your trend register could include:

- Reading—local and international magazines, newsletters, trade journals, metropolitan and trade press.
- Programs to be tuned into on a regular basis such as ‘The Small Business Show’.
- Organisations and associations to join, for example a home-based business organisation.
- Subscriptions to information providers like the government tender information.
- Seminars and workshops to attend.
- Companies or colleagues to keep in touch with.
- Internet sites to bookmark, including those of your competitors.
- Areas to monitor such as a retail shopping strip or industrial park.

This immersion in information can seem like overkill, but it will give you lots of different ideas and opinions that you can research and test.

Check out competitors

Competitor activity is another key factor that will have an impact on your marketing. Some business owners are terrified of their competitors and every day is spent worrying about their next move and planning counterattacks, paranoia that is provoked when an industry or group of businesses are competing primarily on price.

When you have a clear ‘position’ in your marketplace it is much easier to compete in areas such as service and experience. When dealing with competitors, I’m a fan of the ‘check them out and then do your own thing’ school of thinking. I believe we can spend too much time worrying about our competitors and end up being reactive instead of proactive in the ways we run our business. However, we shouldn’t ignore our competitors.

Identify direct competitors

There are both direct and indirect competitors. A direct competitor is a business providing substantially the same services or products to the same market as you are. If you were a tourism operator running

whale watching cruises in far North Queensland, your direct competitors would be all other whale watching cruises. Potential customers would weigh up the different benefits offered by each cruise before making their decision. Indirect competitors are usually competing for the same dollar but may offer radically different services. For instance, a theme park, a white water rafting tour and a wildlife sanctuary would all be indirect competitors. Potential customers would be deciding on the type of attraction they visited before they made their final decision.

Although you need to be aware of your indirect competitors, most of your research should be focused on your direct competitors. To check them out:

- ◆ Look them up in the *Yellow Pages* and see what they have to say about themselves in their advertisement. Are they promoting a specific service? Does their ad include any benefits? Are they listed in more than one category? If you know the *Yellow Pages* advertising rates you can also calculate how much they are spending on their *Yellow Pages* advertising. You can also check out their entry in other directories such as community or business phone directories.
- ◆ Get on the Internet and see if they have a website.
- ◆ Phone them up to see how they handle phone enquiries. Ask them to send you some information. If they know your voice, ask a friend to make the call.

TRICKS OF THE TRADE

You may also want to use a different phone in case your competitor has caller number display. It could be very embarrassing to be caught out if they recognise your number!

- ◆ E-mail them via their website.
- ◆ Pay a friend to use their services or purchase a product. I often go mystery shopping for my clients to check out their competitors. It is amazing what people will tell you if you are genuinely interested in their business or service. On a recent visit to a showroom I got chatting with one of the sales team, who happily told me their top selling line, where their business leads came from and their most successful form of advertising.

- ◆ Ask friends and family who may have purchased products from your competitor for their feedback.
- ◆ If appropriate, ask any of your clients who may have used both services for some feedback.
- ◆ Take the time to drive by your competitor's premises to see if the business looks prosperous or run down.



TRICKS OF THE TRADE

Your research should aim to:

- find out about their range of products and services;
- check their levels of customer service;
- identify their areas of difference to your business;
- identify the areas where they perform better than your business; and
- identify the areas where they are underperforming or gaps where they do not provide a product or service.

Use positioning to compete

Once you have gathered information on your closest direct competitors you can try to 'position' them in the marketplace. For example, you often find that one competitor is at the top end of the market, while several may compete in the middle ground and one or two may occupy the bottom end of the market. Their market position can be the result of a deliberate marketing decision where they have set prices and image to 'own' one part of the market. Positioning can also be accidental because a business has just started, taken over another operator or priced themselves much lower than competitors even though their services are similar. The simple example here shows you how a positioning chart might look.

The first step in the positioning process is to identify the buying criteria that potential clients will use to compare all the direct competitors. There will be specific criteria for your industry but most would include:

- ◆ price;
- ◆ the range of products or services;

Positioning worksheet

Plot your competitors on these charts (some findings may be anecdotal or guesstimates). Find out where your competitors are positioned in the marketplace.

IDENTIFY THE BUYING CRITERIA IN YOUR MARKETPLACE



Size of business or number of employees



Price



Product range



Customer service



Product quality



Reputation



Ease of access/parking

- ◆ Identify the gaps in the marketplace.
- ◆ Plot your business on the charts to see your 'position' in the marketplace.
- ◆ Identify your competitive advantages.

- ◆ the reputation of the business;
- ◆ levels of customer service;
- ◆ expertise in their field;
- ◆ image of the business, for example, upmarket, downmarket;
- ◆ access to the business owner; and
- ◆ response or turnaround time.

TRICKS OF THE TRADE

Bear in mind that this exercise should focus on potential clients who have not used the business previously.

When you have decided on the buying criteria for your product or service, you can plot each of the businesses (but not your own) on a positioning sheet. Although this will be based on your subjective opinion, try to make sure your opinions are based on fact, not fiction! If you are not sure how your competitors rate on some of these items, go back to the drawing board and do some more research.

Patterns will start to emerge once you have plotted your competitors. A market leader may have almost all their marks in the high position with no one else around them. A business that has taken the cheap and cheerful or price position may hold the low end of the market. Price is an important part of positioning, so look for competitors who have a high positioning but a mid-range price. That could be a sign that they are undercharging for their services. Look for gaps in the market or for competitors that are very inconsistent with their markets, as this could indicate that they are new in business or lack a clear image or brand.

Once you have plotted your competitors, plot your own business on the chart. Be as objective as possible, and you will see where there are opportunities for you to beat your competitors or take on a new positioning in the marketplace. You may also discover that you are at risk because you are competing in a crowded portion of the market or you may be vulnerable to an aggressive newcomer.

Identify all the areas where you have a competitive advantage over your competitors. These areas should be promoted heavily in all your marketing.

Search for potential clients

The last and most important step in the matching process is identifying the best target markets for your business. Every business owner knows that there are plenty of potential clients out there just waiting to hear about their product or service. The dilemma is how to reach them without spending a fortune. By marketing to specific target groups you can reduce your expenses and increase the success rates of your marketing.

Identify market boundaries

When it comes to marketing, all business owners have three core resources: time, money and energy. A start up business has heaps of time, very little money and lots and lots of energy. Seven years later the business owner will have much less time, more money and decreased levels of energy. No matter where you are in your business lifecycle, you need to spend your resources wisely. Defining a market boundary will tell you where to spend your marketing time, money and energy.



TRICKS OF THE TRADE

Remember, your market boundary is not necessarily where all your work will come from, but it's the core area where you will actively market for new clients.

There are plenty of types of market boundaries. The following are the most common but you might like to add a boundary that is specific to your business.

- ◆ Geographic. This market boundary is the easiest to define; for example, a local milk bar would have a market boundary of everyone living within four kilometres of the retail outlet.
- ◆ Demographic. The age group of the target market. Retirement villages would have a demographic target of all people aged over 55.
- ◆ Sex. Traditionally there are two markets defined by sex: male and female. However in recent years it has become clear that gay and lesbian markets have distinct attitudes, attributes, needs and wants

when it comes to purchasing. If you own a suburban dress shop your market boundary would be women. If you are a manufacturer of mardi gras masks your market boundary would be the gay and lesbian communities.

- ◆ Industry or business type. For example, if you run a company that trains in corporate grooming you may have a market boundary of all companies with sales or customer service teams of 50 plus. If you make bolts for large machines your market boundary could be the manufacturing industry.
- ◆ Professional groups. In a similar way that you can target industries, you can also have a boundary that is based on a profession. For example, if you develop software for use in accountancy practices your market boundary would be the accounting profession.
- ◆ Ethnic groups. Some products are produced primarily for an ethnic community or have a strong market with an ethnic group. This could be a specialised fabric, a food stuff or perhaps a service offered by someone who has experience with the language and culture of the ethnic community.
- ◆ Religious groups. If you make or distribute kosher food, your market boundary would be people of the Jewish faith.
- ◆ Specific attributes. There may be one particular attribute that all clients must have to be able to use your services, which can also form part of your market boundary statement. For example, if you run a vehicle repair business that specialises in Mercedes, then your market boundary may be all Mercedes owners within a 15 kilometre radius of the workshop.
- ◆ Attitude. A market boundary can be based on an attitude. I work with the Wilderness Society Shop in Sydney and one of their market boundaries is 'environmentally aware'. Other attitudinal boundaries include 'new age' or 'techno fans'.

TRICKS OF THE TRADE

Two boundaries that don't tend to be effective are income and education levels. As we do not walk around with little signs on our foreheads that say 'I earn \$40 000 a year' or 'I went to university', these boundaries are best related back to the geographic or professional categories.

Your market boundary will tell you what not to do and when to save your money. For instance, if you are marketing retirement villages you wouldn't advertise on a rock 'n' roll radio station, print your business cards in fluoro pink or sponsor surf carnivals as a promotion. (Mind you, Baby Boomers are radically changing the way we look at old age so these could be exactly the right thing to do in ten years' time!)

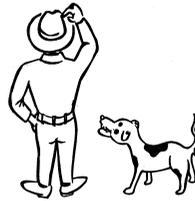
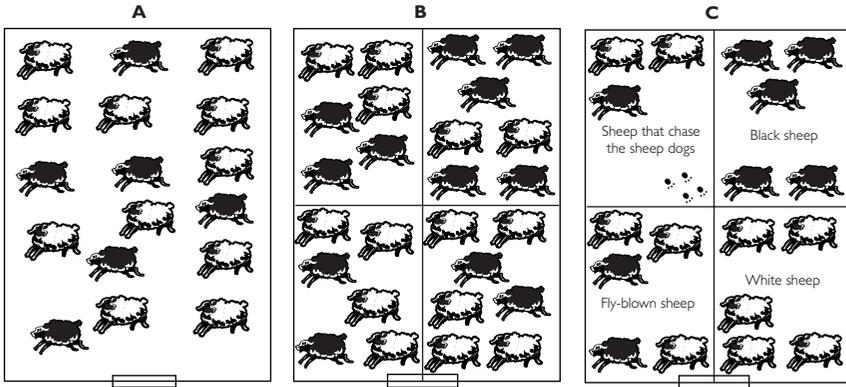
Create market segments

Once you have defined your market boundary you need to identify the potential clients within that boundary, an exercise called a market segmentation. Instead of looking at everyone as a potential customer, it is an opportunity to group potential clients according to their attitudes and attributes and evaluate each group or segment for its potential. You can then concentrate on the segments with the greatest ability to grow. Market segmentation can also be used to review your existing clients, but it tends to be more effective when used to forecast revenue from potential clients.

Big business market segmentation is often based on statistical information gathered about millions of sales or figures which give the total value of a market. This is difficult information for a small business to gather and does not always provide a clear picture of who potential clients may be.

I am well known for my 'sheep theory', which is a good way of explaining the market segmentation process. (I should apologise in advance to any sheep farmers reading this as you will see I know absolutely nothing at all about sheep.) Imagine that your market boundary is like the fence line around a big sheep station. Inside the fence there are hundreds or thousands of sheep (or potential clients). If you are like most small business owners, you spend the rest of your business life wandering around hoping to bump into a client.

To make life easier, many businesses divide the land inside the boundary fence into paddocks, but they are really just wandering around a smaller area hoping to bump into a client. Market segmentation sorts potential clients before you put them into those smaller paddocks. A market segment is a group of individuals with similar attitudes—how you feel about something—and attributes—things you possess, be it a big nose, blonde hair or a Mercedes car!



Small business owners who have just started their businesses would all fit into a market segment because they have similar attitudes and attributes, worries and concerns regardless of their age, sex or background. Conversely, mothers of children wouldn't be a market segment because their attitudes and attributes would differ dramatically depending on the age of their children.

↑ TRICKS OF THE TRADE

When a group doesn't easily fall into a market segment, the trick is to divide them into an even smaller group such as mothers of toddlers.

To go back to the sheep farm: what if the farmer divided the sheep into market segments before he put them into smaller paddocks?

In paddock number one he would put the black sheep, which are a market segment because they have similar attitudes and attributes. Black sheep are friendlier than white sheep, are easier to control than white sheep, have coarse wool and all bear genes from Rambo the stud ram.

In paddock number two the farmer would put the white sheep because they also have similar attitudes and attributes. They have very fine wool, are more bad tempered than black sheep and are susceptible to white sheep diseases. They also have longer noses than black sheep.

In pen number three would go all the fly-blown sheep. Regardless of whether they are black or white, they all have the same attributes and attitudes—they are fly-blown and not very happy about it!

In pen number four the farmer would put the sheep that chase the sheep dogs. Regardless of whether they are black or white, they have an attitude in common—they chase the sheep dogs and will put their heads down and try to butt them if they can.

Now that the farmer has taken the time to sort his sheep his life becomes much easier. He knows that the black sheep like to hang around the work sheds because they are friendly and like people contact. If he is going out to muster the black sheep he only takes one dog because these sheep are easier to handle. He alerts the mill that they will be processing black wool as they need to use different settings on their machines depending on the wool type.

If the selling price of white wool is high he knows where to find his white sheep because they like to sit under the trees in the north paddock. He takes extra dogs and a whip and yells at these sheep to make them obey his commands. He alerts the mill that they will be processing white wool, which is finer than black wool.

If the farmer needs to treat the fly-blown sheep, he knows exactly where to find them and what treatments to take with him. If he is going to work with the sheep that chase the sheep dogs, he takes motorbikes to round them up rather than the dogs.

The farmer no longer has to wander around his property hoping to bump into a particular type of sheep. He knows where to find each 'segment' of sheep, how to approach them and how to develop a system for dealing with them. Guesswork has been replaced by a system that will ultimately save him time, money and energy.

The good news is that market segmentation works even better on people. Not many of us have sheep as clients so to start your market segmentation the first step is to brainstorm a list of all the types of clients you may be able to target in your market boundary. Then, once you have generated the list, check to make sure they are in market segments. Do they have similar attitudes and attributes? If the answer is no, break

them down into smaller groups. Double check by asking yourself who would be the decision maker if that market segment decided to purchase from you, an important process because people buy things, not buildings, and your marketing needs to appeal to people rather than architecture! If there is one definite decision maker, such as the owner, then you probably have a market segment. If there are two decision makers then you probably have two market segments. If you are not sure, do some research. Phone the type of businesses in the market segment and ask them, 'Who would make the decision on purchasing XYZ?' The title of that person should give you some clues.

In some market segments there will be a decision maker and an influencer. The decision maker is the person who writes the cheque or puts their hand in their pocket to pay for the product or service, while an influencer as the name suggests is someone who can help or hinder in the sales process. For instance, if you are selling wedding dresses, the mother of the bride may be the person paying for the dress but the bride to be will certainly influence the decision. If you are selling a marketing needs analysis to the chief executive officer of a major corporation, he or she may be the decision maker but the marketing manager and financial controller may influence the decision.

To further confuse matters, a market segmentation has to be based on the purchasers of your product or service, not necessarily the end users. If you are a retail outlet then most of your market segments will be the end users, but if you are a manufacturer or distributor most of your market segments will be decision makers who then resell the product to the end user. If you are selling products or services to the corporate market there will be times when the person purchasing the service will not be the end user, for example, training services, computer and stationery supplies.

The aim of this exercise is to generate as many potential market segments as possible. Don't dismiss any or leave them out because you don't want to target them. There is room for personal choice later in the process.

Evaluate market segment potential

You should end up with a longish list of market segments, so if you were to start marketing right now at least you have an idea of where

to start. However, it is also possible to waste a lot of time chasing market segments that are not profitable, hard to reach or just not your cup of tea. In this case you need to evaluate these targets using three separate criteria:

- ◆ the potential for profit or revenue;
- ◆ the difficulty factor of reaching and dealing with this segment; and
- ◆ the desirability of the market segment—how much you want this client.

Each segment should be evaluated separately and each criteria should be looked at in isolation. Don't give one market segment a low dollar rating because you think it will be hard to reach. Look at each criteria objectively and honestly. An example evaluation is shown with each.

Profitability

The first criteria is the potential for revenue or profit. You can use either profit or revenue as long as you use the same criteria for each market segment. Ask yourself, where is the largest potential for revenue in all the segments? Potential can come from a number of prospective clients or perhaps just one major client with an enormous spend. You can start with any one of the market segments and give it a number of dollar signs out of ten. Next, ask yourself how each of the other market segments rates in comparison, giving them more or less dollar signs as needed. For instance, if you are manufacturing a skin care product your market segments could include beauty salons, pharmacies, major department stores, upmarket hairdressing salons, gyms, holiday resort shops and direct sales through e-commerce. The highest potential revenue would no doubt come from the major department stores because of their capacity to purchase large amounts of stock; however, the pharmacy market may be close in dollar terms because of the sheer number of pharmacies in the marketplace.

At the end of this exercise one or two markets (three if you're lucky) should jump out at you as having more potential for profit. So, if you were to start target marketing tomorrow at least you'd have an idea of where to spend your initial time, money and energy.

Profitability

MARKET BOUNDARY—EDUCATORS OF PRIMARY SCHOOL CHILDREN IN NEW SOUTH WALES

Public schools
Decision makers — principal,
English committee
\$\$\$\$\$\$

Schools board
\$\$\$

Independent primary schools
Decision makers — principal
Influencer — deputy,
executive committee
\$\$\$\$\$

Pre-schools
Decision maker — director
Influencer — parents' committee
\$\$

Education Dept
Decision maker — not
sure, need research?
\$\$\$\$\$\$

Psychologists
Decision maker — individuals
\$

Catholic primary schools
Decision maker — principal
\$\$

Individual parents
Decision maker — individuals
\$\$\$\$\$

Speech therapists
Decision maker — individuals
\$

Dept of Corrective Services
Decision maker — education officer
\$

Special education consultants
Decision maker — individuals
\$

Difficulty

The second criteria is the ease of finding, reaching and dealing with each of the market segments. This evaluation is a mix of several issues. How easy is it to find these target companies and the decision makers? If they are listed in the *Yellow Pages* and are generally happy to talk to companies about new services, then they would receive a high number of ticks. If you know the market and already have contacts it would be regarded as an easy market to target. Unfortunately, some segments are traditionally difficult to reach:

- ◆ Government departments and very large companies, because employees often move between jobs and it is hard to reach the decision maker.
- ◆ Committees, because they are often voluntary, meet on an irregular basis and are hard to contact as a body.
- ◆ Decision makers in education or professional practice fields rarely have time to spare during the day.
- ◆ Some segments like major department stores have a low ease rating because the sales process is usually complicated and it can take a year or more to have your product accepted.

Use your general knowledge of these markets to give them a difficulty rating. If you are not sure, test the market segment with a couple of phone calls to see how easy or difficult it is to identify and reach the decision maker.

With these two ratings for each market segment to consider, revenue potential and ease of marketing, your overall ratings of the segments may change as a segment that had large revenue potential may now look less attractive if it is very difficult to reach.

Desirability

The third criteria is the desirability of the market segment, your personal rating out of ten of how much you would like to have this segment as clients. I include this rating because many business owners often have types of clients they love or hate. It stands to reason that you are going to be more successful in a market where you enjoy dealing with the clients than one where you don't particularly like the customer.

Difficulty

MARKET BOUNDARY—EDUCATORS OF PRIMARY SCHOOL CHILDREN IN NEW SOUTH WALES

Public schools
 Decision makers — principal,
 English committee
 \$\$\$\$\$\$
 ✓✓✓✓✓✓

Schools board
 \$\$\$
 ✓✓

Independent primary schools
 Decision makers — principal
 Influence deputy,
 executive committee
 \$\$\$\$\$\$
 ✓✓✓✓

Pre-schools
 Decision maker — director
 Influence — parents' committee
 \$\$
 ✓✓✓

Education Dept
 Decision maker — not
 sure, need research
 \$\$\$\$\$\$
 ✓✓

Psychologists
 Decision maker — individuals
 \$
 ✓✓✓✓

Catholic primary schools
 Decision maker — principal
 \$\$
 ✓✓

Individual parents
 Decision maker — individuals
 \$\$\$\$\$\$
 ✓

Speech therapists
 Decision maker — individuals
 \$
 ✓✓✓✓

Dept of Corrective Services
 Decision maker — education officer
 \$
 ✓✓

Special education consultants
 Decision maker — individuals
 \$
 ✓✓✓

Desirability

MARKET BOUNDARY—EDUCATORS OF PRIMARY SCHOOL CHILDREN IN NEW SOUTH WALES

Public schools
 Decision makers — principal,
 English committee
 \$\$\$\$\$\$
 ✓✓✓✓✓
 10/10

Schools board
 \$\$\$
 ✓✓ 6/10

Independent primary schools
 Decision makers — principal
 Influence deputy,
 executive committee
 \$\$\$\$\$\$
 ✓✓✓✓
 10/10

Pre-schools
 Decision maker — director
 Influence — parents' committee
 \$\$
 ✓✓✓ 7/10

Education Dept
 Decision maker — not
 sure, need research
 \$\$\$\$\$\$
 ✓✓ 9/10

Psychologists
 Decision maker — individuals
 \$
 ✓✓✓✓ 9/10

Catholic primary schools
 Decision maker — principal
 \$\$
 ✓✓ 7/10

Individual parents
 Decision maker — individuals
 \$\$\$\$\$\$
 ✓ 2/10

Speech therapists
 Decision maker — individuals
 \$
 ✓✓✓✓ 5/10

~~Dept of Corrective Services
 Decision maker — education officer
 \$
 ✓✓ 5/10~~

Special education consultants
 Decision maker — individuals
 \$
 ✓✓✓ 8/10

Once you've been through the segmentation process, this is what your market analysis might look like in your final marketing plan.

Market analysis			
MARKET BOUNDARY			
Companies in the Sydney metropolitan area with large client bases or at risk of bad debts.			
MARKET SEGMENTS (in order of market attractiveness)			
Industry	Ease of marketing	Desirability	Dollar value
Existing clients	✓✓✓✓✓✓✓	10/10	\$\$\$\$
Private schools—high value	✓✓✓✓	9/10	\$\$\$\$\$\$\$
Decision maker—principal			
Influencer—bursar			
Distributors—high value, e.g. furniture, clothing	✓✓✓	9/10	\$\$\$\$
Decision maker—financial controller			
Influencer—department head			
Medical practices—high volume	✓✓✓	9/10	\$\$\$\$
Decision maker—practice owner			
Hospitals—high volume	✓✓	8/10	\$\$\$\$
Decision maker—financial controller			
Influencer—accounts receivable			
Packaging companies—high value	✓✓✓	9/10	\$\$\$\$
Decision maker—financial controller			



Industry	Ease of marketing	Desirability	Dollar value
Petroleum companies—high value Decision maker—financial controller	✓✓	9/10	\$\$\$\$\$
Childcare centres—high volume Decision maker—director	✓✓✓✓	9/10	\$\$\$\$\$
Medical practices—high volume Decision maker—practice owner	✓✓✓	9/10	\$\$\$\$
Bulk goods—high value, e.g. flour, concrete Decision maker—financial controller	✓✓✓	7/10	\$\$\$\$\$
Professional practices—high volume, e.g. legal, accounting, civil engineers Decision maker—practice manager or owner	✓✓	7/10	\$\$\$
Funeral directors—high value Decision maker—business owner	✓✓✓	5/10	\$\$
Tenders—high volume	✓	5/10	\$\$\$

Select target market segments

At the end of the desirability rating process you will probably have several market segments that stand out as excellent potential. These will be your target markets and can then be rated in order of attractiveness. If you have a medium to high dollar potential market that is also high in desirability with a low difficulty factor, this would be your

initial market. A market with similar ratings but lower on desirability would be further down the rankings. A market with high potential, high desirability and high difficulty shouldn't be ignored but will be lower down the ratings. You should always start with a market where you have the most chance of success.

Once you have identified your target market segments you should ask yourself how much time and money you have available for marketing. If you have four hours a week to spend on marketing, then you can allocate time to each of the market segments. Number one and two market segments might take three hours of that time every week. Market number three might be given a research brief for a couple of months and you may spend that additional hour finding out more about the decision makers in that market segment. The long term, difficult to access markets like department stores can be given a special allocation of two hours a month or a small amount of time spent each week.

You should concentrate on your target market segments until they have been tested and not be tempted to dash off and spend time on other segments. If a new market emerges, you should conduct another segmentation to evaluate its overall potential.

Remember that market segmentation affects your pro-active marketing, that is, where you spend your time, money and energy generating new business. It doesn't mean you should turn down business opportunities that knock on your door or push clients away because they don't fit the market segmentation.

Market segmentation is usually a real eye opener for small business owners. No longer do you have to be all things to all people; you can pick and choose your target markets. Even in industries such as retail where you have been told that 'everyone walking past is a potential client', you can start to tailor your shop fit, the service and ranges so that you automatically appeal to your target clients. There is no good reason to be all things to all people when your business can be more profitable and more enjoyable by targeting the right market segments for your business.

REAL LIFE

 A good example of a market where the desirability rating is low concerns a client of mine who made chocolates. One of her target markets, wedding venues, made her uncomfortable as it was price

oriented and she disliked the bargaining that accompanied every sale. Once we'd completed the market segmentation we could see that this segment was moderately profitable but had a high difficulty rating and she had given it a 1 out of 10 on the desirability scale. There were other markets that could easily pick up the revenue she would lose if she dropped the wedding venue market, so the decision was quickly made not to market to this segment. This didn't mean she wouldn't sell to clients from this market, but that she wouldn't waste any time actively promoting or advertising to the wedding venues. Her business continued to grow and her stress levels dropped as she concentrated on working with the segments she enjoyed.

Create customer profiles

To complete the matching process you really need to understand the needs and wants of your potential clients, both the decision makers and the influencers. Remembering that people buy benefits or 'what's in it for me', you need a better understanding of what makes people tick not just as customers but as people living in the real world.

For each market segment you should create a client profile for both the decision maker and the influencer. Try to think of these people in general terms and not base them on your knowledge of one particular person. Ask yourself what you know about them as a group and what assumptions you can draw from knowing their age, background or industry experience. Some of the criteria you can use as thought starters include:

- ◆ predominantly male or female;
- ◆ age group;
- ◆ what you expect that age group to be experiencing, for instance, family, age of children, family expenses, worries and concerns;
- ◆ what type of car they drive, types of sports, hobbies;
- ◆ how they dress for work;
- ◆ attitudes to fitness and health;
- ◆ likely education, experience and skills associated with their position;
- ◆ pressures and stresses of their job;
- ◆ what their key responsibilities are, who reports to them, who they report to;

- ◆ how they are evaluated in their position;
- ◆ where they meet professionally: clubs, associations and so on;
- ◆ what they need from their jobs;
- ◆ what they are reading in their profession, what trends they need to keep up with;
- ◆ what the worries and concerns are in their lives; and
- ◆ what the worries and concerns are re their business.

These customer profiles, which could include 50 or 60 characteristics, will be critical when you are developing your marketing plan. From now on, whenever you are contemplating a marketing activity and wondering if that would be right for your target market, ask yourself, 'Will these people read it, find it, understand it?'



REAL LIFE



I first met Ken Low in 1992 when he was looking for a business consultant to help him grow his business. At the time he had a three year old recruitment business specialising in finding jobs for payroll clerks and managers. He was based in serviced offices and employed one full-time staff member, and his wife, Therese, helped out with the accounts. He also had a fledgling business that was built completely on a customer profile. There was a recession looming in the early 1990s and Ken knew from experience that recruitment was often put on hold during tough times, so he wanted to protect his business and looked for a new business idea. As he said to me once, 'But I was only a salesman, what did I know about a new business concept, all I know is payroll people.' But Ken certainly knew a lot about payroll people. His payroll officer profile included the following attributes:



- 35–45 years of age;
- predominantly female in New South Wales;
- predominantly male in Victoria;
- educated to School Certificate or beyond;
- accounts clerk, reception role;
- usually 'happened' into the payroll position when someone left or died and they were offered the job;
- were trained by someone else in the payroll area or their predecessor and often didn't get the best training possible;

- very good at detail work;
- high levels of accuracy and 100 per cent honest;
- extremely deadline focused;
- had to deal with the world's most complicated payroll legislation;
- if they made a mistake it could cost their company thousands of dollars in fines;
- if they made a mistake they were often confronted with a very angry person, no matter how small or large the amount;
- were the only person in the company who had regular communication with everyone else in the company, especially on staff members' first and last day with the company;
- were often located in offices away from everyone else because of the confidentiality of their work;
- were often told not to associate with other staff. Sometimes found it difficult to make friends at work as people often wanted the payroll person to give them information such as 'what does Sally in accounts get paid' or 'are we getting a Christmas bonus';
- were not always regarded as valuable employees and were not a large enough group to have much political clout within the company or organisation;
- read newspapers, women's magazines and other general publications;
- saw themselves as mothers or family members first and employees second;
- sat in their office and saw the management committee involved in planning sessions, the sales team off to sales conferences and secretaries being taken out to lunch for Secretary's Day;
- dressed smartly for work, often carrying a briefcase or portfolio; and
- wore conservative but smart clothing as opposed to cutting edge trendy or designer labels.

In summary, the payroll person was someone who was skilled and performed an important and vital role in the company but did not feel valued or appreciated by their companies.

This profile inspired Ken to develop a whole new business. He set up Australia's first privately owned association, the Association for Payroll Specialists. The first service he introduced was a bi-monthly

networking meeting held in the luxurious surrounds of the Opera House with stunning Sydney Harbour views. There were white cloths on the tables, fresh coffee and home-made biscuits were served. The speakers were the best he could find and the door prize was a bottle of expensive champagne.

Next he introduced a bi-monthly journal that kept members up to date with changes in legislation and industry news and gossip. He then approached Macquarie University to start a university course, which was complemented by a range of training programs in payroll skills. The association also lobbied the taxation department and other government bodies on behalf of its members and now represents members on several important industry committees. In recent years Ken has introduced annual conferences and Payroll Officers' Day and set up offices in Melbourne. Everything that the association did was tested against the profile: the venues for networking functions or conferences, the design of invitations and leaflets, the wording of flyers promoting training courses, the types of trainers.

Ken said that he wanted to provide everything his target clients would need. He has certainly achieved his goal: Payroll Specialists employs 32 permanent and 60 temporary staff and is recognised as a market leader. Importantly, Ken has built his business around the needs and wants, worries and concerns of payroll people every step of the way. He tests every new initiative against the profile to make sure it is a good fit. Of course, as a result of his business the profile of payroll people in 2001 is very different—salaries and conditions have improved, staff have recognised qualifications and there are more and more people entering the profession as a career. The qualifications gained have allowed payroll people to also take over the role of the personnel manager in many instances.

It's amazing what you can achieve with a good client profile!

REWIND

- The world around you will have an impact on your marketing. Understanding the marketplace, your competitors and customers is a key to developing powerful and effective marketing strategies.

- If your potential clients come from a specific geographic area, research that area using demographic statistics and local council reports.
- If your potential clients come from a particular industry, research what's happening in that industry through publications, related associations, bureaus of statistics and on the Web.
- Establish a trend register to help you spot trends and issues important to your product development and marketing.
- Evaluate your competitors in the marketplace, both direct and indirect, so that you can compete in areas such as service and experience.
- Look for gaps left in the market by your competitors. Check that your business has a clear position in the marketplace.
- Identify your competitive advantages and use them in your advertising.
- Time, money and energy are your marketing resources. Define a market boundary so you do not waste any of your valuable resources.
- A market segment is a group of individuals with similar attitudes, attributes, worries and concerns. Each market segment should have a common decision maker.
- Use a market segmentation to identify the best target markets for your business.
- Evaluate each market segment to test potential for revenue, ease of marketing and desirability. Choose a range of market segments that will suit you, your product and your business.
- People buy things so develop a customer profile for the decision maker in each target market.
- Don't forget that there may be an influencer who can help or hinder your marketing efforts.

Matching your marketing mix

Remember that marketing is a process of matching? Well, you are now ready to put this theory into practice.

By now you've probably worked out that this marketing stuff isn't brain surgery; in fact, it's more like good old-fashioned common sense. The secret is to keep your eye on the client, to let their needs and wants dictate how you market. Every time you come up with an idea for marketing or you want to change your pricing structure, test it against the client profile. Ask yourself how it will affect the client. Is there a way you can structure or promote the change that will increase the client's response or acceptance rate to the change?

Of course, just when all this is sounding too simple to be true there is a catch: you have to change the way you think about marketing. Traditionally, small businesses have one marketing message that they put out into the marketplace hoping against hope that customers would work out what was in it for them. But if you want the business, if you want the sale, you shouldn't leave anything to chance. You need to tell your customers precisely what is in it for them. And you can't do that when you are trying to target all groups at once.

You need to develop specific marketing strategies and different marketing messages for each of your target market segments. Look at each decision maker client profile and think about what marketing tools you have in your toolkit to make the matching process happen.

This will give you what textbooks call the marketing mix. But instead of just having a marketing mix for the company, you will also have a specific marketing mix for each target client.

You will be able now to answer those perennial marketing questions:

- ◆ What kind of marketing messages will you need for each target market?
- ◆ Should you advertise? If so, where?
- ◆ Will promotions work for this market?
- ◆ What about sales promotions?
- ◆ What kind of sales techniques should you use?
- ◆ Do you need glossy sales brochures?
- ◆ Do you need a website?
- ◆ What benefits should you mention to each market segment?
- ◆ How should you distribute your product?
- ◆ Will publicity work?
- ◆ What kind of language and tone do you need for your advertising or publicity?
- ◆ What kind of image should the business and product or service aim for?
- ◆ What kind of customer service should you use?

The matching process

For each market segment look at how you will match your marketing to the customers' needs in nine key areas: product development, packaging, selling, pricing, promotion, customer service, advertising, image and distribution.

The easiest way to see how the matching process works is to try it out on a decision maker from a sample market segment. Imagine you are setting up a business making scones to sell to little old ladies living in retirement villages in a middle-class suburb of a major city. To further suspend reality, don't worry too much about the pragmatic issues of profitability and practicality. Instead, look at what would be best for the client. How would you make the matching process happen?

Product development

What modifications will you need to make to the product or service to match it to your customers' needs? Flavours should be traditional, preferably using white flour or whole grain flour. Sun-dried tomato and chives and trendy flavours would be less acceptable to this market. Stay away from nuts and hard ingredients that could play havoc with false teeth.

Packaging

How many products in a package? Half a dozen is the industry standard, but that would be too many for little old ladies to eat and they never taste the same if they are frozen. Why not package in twos? Stay away from cellophane and hard to open packaging as it can be hard for arthritic fingers to handle. Perhaps use an easy open paper packaging or serve in a small cane basket. Writing on the packaging should be large so it can be easily read. Colours need to be traditional rather than cutting edge and the name should reflect home style and traditional values.

Selling

This market is easy to reach in their retirement villages but they are very security conscious so you wouldn't try door to door selling. However, you may set up a sales booth in the community area every Tuesday afternoon or sell through the local supermarket, which is already delivering to this market.

Pricing

What message does your pricing need to give your customers? Prices need to be seen as value but don't necessarily have to be budget as your target market are probably on a fixed income rather than a pension.

Promotion

What is the best way to promote? Senior citizens usually appreciate additional value, so rather than discount you could add value by

packaging jam and cream with the scones with bonuses for regular shoppers. A promotional morning tea to launch the product could also be good value and help build loyalty with the target clients.

Customer service

What levels of customer service is this market segment expecting, and how can you exceed these levels? Is there a clever customer service initiative you can use in your marketing? You could start a morning tea club, offer a door-to-door delivery service for regular customers, sponsor a community event that will support the retirement village, or provide information on personal security alarms

Advertising

What are this group reading, watching and joining? Are they sophisticated, do they respond to advertising, what would be the best approach? Local papers may seem tempting, but you may be paying for lots of other readers who would not purchase the scones. On the other hand, a local senior citizens' newspaper could be an ideal way of reaching all retirees in the area. Other advertising could include sponsorship of events at the local bowls or golf club, a poster at the local bingo hall or even radio advertising or sponsorship of a program aimed at retirees.

Image

What kind of image will appeal to your target market? Choosing the right name will be important. Nanna's Scones or Homebake would no doubt give a warm, comforting image. Soft colours or gingham checks would appeal to this market. Language used could include words like traditional, home-made, carefully chosen, fresh, hospitality and friendly. This homely style should apply to everything including packaging, positioning statement and all advertising material.

Distribution

Look for cost effective ways of distributing to the target client, such as a home delivery service or daily drop off to a point within the

retirement village. You may even be surprised to find that a significant portion of this market would be happy to order via the Internet!

As you can see, everything you are developing is from the customer perspective so that you are client focused, not just product focused. Once you have answered all these questions you will have created a simple marketing plan for a market segment. All those 'it depends' answers disappear as you have a clear picture of how you will attack each market segment. At this stage of the process the excitement will mount as you suddenly see the way ahead.

REWIND

- Put the theory of market matching into practice by letting your clients' needs and wants dictate how you market.
- Develop specific strategies and different messages for each target market.
- The matching process covers product development, packaging, selling, pricing, promotion, customer service, advertising, image and distribution.

Strategic analysis

The toughest part of the marketing process is analysing the information you've gathered during the review. It is also the most critical phase and it will need your undivided attention, which is not always easy when you have day-to-day worries about cash flow, staff politics and customer dramas competing for your attention. However, the rewards are well worth it! The analysis process should take a maximum of one day and a minimum of half a day. If you spend too much time on it you get bogged down with all the little things and are unable to make good strategic decisions.

Your input is vital to the process, so don't be tempted to hand it over to your accountant or business adviser. While some people opt for computerised business plans hoping to get all the answers, computers can't analyse the opinions, feedback and data that will come out of the review. Human common sense and reasoning is absolutely essential to the process.

So, effective analysis comes from working to a tight time frame, involving outsiders who may have insights into the business and the business owner's willingness to be open to the changes suggested by the review process.

TRICKS OF THE TRADE

Find a time and place where you will not be interrupted by phones, visitors or staff. Sometimes the evaluation phase can be a good excuse for a company-funded weekend away. You will probably need someone to help you work through the process, such as a business

or life partner, a business adviser or accountant, a key employee, a mentor or someone in business whose judgment you trust. Avoid involving your whole staff or large numbers of people in the process.

Collating the evidence

Gather together all the outcomes from your review, then lay them out on a large workbench or stick them to the wall. Look at each 'set' of information separately to identify the important issues and start building a picture of your business in the future.

TRICKS OF THE TRADE

You need to put yourself outside the business and look at each of the information sheets objectively. Each piece of information gathered will have a different importance in the scheme of things, so you may need to prioritise the issues.

Discuss each item and write up any possible outcomes, goals, strategies, product changes and so on on a master sheet. Post-it notes stuck on a piece of flip chart paper are excellent, as you can move them around. This check list will help you evaluate each part of the review. Keep in mind that you need to put yourself outside the business and look at all the issues objectively.

People review

For a people review you need the list of key issues from your personal skills audit (see chapter 2), and staff reviews if relevant. This list will provide clues for establishing staff training and the best staffing structure to achieve your goals. It is also useful when developing your personal job description as the owner of the business.

After reviewing the people issues, one business I worked with decided to appoint a general manager to look after the day-to-day running of the business so the owner could concentrate on business development and new ideas. Ask yourself:

- ◆ Are you making the most of your personal skills and talents?
- ◆ Are you wasting time concentrating on areas outside your expertise?

- ◆ Do you need to buy in technical skills?
- ◆ Does the business have the right management skills?
- ◆ Does the business have any marketing skills?
- ◆ Do you have the right staff in the right positions?

Business review

For a business review you need the key issues from the SWOT analysis, the results of the market analysis and the important issues from your financial review and benchmarking (see chapter 2).

The key issues from your SWOT often create an action list of things to be addressed before you can start marketing. The strengths and weaknesses give you an idea of products or services you should be promoting, systems that are likely to fail if there is a sudden increase in business or marketing strategies that should be continued as they have worked in the past. The list of opportunities and threats from the SWOT analysis, together with the market review of your area and industry, will have identified any new business opportunities from developing new products, targeting new geographic or industry markets and new ways that technology can be used to promote your business or deliver your product to the customer. The important issues from your financial review and benchmarking will help you identify the areas that need attention, such as the profit margins of a particular product, the productivity of staff, whether your expenses need to be reduced or revenue increased. Financial information also helps you identify whether your pricing structure needs changing and helps you decide on viable financial goals.

Ask yourself:

- ◆ What are the opportunities for developing new products?
- ◆ What are the opportunities for reaching new markets?
- ◆ Which products are the strongest performers?
- ◆ Which products are the most profitable?
- ◆ Which markets are the most profitable?
- ◆ Will your current systems cope with increased business?
- ◆ What resources do you need to achieve your goals?
- ◆ Are there trends you can capitalise upon to develop new products or change the way you market your products?

- ◆ How can technology help to distribute your product or service?
- ◆ Is the business vulnerable because you don't have the necessary technology?

Product or service review

For a product or service review you need the cocktail party description of your business and the list of features and benefits from your product review (see chapter 2). The list of features and benefits will give you a variety of 'benefits based' copy or wording you can use in your marketing promotion or advertising. Competitive advantages identified during the competitor review can also become copy points for advertising material. If you have a unique selling proposition (USP), make sure it is included in all important marketing messages.

Ask yourself:

- ◆ Do you adequately explain what you are selling to the industry and potential clients?
- ◆ What are the most important benefits for each of your products or services?
- ◆ Are there any benefits that are very different to your competitors'?
- ◆ Have you expressed the benefits in plain English rather than generic terms like 'quality'?
- ◆ Do you have a USP?
- ◆ Where can you use your USP?
- ◆ Can any of your products or services capitalise on a trend?
- ◆ Do your products need modifying to meet customer demand?
- ◆ Is your product range broad enough? Are there other products or services that would be logical extensions to your business?

Competitor review

For a competitor review you need your list of competitive advantages and positioning chart (see chapter 3). Understanding the positioning of your product and business in the marketplace will help set priorities—whether you will be focusing on price or service—and help develop strategies for dealing with competitors.

Ask yourself:

- ◆ What are your strengths when compared to your competitors?
- ◆ Where do your products sit in the marketplace—at the top end of the market, in the middle or at the lower end of the market?
- ◆ Does your pricing match your positioning?
- ◆ Does your company image match your positioning?
- ◆ Are there obvious gaps in the market?
- ◆ Where would you like to sit in the marketplace? Are there opportunities to ‘own’ a position in the market?
- ◆ Where are your competitors vulnerable?

Market review

For a market review you need the details of your market boundary and the target market segments identified during the marketing audit (see chapter 3). At this stage you should have a good idea of the most profitable, easiest to reach and most desirable target markets for your product or service.

Ask yourself:

- ◆ Which are the target markets that you would like to chase in the short term? These should be relatively easy to reach, return good dollars and be desirable.
- ◆ Who is the decision maker in each of these markets?
- ◆ Is there an influencer who will be involved in the sales process?
- ◆ Do you have a clear customer profile for each of your market segments?
- ◆ Do you need to do more research into your target markets?
- ◆ Which are the target markets you would like to target in the medium to long term? These may be markets where it is harder to reach the decision makers or you would expect there to be a longer sales period.

Analysing the data

The data from the marketing audit will provide a picture of where your business is right now. You should know your:

- ◆ financial performance and ability to fund growth activities;
- ◆ business strengths and weaknesses;
- ◆ marketing strengths and weaknesses;
- ◆ customers' current perception of the business;
- ◆ people and systems' ability to deliver the product or service to clients;
- ◆ benefits of the product or service and competitive advantages;
- ◆ position in the marketplace compared to competitors; and
- ◆ opportunities and threats from the political, economic, social and technological trends.

By now you should hopefully have a lot of points written down. It is time to start making some decisions.

Setting your direction

Every business is different, but some of the first decisions that you will have to address in your marketing plan include:

- ◆ What are the market segments you want to target?
- ◆ What are the key products or services you want to sell to each market segment? (Keep in mind you want to concentrate on products or services with the highest profit.)
- ◆ What are the key benefits you have to offer your customers and potential customers in each market segment?
- ◆ What revenue is it realistic to expect from each target market over a twelve month period?

Deciding on dollars

Setting revenue goals for each of your target market segments is a very easy way to start the ball rolling. Look at each segment individually, and calculate the likely revenue. You might like to work out potential revenue by calculating the number of target companies within your market boundary. For instance, if you are a home handy person selling your services to the property management supervisor at real estate agencies, you can check the telephone book to see how many real estate agents there are within your area or market boundary. You should already know how many direct competitors you have in the same area. If not, check the telephone book or local newspapers for information.

Calculate the likely revenue generated from each job and ask yourself how many jobs per week or month will come from each real estate client. What percentage of real estate agents can you realistically expect to pick up over a 12-month period? If there are 20 agents within your boundary, you might estimate that it would be possible to generate business from three in the first year. If each job is worth roughly \$120 and you would expect to get ten jobs a month, then each new agent would be worth \$14 400 per year. So your estimated increase in business from this market would be roughly \$45 000 based on acquiring three new real estate clients.

If you have a high value product such as specialised consulting, where each project is worth \$100 000 or more, you may find all your marketing is focused on one segment and the goal may be to generate two or three clients worth a total of \$300 000 overall.

In target markets where you already have a track record, it will be easier to forecast a business increase. You may want to target additional customers, increase a market segment by a specific percentage or simply aim to increase the average spend by each customer. It is a little harder to calculate if you have a retail business or are targeting the general public, but the 80/20 statistics program (see chapter 3) can give you a profile of the population in your area, which can help you guesstimate.

Repeat this exercise for each market segment. Long-term target markets that will take a year or more to access can be included with a longer time frame.

Add up the expected revenue from each target market to give you a total sales increase for the next twelve months. Take a reality check:

- ◆ Does it look feasible? If you are totally run off your feet and constantly stressed with your existing level of business, is it realistic to aim for a 25 per cent increase in revenue?
- ◆ Check that this revenue increase will be profitable. There is no point in working harder and not seeing the financial rewards in terms of profit.
- ◆ Check the key issues from your systems review to make sure you will be able to deliver the products when sales increase.

A list of typical financial goals for your marketing plan could include:

- ◆ Increase revenue from \$640 000 to \$850 000 by June 2002. This represents a 25 per cent increase in revenue.
- ◆ Target retail customers as the ‘bread and butter’ market representing 38 per cent of sales and generating \$323 000 per annum in revenue.
- ◆ Target builders as the major growth market increasing from 33 per cent of total revenue to 38 per cent of revenue, contributing \$323 000 per annum.
- ◆ Decrease the less profitable wholesale markets’ contribution to revenue from 18 per cent to 15 per cent, generating \$127 500 per annum.
- ◆ Increase revenue from government to \$68 000 per annum, representing 8 per cent of total revenue. This is an increase from 6 per cent.
- ◆ Test market the interior decorators segment, which currently represents less than 1 per cent of revenue.
- ◆ Increase average spend of existing clients from \$1120 to \$1300.

Setting financial targets can be a challenge, especially when you are targeting a totally new or unknown market. Remember it is easy to change a target, and it is better to have a guesstimate target than none at all. Write your financial goals on a big piece of paper or print them out on a piece of paper that you can stick on the wall.

TRICKS OF THE TRADE

Why write it down? I’m a great believer in setting objectives and writing them down; in fact, my husband calls me ‘the list queen’ because I love making lists and I love crossing things off the list even more, which explains why the first thing written on every list is ‘write list’. I’m not sure why, but the act of writing down your objectives seems to increase their chances of happening. If you’re really serious about achieving your objectives, tell people. A combination of friendly reminders and the fear of failure adds another boost to your chances of achieving!

Agreeing on goals

Keep in mind that goals should follow the SMART principle—that is, they should be specific, measurable, achievable, realistic and time

bound. Ask yourself what other marketing goals and objectives you would like to achieve, including both 'hard' and 'soft' goals. Hard goals tend to be financial or easily measurable goals, while soft goals are harder to measure and are often more philosophical. These additional marketing goals could typically include:

- ◆ To increase awareness and visibility of the business, the business owner or product in the marketplace.
- ◆ To increase revenue from existing clients.
- ◆ To achieve industry recognition.
- ◆ To improve the branding and image of the business.
- ◆ To improve customer service levels.
- ◆ To increase the average spend of all clients.
- ◆ To improve and maintain owner morale.

Once you have established your objectives, you need to think about the strategies you might use to achieve each of these goals. Some will be logical and come to mind immediately; others will take some time to develop.

Although not strictly marketing, it is worthwhile talking about the difference between objectives and strategies. An objective is the 'thing' you are aiming for. If you wrote your objective on a daily or weekly 'to do list' it just wouldn't happen, as it is too big to handle. Strategies are the chunks that make the goal easier to achieve.

A goal that you want to generate ten new clients and \$250 000 in revenue from the shopfitters market by July 2003 may seem impossible to achieve until you add strategies:

- ◆ Increase awareness and promote our new on-site services through a stand and display at the shopfitters state trade show in July.
- ◆ Develop a new full colour brochure promoting new on-site services.
- ◆ Generate a list of shopfitters within our market boundary and phone to find out the names of decision makers.
- ◆ Send target clients new brochure and a letter offering a demonstration of our new service.
- ◆ Brief a public relations consultant to generate trade publicity prior to the trade show.

Tactics add even more detail to the process.

- ◆ Introduce work-in-progress board for the workshop to improve job tracking.
- ◆ Upgrade cutting machinery to cope with the increase in workload.
- ◆ Employ customer relations/marketing officer to service this new market.
- ◆ Set up a database of information gathered for use as a mail list.
- ◆ Send office support person on training course to improve skills in database development.

At this stage of the analysis process you will have firm financial objectives and some basic strategies, although as yet you have not been asked to consider your available time and financial resources. There is a very good reason for taking this approach. If you looked at time and dollars first, you'd throw your hands up in despair and declare the whole process a failure. Often the excitement of identifying a new market or product opportunity can be a great motivator when it comes to finding time and money for a project.

It's now time to take a reality check. Ask yourself what resources you have to achieve your goals. People, money, time skills, contacts and energy will all need to be spent wisely to achieve your goals. Small business people generally don't have marketing budgets, so there is no point suggesting that you dip into the funds you have allocated for this growth. Whatever objectives you set, they must be achievable with the time and money you can realistically spare.

Gap analysis

Another great way of developing strategies is to brainstorm a gap analysis, which compares the gap between your business now and how it will look and act in the future. The gap analysis also identifies all the areas that will need to change to achieve your goals. Get yourself a flip chart and start to create a mind picture of your business in the future. Think forward a year, two years, perhaps five years. Ask yourself what your business will look like, who will be your customers, how you will do business in the future. A check list of thought starters you can use would include:

- ◆ What will your business look like physically in the future? Will it be in the same premises? Will the layout have to change?

- ◆ Who will your customers be?
- ◆ What will you be selling?
- ◆ Will you need to change your image to access new markets?
- ◆ Will you need to develop new products?
- ◆ Can you use your existing name and logo?
- ◆ Do you need to update your image?
- ◆ How many staff will be employed?
- ◆ What will be the staff structure?
- ◆ What skills will you need to develop or buy in to achieve your goals?
- ◆ What will be your role as the business owner?
- ◆ What systems will be needed to achieve these goals?
- ◆ When business increases, what systems will you need to deliver the products on time and give high levels of customer service?
- ◆ What political or economic issues do you have to work around to achieve these goals?
- ◆ Will you need strategic alliances to achieve your goals?
- ◆ What revenue can you spend to achieve these goals?
- ◆ What time do you have available to achieve these goals?
- ◆ What product developments will you need to make to achieve your objectives?

Once you have a clear picture, list all the things you and your team will have to do to make the ‘vision’ come true. This action list then forms the blueprint for your business development.

REWIND

- Analysing the information you’ve gathered during the review process is the toughest but most critical part of the marketing process. Set aside four to eight hours for the analysis process.
- Collate all the data you gathered including the personal audit, financial review, systems check, product review, SWOT analysis, market analysis and competitor review. Don’t forget to include the results of any statistical market research. Use this data to build a picture of where your business is now.
- You can then set your direction, calculate the expected revenue from each target market and decide on specific, measurable, achievable, realistic and time bound (SMART) goals.

- Once you have set your goals you can plan the detailed strategies that will achieve these goals.
- Use a gap analysis to identify all the areas that will have to change to achieve your goals.

Product marketing

Knowing what makes your product or service appealing to customers (see chapter 2) can help you see what you do through fresh eyes. In the tough competitive markets of the new century you are dealing with sophisticated, cynical customers who want more performance and service from any product or service they purchase. The good news is that price is becoming less of an issue as there will always be customers who value quality over price!

A marketing focused business has to look at its product from the customer's perspective and be willing to update and upgrade products to capitalise on their clients' changing needs. It is also worth remembering that you, the business owner, are not always the customer. Don't be tempted to stock products just because you like them; check your customer profile to see if the products will appeal to one or two of your target market segments. Beth Packer, who runs a very successful garden enjoyment store called Pottering Around, is a very creative, stylish lady whose shop is filled to the brim with superb statues, pots, pottery and candles. However, when I worked with her the biggest sellers in the shop were decorative flowers, which she didn't particularly like—which just goes to show there's no accounting for taste. Don't ignore products just because you don't like them.

Marketing isn't just about keeping clients happy—it's about the bottom line, money in the bank. The way you market and sell your product can make an enormous impact on your profit. For instance, selling products as a package can increase your average spend, while

raising the price can position your business as a market leader and increase your sales. Capitalising on new technology to distribute your product through e-commerce can tap into new markets and enable existing customers to purchase products or services from the comfort of their home or office.

The product lifecycle

Before you start to tinker with your product or service it is a good idea to have a look at where it is in its lifecycle. Small business owners often find it difficult to identify a lifecycle for their specific product, but industries also follow lifecycles so you can sometimes pick up clues from looking at these. For instance, an iridologist may be able to tap into the lifecycle of natural therapies in general.

Start up

When you launch a new product or service you can usually expect a surge of growth as it is discovered by potential customers. Within the business, your focus is on getting this product or service out the door regardless of the time and money costs. Because the product is new and costs are relatively high, you are unlikely to have many competitors in the marketplace. At the same time, you need marketing to let potential customers know about the competitive advantages of your particular product. In some high tech or new industries you often have to explain what the product actually does. Typical customers in this phase are early adopters, the risk takers who want the latest, newest gadget regardless of cost!

This introduction phase is exciting for a business as you constantly modify your product to improve performance and impress your clients. Examples, of products that would have gone through the start up phase in the past few years include aromatherapy products, supply of toner cartridges, pizza home delivery, some domestic services like home shopping and dog wash services.

Rev up

As the product or service gains recognition and sales revenue becomes more predictable, the product moves into a steady growth

phase. Prices may have dropped as production methods are refined, you negotiate better deals with suppliers and your distribution systems are improved. It is in this phase that you will probably see competitors enter the market. They may already be operating in a related area and have seen the interest in your product, or they may be a brand new operator that can see opportunities to tap into the market. If you were first into the market you will enjoy the status that comes with being the oldest, most experienced, most prestigious business in the industry. However, the competition may be able to eat into your market with product improvements, better pricing or better client service. Carefully monitor the competition in this growth phase to see whether you need to further refine your product and client service to keep up with the new players in the market.

Finding new customers is easier during this phase as demand is usually high. Customers will still see the product or service as new and exciting and will be keen to try it. Many software products used in business are in the growth phase. The introduction of GST (the goods and services tax) provided a growth phase for accounting software products such as MYOB and QuickBooks.

Level off

As the product lifecycle ‘matures’ or reaches middle age you will see further changes. At this stage your customers are the majority of buyers in the marketplace. The product will no longer be seen as new and exciting but instead as just another commodity. Competitors will have grown and there could be several large companies in the market. You may no longer be the market leader.

At this stage the product is reaching the majority of its potential clients and there will be fierce competition for the remaining clients. Price may become a key marketing strategy as competitors realise that there are no ‘new’ clients in the marketplace and they need to entice clients away from their competitors. The good news is that profitability should be at its peak and some competitors will start to drop out of the market. It is easy to become comfortable in this phase of the product cycle, but beware the changes ahead! Clever businesses will start to look for opportunities to introduce their product to totally

new markets or introduce a new product that better meets the needs of their existing client base.

REAL LIFE

 The payroll bureau business provides an interesting example of life-cycles at work. Prior to the introduction of payroll bureaus in the 1970s everyone used manual payroll systems and diligently filled in hundreds of forms with carbon copies. This manual processing of information was very time consuming and required specific skills.

 Payroll bureaus used the capabilities of their giant mainframe computers to take the backbreaking labour out of payrolls, and soon payroll clerks handed their information to rooms full of data entry operators who processed the information before sending it to the bureaus. This new concept took three or four years to be accepted and then boomed right through to the early 1980s and the introduction of the personal computer. Demand fell sharply in the late 1980s as the PC flexed its muscles and business owners decided to bring the payroll back in house to save costs and capitalise on the abilities of the computer. By the mid-1990s the market had gone full circle; computers were not coping with the complex tasks required for payroll duties and staff were far too busy to deal with payrolls so bureaus came back into fashion. The industry grew towards maturity when more powerful computers and better software signalled a risk for the payroll bureau industry. However, one company saw the writing on the wall. Micropay, whose owners had previously worked for a progressive computer company, decided to develop powerful software that actually encouraged companies to handle their payroll in house. They developed a system to suit Australia's complex payroll legislation. They totally changed their business focus to capitalise on the lifecycle of their product and avoided the downturn that most of their competitors experienced during the late 1980s and 1990s.

Wind down

The final phase in the cycle sees a decline in sales as the product or service is superseded or demand falls. Sometimes the market is simply saturated, or there may be a drastic change in client needs. In some

markets technology may have made the product obsolete, but whatever the reasons businesses will see a significant drop in revenue.

During the early stage of this phase smaller competitors start to leave the market as profits fall. Existing players in the market begin to tighten costs to maintain their profit margins and marketing may become more aggressive in a last ditch attempt to hold on to market share. Quite often the larger players start swallowing up the smaller businesses, and often a sign of a declining product lifecycle is that there are only one or two major players left in the market.

Remember the vertical blind craze of the 1980s? That industry enjoyed a rapid growth as everyone wanted the latest trend in window coverings. As the market became more competitive, there was a strong emphasis on price with 'buy one get one free' campaigns. As the market reached maturity and home decorating trends changed the offers became more frantic, until buy one get three or even four free signalled the end of the lucrative vertical blind market.

Product development

Understanding your product lifecycle will give you some clues about changes you may need to make to your product. Product development should be an ongoing process; at least every six months you should look at your client profiles and ask yourself:

- ◆ Is your product still relevant to this market?
- ◆ Are there parts of your product or service that cause problems or do not work as efficiently as you would like?
- ◆ Are your clients asking for services that you are not providing?
- ◆ Can you improve your product so it works better?
- ◆ Can you add value to your product or service?
- ◆ Is there an additional service you can offer that clients will be willing to pay for?

Within two years of starting my business I realised that not everyone could afford the five to ten thousand dollars needed to pay for a full marketing consultancy. To tap into this market I introduced a new product that was lower priced, a program aimed at businesses that needed help with a specific project or problem. In the mid-1990s following the recession, when lots of middle managers were retrenched,

I realised there were a lot of people starting up consultancy businesses. These people had excellent skills in their own areas of expertise but knew almost nothing about marketing their services. To meet the need in this market I developed a quick start program that was a mini marketing consultancy designed to get these consultants up and running in the minimum amount of time. When word got around about my different approach to marketing, I added training to my product mix to meet the market demand for practical marketing training.

Not all changes have involved new products. I have also changed the way I deliver my existing services to make them more effective. When I started in business I worked primarily with the business owner, which was very time effective and generally satisfying for the business owner. However, during follow-up calls I often heard that the client was having problems implementing the strategies we had developed, maybe because the staff who had the major responsibility for implementing the marketing plan didn't understand what the business owner was trying to achieve. I now try to work with the owners and staff wherever possible, which has dramatically improved the success of the recommended marketing strategies. I even incorporate team planning days in many of my consultancies, which give staff a chance to really get involved in the planning stages so they have a better understanding of why particular strategies are suggested.

Product range

Considering your range of products and services will also help position you in the market. Traditionally, someone with a depth of product range will be seen as a specialist, while a business with a wide product range will fit into the generalist category. For instance, a neighbourhood mini-mart is a generalist with lots of different types of products to meet the varied needs of its local customers. You certainly wouldn't expect them to carry ten varieties of tomato paste or exotic spices for your gourmet stir fry. However, you would expect your local cheese shop to carry a depth of cheese ranges with many varieties of blue cheese, cheddar and brie.

From a marketing perspective, customers expect you to have a lot more product knowledge if you are a specialist rather than a generalist. There is also a perception that specialists have a responsibility to

provide more information to their clients than generalists—good news for service businesses, which can use information to promote benefits and differentiate themselves from competitors. This information can be delivered in fact sheets, brochures, product information sheets, recipes, how to instructions, demonstrations, seminars, retail tickets, posters, websites and e-mail updates to name just a few.

No matter whether you are a specialist or a generalist, not all products will be of equal value to the business. There will no doubt be your bread and butter lines, which provide good steady performance and profit. If you are lucky you will have some high profit products that provide the icing on the cake. You may also have some products that are of little financial value to the business but great for pulling prospective clients through the door. A subscription, membership or diagnostic can fall into this category for service businesses. In the retail industry, loss leaders such as special purchases or discounted items with high appeal for the target market are commonly used to attract store traffic. Sometimes businesses offer products or services that never sell but which effectively position the business.

A local café has a menu board full of gourmet sandwich selections. The majority of customers order their usual cheese and tomato on white or ham and salad on brown, but they like the idea that if they ever want to splurge out and be creative they can order from the gourmet board. Although the gourmet board doesn't generate enormous sales, it does give customers a message that the café is in the gourmet market, which also justifies their slightly higher prices.

Adding new products

Never be frightened to add products to your product range if you think there may be a demand for them. Check your customer profiles to see if there are additional products your customers would buy from you if they were in stock. Your reading and watching trend register (see chapter 3) will often give you ideas for product improvements or changes.



REAL LIFE



Years ago a stationery supplier delivered to offices all over the metropolitan area. The business was very successful in dealing in all the standard bits and pieces needed for an office. The owner, who

normally worked back in the office, spent a week on the road when his delivery person was off sick and found that every office he visited was bemoaning the lack of computer stationery supplies. Delivery was always running late, they found it hard to get the paper they wanted and there was a general frustration among his clients. One lady finally said, 'Why can't I just get everything from you?' In that instant a new business concept was born, a stationery business that also provided a comprehensive range of computer supplies. It was a win-win situation for the customer and for the business. Of course, the stationery industry underwent further drastic change when a new breed of superstore entered the market and introduced purchasing over the phone, same day delivery and an enormous range of products.

TRICKS OF THE TRADE

Start a product development file and review it every month rather than chase down every idea as you read about it. Product developments will need to be budgeted for, and should appear in your marketing plan goals with an allowance for resources such as time and money.

Pricing

Once you have thought about product development you need to look at the other areas of your product that will have an impact on your marketing. Price is often one that springs to mind, as most of us have agonised at some stage about prices. Apart from profit and financial concerns, pricing is a key marketing consideration that helps to define your place in the market. A low price can give people the impression that your product or service is value for money, cost effective or cheap and nasty, while a high price can say quality, expensive or rip off.

In marketing it is important to review your price in relation to your competitors. Ask yourself whether your prices reflect your position in the marketplace. If you are offering a better product than your competitors, it stands to reason that your price should be higher or equal at the very least. When you review your pricing, look for gaps in the market. If all the existing businesses are either priced high or low, there may be an opportunity for you to hold the middle position

in the market, providing of course that your product, image and service fit comfortably in the mid-market range.

Pricing policy can also be tied up with the self-esteem of the business owner, especially when it comes to setting prices for the first time. When I first started my business I did some research into similar services and found that prices in the consulting area ranged from \$45 an hour for start up PR consultants, graphic designers and business consultants in the suburban areas, up to \$250 an hour for top flight consultants working for large accounting firms. Most small operators were charging around \$70 an hour, and accountants who were servicing a similar market to myself were billing their time at \$80 to \$100 per hour. I looked at my experience and the type of services I could offer and decided I felt most comfortable around the bottom end of the market, charging \$50 an hour.

I sat down to work out my potential earnings for the year. Naturally, I based this on a 40 hour week, 52 weeks a year and came up with the princely sum of \$104 000. Then I realised I could only rely on 44 weeks a year (52 minus 4 weeks holiday, 2 weeks public holidays and 2 weeks sick leave), and that I would be lucky to bill 30 hours a week. My potential for revenue had shrunk to \$66 000. I could suddenly see that my \$50 an hour wasn't going to make me rich. A fellow consultant told me to add a 50 per cent contingency for self-esteem, pointing out that my career experience, life experience, writing skills and communication skills should all be taken into account. Taking on board his good counsel, I set my rates at \$75 an hour. Of course I was still hopelessly embarrassed about the price and would not mention the dollars or mumble when anyone asked my rates, but I now had the potential to earn \$115 500—which was a little more like it!

Which brings us to the question: should you talk price or not? Excuse me while I drag my soapbox out from under my desk. YES, YES, YES. Once price is out in the open and not a problem, the client can relax and concentrate on the benefits of your product or service.

Imagine you have gone to interview a new accountant to look after your business. The offices look very swish and you are shown into a wood-panelled conference room for your meeting with the senior partner. The smartly dressed senior partner shakes your hand, offers you coffee from their top-of-the-range coffee machine and then proceeds to tell you all about their services. She will come out to visit

you on site twice a year. In addition to preparing your tax return, she will hold business review and cash flow analysis meetings. Her associates will advise you on investments and there are no extra charges for phone calls. If you're like most small business owners you are probably sitting there thinking this sounds great but what is it going to cost, what if you can't afford it, how can you get out of there gracefully?

Of course, while all of this is racing through your mind you won't be concentrating on what the senior partner is saying, and she may lose a potential client because she wasn't up-front with cost. If she had started the meeting by saying, 'To give you an idea of costs most of our small business clients pay between \$2500 and \$4000 a year depending on their particular needs', you could quickly work out whether this is within your budget and relax and participate in the rest of the meeting.

Talking price takes the pressure out of the sales situation. Price can also be a useful lever when potential clients use it to justify their decision to purchase.

I am a very talented woman. I can walk into any shopping mall in Australia or New Zealand and without fail fall in love with the most expensive business jacket in the shopping centre. So what would be my reaction to a beautiful navy blue jacket I see displayed in the window of an upmarket boutique with no price tag? I would assume that my jacket radar was working perfectly and I had fallen for a jacket that I could not afford, so I would keep walking and continue my window shopping. But what if that same jacket was displayed with the very affordable price tag of \$199? I would congratulate myself on my good fortune, dash into the shop, try on the jacket and if it looked good I would put my credit card to work. In a different scenario, the same jacket has an expensive price tag of \$499. I figure that it's more than I would normally pay for a jacket, but I reason that it is pure wool and made by a top designer and is a very flattering cut. It would match every suit in my wardrobe and if I changed the buttons I could even wear it in the evening. It is lightweight for travelling and although it's expensive I would get years of wear from this jacket. In fact, I need this jacket to complete my wardrobe. I have justified this purchase before I even walked through the door. The whole argument was based on price; without a price, I couldn't have justified the purchase! And men do exactly the same thing, with cars and power tools.

Talking price can be a real hurdle for owners of new or start up businesses. Try saying ‘I charge \$120 an hour’ ten times every day. Start with the mirror, move on to friends and family and you’ll soon start to feel more comfortable with the idea of talking dollars. The more confident you become, the less resistance you’ll feel from your clients. Say it and believe it and your clients will think themselves lucky to be able to use your product or service.

If you regularly submit quotations for jobs or projects, make sure you get the price out of the way early. Think about the last proposal you received in the mail—I bet the first thing you looked at was the price, which was probably at the end of the letter. The logic behind putting the price at the end is so you have an opportunity to ‘sell’ the reader on the benefits before they come to the price. But if they are reading the price first, what’s the point? Be responsive to your customers’ needs and put the price up-front, an approach that has the added advantage of making your proposal or quotation look quite different from all the others that are submitted. Make sure price isn’t your only point of differentiation from your competitors, as this gives potential clients only one way of choosing a service. Make sure your covering letter also details at least a few of the benefits of using your product or service.

Packaging

You need to look at the way you package and sell your product or service. Opportunities to increase your average spend and package your products in multiples are often missed.



REAL LIFE



I heard of a businessman who hired jumping castles for children’s parties. For a year or so he spent every Saturday entertaining children while chaos reigned supreme. There were always last-



minute dramas: someone had forgotten to collect the cake, the lolly baskets were stale, there weren’t enough chairs for all the children and they’d run out of ice for the soft drink. This businessman decided to offer these hassled parents the service they really needed: a total birthday party service with cake, lolly baskets, party packs including hats and blowers, ice and soft drinks, additional chairs and tables

plus of course his jumping castle. He immediately had a competitive edge in the market, his average sales increased dramatically and his clients were so delighted he soon had more work than he could handle through referrals. This increase in business cost him very little in time or energy. He already had the truck, and he organised delivery of all the other products to his premises every Saturday morning.

Looking at how you package is particularly important for consultants and service businesses that are predominantly selling their time and expertise. Traditionally, accountants, solicitors, business consultants and other service providers have sold clients the number of hours they have worked on a project or task, which makes good business sense for them as they simply bill their hours at the end of each week or month. However, this system often does not work as well for their clients, who can only see a ticking clock and have no idea of how much a project will cost them. It is essential to package those hours so they can be sold for a fixed price. This can be done in several ways.

You can create an individual quote for the client based on an initial interview where you identify the parameters of the project. You can then offer your client a fixed price to complete that project. Of course, you carry the risk of spending more time than calculated, but you also benefit if you manage to complete the project in less hours than quoted. This approach certainly hones your quoting skills and forces you to really focus on the issues of the project and not waste time on waffle or unproductive exercises.

You can also turn hours into a product with a name that can make it much easier to market. Services offered by accountants are a good example of this approach. Most small business owners have no idea what an accountant actually does apart from taxation or compliance issues. When you want to take on a new accountant you don't ask for cash flow analysis, benchmarking or interim accounts; you simply ask 'Will you be my accountant?' and hope like crazy they know what you need. Like many providers of professional services, accountants have an opportunity to 'package' some of their services for small businesses. If you think about it, businesses at certain stages in their development have pretty specific needs, so there is no reason why an accountant

couldn't develop a range of fixed price packages tailored to suit particular small business market segments. This gives clients a clear indication of costs and an understanding of the services their accountant can offer.

A business start up package might include record keeping books or software, an account keeping lesson with a staff member, quarterly one hour meetings including a tax return session, a cash flow review and business planning, phone support and invitations to the practice's regular client seminars. Other packages could include business rescue, a business health check and a business expansion pack.

Resistance to packaging your hours often comes from the risk of quoting a figure and then finding out something is more complicated or running over time. As a professional consultant, accurate quoting should be one of your skills, and believe me—if you get it wrong, you only get it wrong once. My first quick fix consultancy was budgeted on 17 hours and took 28! I lost money but quickly refined my approach and put those extra hours down to product development.



REAL LIFE



I remember once talking to a woman who had started up a business that specialised in computer training for families. She charged \$30 a lesson and a separate fee for setting up new computers. She recom-



mended to new clients that they would need six lessons to be proficient on the computer. The business was going well, except that



clients often fell by the wayside after three or four lessons. This was playing havoc with her cash flow, as she was budgeting on clients



taking the full six lessons. She had checked with past clients to make

sure it wasn't a customer service issue and found that people were losing motivation or life had just intervened. I recommended that she

stop selling lessons and start selling a course. The course would include computer set up, a training manual on disk, six personal

lessons and access to a support line. The cost of the course would be \$245, which was competitive in the marketplace and covered her

costs for developing the new manual. Clients paid the total amount at the start of the program and were given an unconditional money

back guarantee if they were not happy with the training. Her cash flow immediately took a turn for the better and her clients were soon

consistently completing their introductory course, which meant they were then ready to sign on for advanced courses.

Delivering the goods

You can have the best product or service in the world, but it is of no value to you if you can't get it to your customer. Distribution, an often neglected aspect of tweaking your product that applies to every business whether you are selling a product or a service, is simply the method you use to put your product or service into your customers' hands. Like everything else in the marketing matchmaking process, the distribution method should be decided after consulting client profiles. If a large number of your target market segments would be looking for your product in a pharmacy, then it would make good sense to trial distribution via pharmacies even if the rest of the industry were selling via health food stores.

Distribution must be convenient for your customers and cost effective for your business. Often businesses stick to traditional methods of distribution rather than thinking creatively. Commonly used methods of distribution include:

- ◆ Retail outlets. These can be set up to sell your own product or a range of other people's products. If you manufacture a product you can distribute to your end user via existing retailers. You can either market to the retail outlets directly or use a sales agent to represent your product. In smaller retail outlets you will be marketing to the business owner or manager. In major department stores and large retail chains you will be selling your wares to a product category buyer. A retail business can also be a front for a service business.



REAL LIFE



Di Carstairs, who has a successful catering business called Lawn



Cottage Catering, opened a gourmet take home retail outlet called Wild Food to showcase her fabulous food and generate retail sales.

A positive benefit of the retail outlet is that it generates leads for her catering business.

- ◆ Professional offices. Many service businesses deliver their services via an office where they can meet clients. Many consultants operate out of an office but deliver their services at their clients' premises.
- ◆ Mail order. Products that don't need to be seen or touched prior to purchase can be sold via mail order. Over the years products

ranging from fashion and collectibles to business software and vitamins have been successfully sold via catalogues, magazine or television advertisements and telemarketing. This distribution method has recently experienced an explosion via Internet sales.

- ◆ Home delivery. Products that are ordered and delivered direct to the home are nothing new. Remember the soft drink vendors that used to deliver sickly sweet soft drinks to your suburb every week? In the 1950s and 1960s the milkman, grocer and baker all used to home deliver. These days home delivery is undergoing a resurgence in popularity as time-poor shoppers are willing to pay extra for the convenience of home delivery. Pizzas, takeaway meals, bottled water, wine and even business stationery are now delivered to your door.
- ◆ Party plan is a unique home sales and home delivery service that gives business owners an opportunity to demonstrate their product to a captive audience. It is used mainly for personal or domestic products that are best sold in a 'party' atmosphere, and taps into the peer pressure that encourages guests to purchase products in return for the hospitality of the host.
- ◆ Dealer/licensees. Licensing or developing dealer agreements are another way of distributing your product or service. These agreements or licences set some restrictions on the licensee or dealer but allow them to sell your product or service, often in conjunction with other related products. An example of a dealer agreement would be a printer sales company that is licensed to sell and service a brand name product. Usually this involves training staff so they are 'accredited' to deliver sales and service.
- ◆ Franchise is another distribution method that is growing in popularity. Unlike a dealer agreement, which often gives businesses a lot of latitude in how they deliver a service, a franchise is a compact system. There is only limited flexibility in a franchise as the product also includes all the systems necessary to produce and sell the product or service. Franchising is a popular way of delivering a tried and tested product onto the market.

TRICKS OF THE TRADE

Note for aspiring franchise operators: 'tried and tested' means at least three years ironing out the bugs and perfecting the systems. It's only a viable franchise if it works.

- ◆ Remote systems. Related to mail order are other remote methods of delivering a product or service such as phone, tape, video or more recently e-mail and Internet. Business coaching, training, exercise programs and business newsletters have all been delivered to the customer's desk via remote systems.

REWIND

- A marketing focused business must look at their product from the customer's perspective and be willing to update or modify to meet customers' needs.
- Every product has a lifecycle. Knowing whether you are in start up, rev up, level off or wind down phase of the lifecycle can help predict the challenges you may face in the future.
- Product development should be an ongoing process. Every six months check to make sure your product is still relevant to your customers' needs.
- Pricing isn't just a financial consideration. Your price is an important element of your marketing as it sets an expectation for the client. Make sure your pricing reflects the level of quality, expertise and customer service you offer. Talk price early and often.
- Look for opportunities to package and price your product to better meet the needs and wants of your clients. Packaging can also increase average spend and profitability.
- Distribution is an often neglected aspect of product marketing. New distribution methods such as home delivery, party plan, franchising and e-commerce can be opportunities to reach lucrative new markets cost effectively.

The marketing toolkit

New clients: you love them, you lust after them, you spend hours plotting and planning ways of bringing them into your business. For many people, their plans to lure new customers focus around advertising. Any advertising! For some reason there is a belief among small business owners that spending money on advertising must be better than not spending money. That buying an ad, even if you're not sure if it is working, must be better than buying nothing.

This belief probably starts with that helpless feeling of not knowing where to begin with your marketing. You open your local paper, a trade magazine or the *Yellow Pages* directory and find them chock full of advertising, so you assume that if everyone else is doing it, it must work. Just ask any business owner who has invested in advertising or paid promotion, and most have more stories of failure than success.

The fact is that not all advertising works, usually because it isn't targeted. We take a shotgun approach when we should be using a rifle. A lot of money is being paid to reach a lot of people that aren't needed.

Just like your general marketing strategies, your advertising tactics need to be focused on getting the right message to a significant number of decision makers from your target market segments. Once you have identified the decision makers in your target market, you can make better decisions about the advertising mediums you choose. You are less likely to be influenced by the sales pitch of advertising or

media companies when you can evaluate each opportunity from a client perspective. A great deal on a radio advertising campaign can be dismissed because the majority of listeners are older than your target clients and live outside your market boundary. *Yellow Pages* advertising can be reduced because you know that your potential customers don't look for you in the phone directory. On the other hand, a stand at a trade fair visited by all your potential clients becomes a justifiable, low risk investment when you know that the majority of your target clients attend that annual trade show.

Mainstream marketing

Advertising covers everything from mainstream television, cinema, radio and press through to the more obscure advertisements on rubbish bins, video boxes, back of toilet doors and railway steps. Signage is also classed as advertising and can be mobile or stationary. Some of the signage options include building billboards, bus sides, bus backs, taxi backs, mobile signs, roadside billboards, illuminated street signs and bus stop signs.

Generally speaking, in advertising you get what you pay for: the cost of advertising is directly related to the number of people you reach, which is why television with its audience in the millions is so much more expensive than a community newsletter that might reach 10 000 local readers. The trick is to make sure you are not paying for people you don't need to reach. Advertising is only a good buy when you get the right message to the right person. Before you put your hand in your pocket, ask yourself a few questions:

- ◆ Will this put you in front of a significant number of decision makers or influencers in your target market segment? For instance, if you are planning to advertise in the monthly journal published by the leading accountancy association and your target clients are accountants, you could probably assume you are on the right track, although you might want to check with your accountant to see if these publications are read or filed in the 'when I get around to it' basket.
- ◆ Will this harm your image? Make sure you are not advertising in an inappropriate magazine or associating yourself with an organisation

that might not appeal to your target client. For instance, a massage therapist advertising in a magazine traditionally associated with the sex industry could attract clients expecting a very different service. A product that is promoted as environmentally friendly shouldn't advertise in a multinational company magazine when the multinational is involved in a controversy over its environmental practices.

- ◆ How much will it cost to reach each of those potential customers? If you are a local potter paying \$500 for an advertisement in a giftware trade magazine that is distributed to 2000 subscribers, it is costing you 25 cents to reach each distributor. However, if you are only targeting retailers for your state (say, 500 readers), it is costing you \$1 to reach each potential client. If you are buying a \$25 000 side of a building advertisement in a suburb that is recognised as a centre for information technology, you are targeting the 100 research and development managers in that area. It could be costing you \$250 to reach each of these targets, providing of course they look up and see the sign.
- ◆ Is there a cheaper way of reaching potential customers? Would sending out 500 e-mails or letters to gift shop owners be cheaper? Spending your \$15 000 on a launch event could be a more effective alternative for reaching R&D managers.
- ◆ Is there an easier way of reaching potential customers? If gift shop owners are all attending a regional gift fair where you can take a small stand for \$800, meet all your targets personally and show them your product, it may be a more effective use of your money. If R&D managers all attend a high profile conference every year, it could be easier to sponsor a section of the conference and host a cocktail party for delegates.
- ◆ Is this advertising likely to generate revenue? If not, will there be significant goodwill or publicity? The key word here is significant. If the leading home decorating magazine is going to feature your pottery product in a double page spread at no cost but would like you to pay for a small classified advertisement, it would be a good investment to pay for the advertising. If the local paper approaches you to run an ad in an advertising supplement in return for some editorial, you will need to consider whether your target clients are reading the local paper. If the

large building sign features a demonstration of your new technology, which means the billboard glows in the dark, it could generate a lot of positive publicity and would therefore be a good investment.

Goodwill can be harder to evaluate. Imagine you are a manufacturer of industrial machinery and your number one client has asked you to donate \$500 for his son's soccer team uniforms. They will never be seen by potential clients, but it is a relatively small amount to pay to keep up a strong relationship with a client, who may be worth \$120 000.

Once you have asked yourself the hard questions, take note of the answers. If your planned advertising doesn't fit the guidelines—*don't do it!*

Money spent on advertising can be the best investment you'll ever make, but it must be on target and it must generate revenue. The following guided tour through the most popular kinds of paid marketing explains some of the tricks of the trade and some of the pitfalls to avoid.

Press

The local press can be a fabulous way of reaching your market if you have a domestic service or are targeting a well defined geographic area. Different papers have different readership profiles. If you are based in an area where there is lots of political turmoil, your paper will probably have a strong local readership. If your local paper has a large colour real estate section, then you may pick up bonus readers who are contemplating a move into your area. In metropolitan markets you may find there are less business people reading local papers, so they are not as effective for business to business products and services. In regional areas they may be the major source of information on local business issues, so are ideal for business to business marketing. Local press advertising in smaller communities can also give you greater access to publicity.

Before you advertise, make sure you read your local paper from cover to cover to get a feel for its approach. There are two main ways you can advertise in the local paper:

- ◆ Display advertisements are usually placed in the early pages of the paper or in a category section such as Homewares. Display ads also appear in special advertising supplements that promote an event or a theme such as a bridal fair or renovation special. As the name suggests, display advertisements can include photographs or artwork and usually range in size from a couple of columns to a quarter or half page.
- ◆ Classified advertising appears in the back of the paper and is usually used for trade advertising. These ads are smaller and rely on a few lines of wording to attract the reader's attention.

Try to choose the right type of advertising for your product and potential client. If you are a plumber, don't bother with display ads if readers automatically head straight for the classified section when they have a blocked sink. A fashion boutique will need a display ad to show pictures of their stock or promote their benefits. Monitor the response of your advertising by asking customers how they found out about your business. Don't try and test response with a 'mention this advertisement for a free whatever' approach. Unless the offer is absolutely amazing, most people won't go to the trouble of mentioning the ad as they don't want to appear to be stingy or cheap. It is also an expensive way to conduct market research when you consider the cost of the advertisement.

TRICKS OF THE TRADE

Don't forget to change the copy or wording in your advertisement on a regular basis. Local papers don't always promote this advantage, but it is an excellent way of making your ad stand out from the usual. Make sure you plan for copy changes and don't just change the copy on a whim. Give the paper plenty of notice so they can organise the change. Test different benefits to see which works best. If the phone suddenly starts ringing after a new ad appears, let it run and monitor response rates. Track the results of your press marketing to make sure it is effective. Even an inexpensive classified ad can cost a lot of money if it runs for months or years.

REAL LIFE

 While talking about press advertising in a seminar one day, one gentleman who ran a motor workshop stood up and said he had been

running press advertising for five years. When asked if it worked, he said he hadn't a clue. We calculated how much he had spent and worked out he could have taken a trip to Bali on the advertising dollars he had spent.

Radio

Radio can be a very cost effective medium for reaching a large chunk of the consumer market in a geographic area. In regional areas the local radio station can often reach your entire market of potential customers. For the cost of an advertising package you can promote an event, announce new stock arrivals or promote your key benefits very effectively.

If you are in a metropolitan or larger regional market you will have a range of stations to choose from. It is important to find the radio station whose listeners closely match your target clients.

Radio stations keep up to date information on their listeners as a part of the radio survey process, statistical information that is available to potential advertisers. Some stations also commission their own attitudinal surveys of their listeners and can provide excellent information on the kinds of listeners they attract. The three easiest listener characteristics you can check include age, sex and geographic location, but you also need to take into account the attitudes of your target listener. There may be some stations that match the age demographic but may not fit the attitudinal profile of your target customer. For instance, some talkback stations have a large number of listeners in the 50 years and older category, but you may find that the type of people who enjoy this talkback would have no interest in your product. A music station may target the same age group, but you may find these listeners have different attitudes and opinions and would be very interested in your service.

Don't be tempted to advertise on a radio station that you like just so you can hear your advertisement. Buy a cassette player—it's cheaper.

Once you have chosen the station, have a look at the best time to advertise your product or service. Like all advertising, you will pay more for the sessions where the station has the highest number of listeners. Standard radio sessions are breakfast, morning, afternoon,

drive, evening and midnight to dawn; traditionally, breakfast and drive are the sessions with the most listeners. You may be able to sponsor segments or programs, especially in regional radio, which provide terrific marketing opportunities if you can match your product to the sponsored segment. For instance, a mechanical workshop or service station could sponsor the traffic report.

Radio relies on frequency (the number of times someone hears the advertisement), so you will either need a package of advertisements or preferred time spots to get results. (Preferred time spots run at the same time every day.) A run of station package will include some spots that run at times when very few people are listening, such as midnight to dawn. You may be better off buying a prime time package that runs during the main sessions of the day.

The majority of radio commercials are pre-recorded 15, 30 or 60 second spots. You can also use live reads, which are read by the on-air announcer or celebrity. These live reads are priced at a premium as only a few are scheduled each session, and they can carry the implied endorsement of the announcer. Live reads are great for a major event, launch or special promotion, but the wording or copy of the advertisement is critical. Most stations employ copywriters and will record the advertisement for you at little or no cost. It is often well worthwhile paying the extra for a professional voice-over person to read your ad so it will stand out from the rest of the ads on air.

If you are planning a major event, talk to the radio station about sponsoring a promotion that will give you on air-credits, a radio presence at your event and a chance to have a strong presence on the airwaves. Radio stations often have promotions and events that you can piggyback with contributions such as free tickets to an event or a business training package for local small businesses.

TRICKS OF THE TRADE

While radio is good at promoting a single thought or idea, you shouldn't cram the ad full of phone numbers or concepts. Radio is less cost effective in the metropolitan market unless you have a product that is targeted at the general consumer market or a strong geographic bias, for example western Sydney.

Cinema

Everyone has gasped in wonder at some of the advertisements they have seen on the big screen, a creative director's delight with great sound and fabulous vision. Unfortunately, most small business advertisers cannot afford the grand cinema ad and have to resort to less glamorous slide presentations. It must be stated though that the grainy presentations of the past with corny voice-overs are now being replaced by high tech quality presentations.

Cinema ads are one of those tricky mediums that can work exceptionally well or not at all. Once again, you need to understand the potential impact from the target client's point of view. Cinema advertising is shown prior to the movie. Although the patrons are a captive market, they are organising their collection of popcorn and ice-cream, gossiping with friends and anticipating the movie ahead. Whatever message they receive from a cinema advertisement has to be strong enough to survive 90 minutes to three hours of movie stimulation. For that reason, cinema advertising works best when the message is kept simple and there is a logical reason for the product. Ads for food outlets adjacent to the cinema and products related to the film or target market have much greater memorability than random advertisements for car dealerships or electronics repair centres.

Just to prove that there is always an exception to every rule, at the Hoyts Cinema in George Street in Sydney there has been a cinema ad for Bronte Tongues that has now been running for more than 25 years. It is almost a cult in itself, and the company assures me that the advertising has created great awareness of the product. So much for logic.

Television

Unfortunately television advertising will break most small business budgets in metropolitan areas, but it can be very cost effective in regional areas when you want to reach a total area. Television also relies on frequency of advertising but, unlike radio, you can often get great results by carefully choosing the programs where you advertise. Most regional stations are happy to run co-operative campaigns

between several areas, businesses or organisations and 15-second spots can make television advertising almost affordable.

Yellow Pages

There is a golden rule with *Yellow Pages* advertising: if your target clients or customers automatically go to the phone book to look for your service, then you should be advertising in the phone book. However, if your clients are looking in the local paper or talking to other business owners to find a referral, then you can review your spending on phone directory advertising. For instance, if you are a local plumber and most of your business comes from the local paper, then you may not need to be prominent in the *Yellow Pages*. If you are a gift shop it is unlikely that a potential customer will phone you for gift ideas; they will drop in while they are out shopping. In some industries like furniture removals the phone book is the first place customers look, so it pays to spend as much as you can afford to make sure you have a prominent ad in your category.

If you are considering advertising in community phone books, big colour pages and other directories, ask around to see if they are producing results for similar businesses in your area. In a major metropolitan market where householders and businesses already have four gigantic directories in cupboards or under their desk they will be reluctant to have another phone directory taking up valuable space. However, in regional communities or metropolitan areas with a strong local identity, local directories can be a first choice.

Publicity

Publicity is simply the best advertising that money can't buy! It's amazing to think that the publicity that you *don't* pay for has much more credibility and believability than the advertising that costs you money. Publicity should be an integral part of any marketing plan and, depending on your product or service, you can aim for one or several publicity campaigns per year.

The first step towards developing a publicity campaign is to draw up a list of publications that are read by your target clients. You may also want to target small business publications and programs to build your

reputation as a progressive small business. There are a couple of publications including the *B & T Yearbook* and Margaret Gee's *Australian Media Guide* that list the names of advertising and editorial staff in all media companies. If you are targeting a few specialised publications you can build your own contacts list by simply phoning the publication and asking, 'Do you have a journalist who looks after small business stories?' Or 'I have a press release about the local winner of a business award. Who should I send it to?' Press releases should be personally addressed, so this list will ensure you send your story to the right people.

When writing the press release, look for hot issues that are of interest to your target group. You can promote the obvious like a special award, the success of a client, a promotion that supports the community or new technology. You can also do some research and come up with an interesting angle on trends, or take a controversial stand predicting a change or commenting on a local issue. Once you have decided on the subject of your press release you can then tailor different press releases for different publications. In fact, you may only target one or two publications at a time and give them exclusivity on the story. Remember that the press release needs to be written to appeal to the reader. It is not an ad for your company, although you may include a quote from the business owner.

In some industries where building a profile is important, publicity can be your main marketing strategy. In this case you would probably want to hire a PR consultant to handle the whole process from writing the press release to contacting journalists.

TRICKS OF THE TRADE

There are a few tricks of the trade to gain publicity:

- Keep in mind that the story should be of genuine interest to the listeners or readers and not seen as an advertisement or gratuitous promotion.
- Don't compromise advertising sales staff by asking them for editorial space. Their main aim is to generate revenue and they often don't have a say in editorial space.
- Write the story for them—you'll be surprised how often a busy journalist will grab a story and print it verbatim if it is interesting and well written.

- Follow up press releases with a friendly phone call.
- Don't be afraid to target different media for different stories.
- Become a spokesperson for your industry and you will soon find local press, radio and television approaching you for quotes.
- Don't send boring photos. Try to come up with something other than the standard 'cheque presentation' photo or smiling group with drinks in their hands.
- If you are inviting the media to an event, give them plenty of notice and send them a one page who, what, where, how and why summary.
- Write and say thank you after the story appears.

Direct mail

For many, many years direct mail has been a mainstay of small business marketing. Up until the mid-1980s it was common for businesses to print off 10 000 flyers or brochures and send them off to all businesses or households in their area. This shotgun approach had limited success, and many business owners reasoned that they could cover the cost with only one or two new clients or contracts. Then, towards the end of that decade there was an outcry against junk mail and secretaries and rubbish bins became the natural enemies of direct mail marketing. Managers who were already overloaded with paperwork started to tell their support staff that all junk mail was to be weeded out of their mail. Rubbish bins appeared next to mail boxes at the post office and they were often full by 9 am. The days of the unaddressed leaflet were numbered.

If you are marketing business to business you shouldn't be using generic direct mail in this day and age. However, in the domestic market there are still opportunities for clever direct mail that is targeted to the recipient. A great example is takeaway food outlets. These days most people eat takeaway at least once a week, so a new menu in the letterbox can be a great community service. Letterbox drops are also effective for home services such as dog grooming, for local tradespeople and for beauty or health services. The fact remains, however, that direct mail still only has a success rate of less than 1 per cent. Most direct mail is read and discarded. If you are lucky it might be stuck on the fridge door, put in a drawer or left on a coffee table.

In recent times promotional postcards have become a very popular direct mail device. They are very flexible, as you can print thousands of postcards with a single picture and then overprint details for each promotion or event.

A variation on direct mail is target mail, which has a much greater success rate but unfortunately is not as suited to mass markets. Target mail is simply a personally addressed letter that promotes benefits specific to the reader. It's not quite as simple as it sounds although it is very effective for many small businesses. Target mail relies on a database or mail list that has up-to-date information on the decision maker for that target market. Developing the mail list is the most time consuming part of the process, but the task can be delegated to office or support staff. Once you have a list of names you write a letter that promotes the benefits of your product or service. These letters are sent in small batches of five to ten letters and followed up with a phone call three to five days later. The mechanics of putting together a target mail campaign are covered in chapter 11.

Target mail has the advantages of being inexpensive and effective. It can have a hit rate of 50 per cent once you have perfected the approach for your business.

Promotions

Many business owners steer away from promotions because they are seen to be too difficult to organise and manage. However, a successful promotion can expose your business to a whole new market and increase the loyalty of your existing clients. A promotion can be as simple as handing out chocolates on Valentine's Day, running an information session at a local business expo or a full-blown exercise organising a competition with major prizes. Like any marketing activity, you need to define what you would like to achieve from your promotion. The following are some of the common objectives for a promotion.

Increase sampling of your product. Discounts are a traditional way to encourage sampling of products and services. A cut price incentive or cash back for first time users can be most effective when you are selling low cost consumer products such as shampoo or toothpaste. This discount approach is often less effective on business to

business or very expensive services as price may not be the key factor motivating the buyer. There is also the risk that a discount could be seen as ‘desperation’ pricing. I tend to steer away from discount promotions as it means cutting into hard-earned profits and sets up a discount mentality that says to clients ‘we always do deals’.

Value added promotions where you receive a gift, bonus or additional item as a reward for sampling the product are a totally different kettle of fish. I remember a jeans retailer once ran a ‘buy a pair of Levi’s jeans and receive a free Hanes t-shirt’ promotion, which worked on several levels. The jeans were a brand name that was well known and respected; the gift was also a desirable item. At that time a Hanes t-shirt was a must-have piece of clothing, so the value of the gift was high. Promotions like these are also very cost effective as the gift is usually purchased at wholesale or manufacture cost but the client perceives the value at full retail price. Cosmetic companies use this gift with purchase approach to great effect.

Another method of increasing product sampling that is commonly used by larger companies is ‘proof of purchase promotions’, which require you to submit a docket or barcode for a reward or entry into a competition. Generally speaking, the administration of this type of promotion can be daunting and the customer participation level tends to drop with every task you ask the consumer to perform. For example, buy the product, fill out the swing tag entry form, post the swing tag or return to the store to place it in entry box. Unless the prize is very desirable, the average person will not take the time to enter. These promotions usually need to be backed up with mainstream advertising such as press, radio or television.

Shopper dockets are a variation on the proof of purchase promotion and have mixed success depending on the product being advertised. The reward has to be sufficient to motivate the shopper to keep the docket and then present it at a retail outlet or restaurant. Shopper dockets appeal to the price conscious and bargain shopper so are best suited to products that have general appeal such as food.

Taste testing can be a winner for gourmet food producers, takeaway outlets and smaller retailers. Free samples at delicatessens, gourmet food outlets or major department stores are an excellent way of getting your product into the mouths of potential customers.

TRICKS OF THE TRADE

Rather than just sitting a tray of food on a counter, it's a good idea to conduct the taste testings yourself. This will give you a chance to chat to potential customers and conduct some real time market research.

If you run a service business you can let people sample your services at a trade show or business expo. A promotion that offers a free diagnostic or sampling over the Internet can also be an effective way of encouraging people to try before they buy.

TRICKS OF THE TRADE

If you are interested in setting up a sampling exercise, look for venues or other businesses that are already reaching your target market. Information can be sent to their customer list, or you could hold a free demonstration at their premises. Obviously the business wouldn't be a direct competitor but may be selling a related product or service. For instance, a beauty therapist could offer free facials to clients of a hairdressing salon. It's important that there are benefits to the other business, such as additional sales of products, a chance to look good by offering their clients a free seminar or an opportunity to reach your customer base.

Encourage repeat sales. Promotions that encourage repeat sales usually follow the frequent flyer philosophy and reward customers for their regular business. These rewards can be cash, more product or a gift. A popular idea for coffee shops and food outlets is a coffee club promotion where customers are presented with a card that is stamped every time they purchase a coffee. The fifth cup is free. This concept has been used successfully on everything from earrings to children's school shoes.

Increase sales to potential clients. A promotion can be a great way to build a mailing list. Many people have put their business card into a fish bowl at a trade show in the hope of winning a prize draw. For the cost of the prize, businesses can develop a database of potential clients for future marketing. New technology has made building a trade show mailing list even easier with the introduction of visitor badges that can be electronically 'read' to form a database of all visitors to a stand. Small retail businesses can band together to make the most of the potential customers in their area.



REAL LIFE



Many years ago I worked with Top Hat, a menswear retailer in Bay Street, Brighton le Sands. These days the ocean end of the street is a mecca for trendy restaurants and nightspots, but back then it was



still going through the transition from a suburban shopping strip. Business was quiet and although Top Hat had a loyal local clientele,



the passing traffic was falling off as traditional retailers sold out to restaurants and moved to other areas. It was important to start



pulling customers into the retail outlet. Of course, there wasn't a large budget so it was decided to put together an inexpensive promotion called 'Have A Night Out on Us!' Owner Chris Yock approached an upmarket women's wear retailer in the same shopping strip to see if they would donate an outfit to the value of \$200, while Top Hat offered a man's outfit.

As the two fashion retailers were only reaching a very small part of the local market, they needed to join forces with a local business that was reaching a much larger market. Chris approached the leading restaurant in the street to see if they would contribute a dinner for two and limousine transfers. The cost of a gaming licence, printing entry forms and posters was shared between the three businesses. Entry forms were marked to identify the forms distributed by each business. The menswear and the womenswear outlets distributed around 200 forms each, and the restaurant distributed over 2000 to their customers.

The promotion ran for a month and was very successful, with a young local couple winning the prize. However, the prizewinner was almost incidental to the promotion. Details from all the entry forms were entered into a database. Suddenly, each business had a mailing list of their clients and a master list of everyone who entered the competition. Once the names of entrants from interstate and out of the area were deleted, there was still a mailing list of around 1800 names. Top Hat used the list to write to participants thanking them for taking part in the promotion and asking if they could send them information on their bi-annual sales. Over the next year or so they continued to use this list to target potential clients in the area. This simple promotion was a win-win scenario as it built a powerful marketing database for three businesses at a very small cost.

Generate positive feedback. Promotions can also be a great source of free publicity. As a business, your shop or office is part of a wider community. Developing promotions that raise money for a worthy cause can be a very positive experience for staff, clients and suppliers. You can either create your own promotional event or piggyback a much broader project. For instance, a kindergarten could hold a toy drive every year for the local children's hospital. Parents and teachers staff a stall at the local shopping centre and collect toys at the kindergarten. The stall at the centre will increase awareness of the kindergarten, and the handover of the toys would be a great photo opportunity for local press coverage.

REAL LIFE

 A business support service was keen to increase their visibility in their local area and support a local project. They approached the local council to see if they could participate in an annual festival. The festival included a float parade, debutante ball and other social events, but the service chose to sponsor an award for local teenagers. As part of the sponsorship the business owner sat on the judging panel with other local business people, attended the awards dinner and presented the award to the winner. They found it was great to be part of a program that recognised the achievements of young people and thoroughly enjoyed getting to know the participants. They also had a chance to network with executives from major companies in the area and with other local business owners. The publicity in the local paper was an added bonus.

Competitions

If you are thinking of running a competition as a part of a promotion you will need a TC (competition or gaming licence), which is necessary for any competition where there is an element of chance. Legislation differs in each state, so check with the relevant government department. The focus of any competition is the prize, which has to be chosen to suit your target market. Prizes tend to fall into several categories:

- ◆ 'The big one.' This is a chance to win a 'major' prize, which is usually a car, cash or travel. These types of competitions are

generally run by shopping centres, retailers or groups of retailers who want to pull shoppers into their area. They can be expensive for a small business to fund unless you can obtain the prize at a discount or wholesale cost. These promotions attract a lot of entrants and are best suited to businesses with a high volume of customers.

- ◆ ‘Everyone has a chance.’ This feel good competition gives everyone a chance to be a winner. The prizes don’t have to be large or expensive, but they should be something your target customer would like to own. Examples of these types of promotions are also usually seen in retail outlets such as a lucky dip for toy store customers or a free ‘scratchie’ lottery ticket with each purchase. In service businesses like a hair-dressing salon or training company all customers during a week can be given the chance to have the cost of their purchase refunded or receive a free product or a free service next time.
- ◆ ‘Let’s celebrate.’ This style of competition gives customers or clients a chance to be a part of an event that may be sold out or for which the tickets are expensive. The event can range from an exclusive garden festival, high profile sporting event or rock concert. Corporate boxes at major stadiums can provide an ideal way for any business to regularly run competitions for new clients, offering tickets to popular events. The competition can take the form of a lucky draw or reward for a first time purchase.
- ◆ ‘Fantasy.’ One of the most popular styles of competition is the fantasy factor, where you give a potential client the chance to experience or see something exciting or unusual. This could range from a bungee jump or tandem hang glider flight to an opportunity to meet a sports hero, fly a jet or dine in the most expensive restaurant in the city. These competitions attract people interested in the fantasy rather than the value of the prize.

Generally speaking, you should aim to run promotions at times when business is traditionally good, because down times often can’t be influenced or improved by a sale or event. For instance, if everyone is out of town in January there is no point in running a promotion as sales will not increase. Business promotions should avoid traditionally busy months such as June (end of the financial year), November and

December, when many businesses are too busy to participate, or January, when many businesses close for the month.

Beer coasters, toilet doors, rubbish bins . . .

These are all bright ideas that have more cons than pros!

- ◆ Beer coasters make great sense if you are promoting beer or a product that is a natural for the drinker in your local club or pub. A roomful of matching coasters has a great impact for about ten minutes, and then they are simply a soggy mess as they sop up the spills and are shredded into a zillion pieces by the fidgets in the room.
- ◆ Rubbish bin advertising seems to be popular with local businesses, who use the advertising to direct potential customers to their door. For some strange reason it is also popular with local restaurants—goodness knows why when you consider that your ad is going to end up covered in dribbles of milkshake and other less attractive substances. From an image point of view rubbish bin advertising would have to be questionable.
- ◆ Video box advertising made terrific sense before everyone started advertising on video boxes. Remember how you used to open up the video box, place the video in the VCR and then keep the box handy so you could check the cover notes, how long the movie was and what the name of the lead actor was? You were constantly referring to the video box, until someone replaced all that useful information with advertising. What happens now? You open the box, put the video in the VCR and put the box on top of the TV where it stays until you return it to the video shop. Great idea . . . NOT!
- ◆ At least you know with toilet door advertising that you have a captive market, some of whom are looking for things to read. In fact, despite the location there is nothing wrong with toilet door advertising providing the product is appropriate. I think the condom campaign on the back of toilet doors at the domestic and international airports is great!

Visibility

If you still have any budget left after this tour through paid advertising, it's time to look at visibility. Whether you own a local newsagent

in the suburbs or a high tech business in the CBD, if you want potential clients to find you then you have to be visible.

The brass plates that medical practitioners display are one of the earliest forms of visibility.

This often overlooked aspect of marketing can produce big dividends for a relatively small cost. The most expensive forms of visibility are outdoor advertising, stationary and mobile billboards, taxi backs and bus backs and sides. Like television or radio advertising these mediums are relatively expensive, because they are reaching a large number of people. Outdoor advertising is an area that calls for experience and expertise, as it is vital that you have the right number of advertisements in target areas. It is also critical that the 'creative' elements of an outdoor campaign are well thought out and professionally executed—the creative message has to be easily read and understood by motorists, pedestrians and passengers. If you are interested in outdoor advertising it would pay to talk to an advertising agency or consult the Outdoor Advertising Association.

On a more affordable scale are several elements of visibility that are within your control.

Street signage

If you own a retail business it is particularly important to have shop signs that are easily seen from the pavement and the road. The most commonly used signs are neon signs, which are great if you have a main street location with lots of passing traffic at night; painted awning signs, which can be seen from the opposite side of the road; and lightbox signs under awnings, which can be seen by approaching pedestrians. Whatever mix of signage you use, it should be consistent with the same style of lettering and wording used on all your signs. Before you install your signs it's a good idea to watch pedestrians and passing traffic to identify where they will view the sign from. Walk down the street and look at your shop from all approaching angles, including the other side of the road and intersections. Check to see if your sign is obscured by trees, light poles, traffic signs or other retail signs. If all the surrounding shops are using painted signs, you might want to stand out by using a lightbox or bright neon sign.

Building signage

It is easy to overlook foyer signs and floor signs when you are setting up a business in an office tower or commercial complex. Although the style of sign may be dictated by the building management, it's important that the signs set an image for your business. Don't be tempted to scrimp on the cost of signs or use temporary handwritten signs that could give the impression that you are a 'fly by night' operator. The entrance to your office can also be an effective visibility tool. Graphics film, which is applied to the glass on the front door or windows, can incorporate your name or company logo for a relatively small cost.

Job signage

If you are in the building or renovations industry you have a great opportunity to use your clients' premises to improve your visibility. A job in progress sign can promote your services to potential clients in the same area and passing traffic. Light, durable corflute boards can be effective on site signage, although they are flammable. (A fact discovered by teenage boys all over the country!)

Vehicle signage

A fleet of repair vehicles or a single company car can be a mobile billboard for any business. Professional signwriting is a must, and make sure that the information can be easily read by pedestrians and passing traffic.

Decals or stickers

A few years ago every car carried a sticker declaring the occupants' loyalty to everything from their town to their favourite brand of beer. From those heady days the lure of stickers seems to have faded and are now primarily for school children who use them to paper everything from bedroom walls to school bags. However, there is still a place for the humble sticker in your marketing toolkit. Repair service businesses can put stickers on office or household appliances that may need servicing in the future. A word of warning: ask first, as many people

object to permanent stickers on their appliances. If you get a lot of refusals, replace the stickers with magnets.

Manufacturers or distributors can improve the visibility of their brand with a sticker campaign for retail outlets. Traditionally, suppliers have handed out one or two stickers and left it up to their client to affix the stickers. For guaranteed results make sure your sales staff also apply the stickers. In a retail situation stickers have more impact if they are distributed in multiples, so retailers can create a 'strip' across the base of their window or behind their counter. As an added customer service you can give retailers a few suggestions on how they can use the stickers effectively.

Empty window displays

In some metropolitan and regional areas there are a large number of vacant shops with windows that can become temporary billboards for any business in the area. A professional sign or display can attract instant attention from passers-by. There are also some real benefits for the real estate agent or owner as the signage can improve the look of the outlet and increase the chances of selling or letting.

Nuts and bolts

Every toolkit has a whole heap of nuts and bolts lying around at the bottom. The following are some inexpensive nuts and bolts ideas for marketing your business:

- ◆ Casual leasing. Shopping centres have space in their malls that is available for casual leasing by businesses that are not centre retailers. These casual leasing spaces can give you access to high passing traffic and a new range of clients. The general rule is that casual leasing is only available to products that do not compete with stock already sold by the centre's retailers. Some of the products I have seen successfully promoted through casual leasing include studio and glamour photography, craft, Persian carpets, day care centres and residential developments.
- ◆ Buy a mailing list from a failed competitor. If you know of a competitor that is retiring, going broke or closing their doors, consider

buying their database so you can service their existing clients. Many business owners would rather know their clients are being looked after and are happy to make a few dollars from the sale of their mailing list.

- ◆ Public speaking. I can hear the fear from here! But if you are really confident in your subject and don't mind talking to groups of people, public speaking can be a great way of increasing your personal and company visibility while directly marketing for clients. Public speaking tends to position you as an expert in your field, and it is common for presenters to be approached for advice after the presentation. Although these are usually unpaid presentations, it is worthwhile spending time coming up with a catchy title and preparing overheads or a PowerPoint presentation. If you are interested in public speaking, look for opportunities at industry conferences, small business workshops, mentoring groups, networking groups and local service clubs such as Rotary or Lions. A lot of these organisations have trouble finding guest speakers, so it is relatively easy to find yourself with a 30-minute presentation.
- ◆ If you manufacture or distribute a product that is sold through a retail outlet, offer your services for a free demonstration. This low cost approach is particularly effective for hardware stores, nurseries, health food shops or even stationery mega stores as it provides a way to reach potential clients and demonstrate your product in action. Most retailers are more than happy to have the added attraction of a live demonstration. Some of the excellent demonstrations include reflexology at a health food shop, worm farms and water sculptures at a nursery and a lawn-mower repair person doing free safety checks at the local service station.
- ◆ Find someone who already has access to your market and look for ways of building a joint promotion. For instance, an upmarket restaurant can combine with a luxury car dealer to offer a free main course and glass of wine to anyone test driving the latest model.
- ◆ Local and specialist markets such as the Rocks Market in Sydney can be great ways of testing your product and building up a local following. As an added benefit, this marketing strategy will also give you some practical skills in merchandising and customer service.

Internet marketing

Web marketing is something that I am increasingly asked about. As you improve your computer skills, surf the Internet and use e-mail you begin to understand the power of this exciting medium and naturally want to explore the possibilities of marketing via the Internet. When I started thinking about a website for my business I talked to several people and soon discovered that there's a lot of gobbledygook and technical jargon, which is pretty scary when you are trying to tackle the pros and cons of Web marketing. Paul Wilson of Hot Chilli Media was one person I spoke to who didn't make me feel like I was wading through treacle. He took time out to answer some of the most commonly asked questions about Web marketing.

Why do you need a website?

- ◆ Your Web-savvy clients will expect you to have a website, and it can add credibility to your business. For many clients it's a sign that you run a serious business and are interested in reaching new clients and servicing existing clients. From a business perspective, it's like a phone or fax number—potential clients expect to see a web address on your business card.
- ◆ A website gives potential clients easy access to information about your business.
- ◆ A website can act as an inexpensive marketing brochure: it's cost effective to set up and cheap to operate as you have no printing costs. Changes to the information in your on-line brochure can easily be made at any time.
- ◆ A website gives you access to new markets and the global economy, but remember that you don't suddenly have a global market—you won't become an overnight millionaire. Take some time to research what works on the Web as there are lots of good sites around, including www.about.com, that cover everything from where people look on a page to how long they will stay. A website won't make you an instant business success; if you want to make money from the Web you need to understand the medium as much as possible.

TRICKS OF THE TRADE

- Get Web wise. Take an introduction to e-commerce course at a local skills centre, technical college or commercial training organisation.
- Surf the Web and check out different types of sites in your industry.
- Buy some of the inexpensive 'how to' books on the Web.

What are the website options?

- ◆ You can design your own website. This may seem tempting, but most of us don't have the combined technical and design skills to develop a successful site. This would be the equivalent of a small business owner producing their own television commercial.
- ◆ You can buy a software package that helps you build a website. Most of these have pre-designed information and are Wizard driven, an attractive option if you have a smaller site that is unlikely to grow dramatically. A limitation of these packages can be that they are template based, so it is difficult to develop individual branding for your site. You may also find that if you want to develop it into an e-commerce site you may be locked into a host Internet service provider (ISP) or e-commerce provider with some transaction fees attached.
- ◆ You can use a Web design company to design and build the site. This popular option is unfortunately fraught with difficulties if you don't find a business that can handle both the design and technical aspects of the site. There are a lot of keen amateurs in the marketplace who don't necessarily understand the marketing aspects of a site and who won't grasp the role of your website in establishing your company image.

What to look for in a Web design company

- ◆ The people you choose to develop your site should be professionals with a track record as your website is too important to trust to enthusiastic amateurs.
- ◆ The company should have expertise in both the design and programming elements of web design. Ideally, find a studio that has a project manager who looks after all the stages of design and technical development. The project manager should involve you in

every stage of the process; there should be no surprises at the final presentation of the site. Be wary of anyone who takes a brief, asks for copies of your existing brochures and then produces a site six weeks later. A professional Web design company should volunteer information about the process—you shouldn't have to probe or ask endless questions to find out what is happening.

- ◆ The design company should also be able to explain the process without using jargon or technical talk.
- ◆ The company should be willing to talk about costs up front, to provide you with a fixed quote. Just like a graphic designer, a Web designer should ask about your business and marketing goals. Someone who has a multi-business background will find it easier to tap into your core business. Look for demonstrated success, as you should be able to check out several sites built by the design company. Apart from the design elements, check for speed of loading and ease of navigation around the site.
- ◆ Make sure the company is happy for you to have control of your site. It is important that you can make your own updates and changes. Good Web design companies should be prepared to train you to update and maintain your own site so that you are not totally reliant on the designers.
- ◆ Most importantly, you should feel comfortable with the people as it could be a long relationship and you want people who will still be around when you want to upgrade from a brochure site to an e-commerce site.

What makes a good website?

The first thing you'll need is a website address. Make sure the name is logical, as many potential clients will try searching for your business name or a business category.

- ◆ Just like a brochure or advertising design, a site should be developed to meet the marketing needs of the business. It should be targeted towards clients and focus on the benefits of the company and its products.
- ◆ Design: a strong identity is crucial if you don't want your site to look like anyone else's. Use consistent images and colours throughout the site. You may need to review your existing logo

to make sure it looks professional on the Web. Ask around for a referral to a professional website designer and remember that friends, friends of friends and teenage sons and daughters may not have the skills to design a professional site.

- ◆ Content: don't be tempted to plonk your existing brochure on the site. Web visitors need information quickly and efficiently so think about the information visitors to the site will be most interested in. Be selective and make the information palatable. If in doubt, give more information rather than less but be careful of pages and pages of rambling text. Try to use a lot of search terms (meta tags) in your body text as they will help the visitor home in on their area of interest. Check out the information about writing for the Web in chapter 11.
- ◆ Navigation: every website should have a logical progression from page to page through the site. The site should be carefully planned before it is developed; icons, buttons and directions should be clear and unambiguous. Make sure that menus appear in the same order and at the same place on every page. Don't let tricky design make it difficult for visitors to find their way around the site. Speed is also important: the latest research suggests that you have eight seconds to load your front page or you lose the visitor.
- ◆ Look and feel factor: in the first three to five seconds the visitor makes judgments about your site, so make sure you consider all the variables that go into making a great site. Visitors will attach a bricks and mortar feeling to your presence on line, and will even have imagined the kind of building or office your business inhabits!

How will people find the website?

A website is totally useless if no one knows where to find it. Without an ISP to host your site and a listing in search engines, it is impossible for anyone to visit your site. There are literally thousands of hosts to choose from, although the larger hosts offer a more reliable and consistent service than the very small operators. However, price can be a factor, especially if you are in a regional area. If you are based in Australia, make sure an Australian company hosts your website. While the cost and features of some international ISPs might look appealing, customer service is often lacking. Make sure you have your own Web

address and not one that is an adjunct to your ISP or host, as it will be difficult to find without your own dot-com address.

Once you have the host you need to register with the search engines, the cheapest and most effective way being to do it yourself. This can be time consuming but is well worth the effort as you are much more likely to successfully register. The top ten search engines such as Yahoo and Alta Vista all have slightly different ways of dealing with registrations, but on each site there will be a 'register here' icon that will take you through the process for that search engine.

As you can imagine, there are literally hundreds of thousands of businesses and individuals trying to register sites, so search engines have to be choosy about who they add to their site. In fact, some search engines are charging \$200 or more to evaluate an express or business listing, which can actually be a good marketing investment if it gets you on the site sooner rather than later. There are also quick fix solutions available through software programs where you fill in your information and they submit the forms automatically to search engines. Anecdotal evidence suggests that these aren't a great success. The best option is to take the time to submit a form for each of the search engines. It's tedious, it's long-winded, it's boring—but it's effective.

How do you make money from the Web?

Generally speaking, the easiest way to make money from the Web is to sell your products via an e-commerce site. Another way of making money is revenue from advertising other businesses on your site via banners or advertisements. You can also form strategic alliances with other companies, who will pay you a commission for any sales made to businesses you send to their site.

Like any other way of generating revenue you need to establish whether a market exists for your products on the Web. You can start by doing a market segmentation of who might visit your site to purchase. Try to find out what sites they are already visiting and where they go on the Web. Research your competitors here and overseas, and check how e-commerce works in similar industries. Ask yourself if there are possible liaisons and partnerships you can form with other websites.

How do you set up an e-commerce site?

The most common business website is a brochure site, which markets the business and provides information to visitors. The next step is an e-commerce site, where you can sell your products and services. Many businesses make the transition from a brochure site to an e-commerce site by adding an 'order by e-mail' function. This simple option requires a secure form that contains the client's credit card information. The form is then e-mailed to the business for processing.

A full e-commerce site allows you to order directly on line. To run a full e-commerce site you will need a merchant account if you don't already have one. Banks provide the interface for merchant accounts, which are similar to the accounts retailers need to be able to accept payment from eftpos and credit cards. Some banks are easier to deal with than others, but you should be prepared with a simple business plan and revenue projections for your site. If you can't get a merchant account direct from the bank, there are third party brokers who will take a fee in addition to your merchant fees.

The number one complaint about e-commerce is customer service—nine out of ten customers are concerned about the lack of response to their e-mails. Before you embark on an e-commerce site you will need to ensure you have the infrastructure to deliver the goods and provide customer service. You will need to make sure you can fill orders directly or through a fulfilment house. You need to develop policies on security, returns, and money back guarantees and customer service. It is estimated that a website adds around five hours to the working week of a small business operator. If you don't have the time to maintain and operate the site you should allow for a staff member to take responsibility. In fact, one of the key factors in the success of websites is having a dedicated person looking after maintenance of the site and monitoring the sales process.

While a few small business owners still view the Internet as some form of foreign terrestrial body, there are many who see enormous potential in cyberspace. A few years ago, websites were largely text-based on-line documents. Today's models often contain sophisticated programming and content. Cutting edge functionality enables Internet users to browse, purchase, download and use software immediately; subscribe their mobile phones to the latest news, sport and

weather information; and pay their bills with a few mouse clicks. Now while this innovation explosion might be enough to scare many small businesses away from on-line expansion, there are an increasing number who have taken on the challenge.



REAL LIFE



Paul Wilson of Hot Chilli Media is actually practising what he preaches with a new venture called Template Central. The idea was born in the classroom a couple of years ago while Paul was conducting some software training. He became increasingly aware that participants were disenchanted with the quality of presentation templates so, after some educative surfing, he put his design skills to work to develop his own CD of templates which he began selling on line. The concept then developed further to sell subscriptions to its on-line library of Front-Page and PowerPoint templates. A couple of years later Template Central was completely Web-based, selling software to global companies as diverse as Motorola, FedEx, Intel, BHP and Nestlé. It's a good example of a small business on-line success story.



Small business can make it big on the Web. There are few overnight millionaires, but there are many entrepreneurs making a nice living out of sales locally and globally. It takes a lot of hard work, education, time and lateral thinking, but it can be done.

Evaluating your advertising

The best measure of advertising is to look at your bottom line. If you are spending \$10 000 a year on advertising, then you should see this reflected in sales increases. Unfortunately, there is no formula for working out how much you should spend on advertising as every industry is different. Some companies spend 2 per cent of their turnover while others may spend 5 per cent. I tend to work on a tenfold increase, so if I spend \$1000 I would expect it to generate \$10 000 worth of additional revenue.

In some businesses it may be up to six months before an advertising or marketing campaign takes effect. Sometimes advertising doesn't work because the offer wasn't right, so you can't blame the medium if you reached the target client with the wrong message.

If you are not sure whether your advertising is effective, do some research. Ask every new caller where they found out about you and write the results down in a book or enter them into a simple spreadsheet. You can also record the number of leads that convert into sales, which is useful for researching whether your advertising is attracting the right type of clients (the ones that will buy!). It is also a good indicator of the effectiveness of your sales process—if you are getting lots of responses but no sales, then there is usually a problem with your sales technique. Keep in mind that advertising is generally responsible for getting a response, not selling the product.

At the end of every month tally up the results for press, *Yellow Pages*, referral and so on. Once you have six months worth of data you will have a better idea whether the advertising is worthwhile.

REWIND

- Many businesses spend money on advertising because they are not sure what else to do.
- Not all advertising works, especially if it isn't targeted. Focus advertising tactics on getting your message to a large number of decision makers from your target market segments.
- You get what you pay for in advertising: the more money you spend, the more people you will reach. However, you should ask yourself:
 - Will it harm my image?
 - How much will it cost to reach potential customers?
 - Are there cheaper or easier ways of reaching these customers?
 - Is it likely to generate revenue or significant goodwill?If it doesn't fit the criteria, don't do it.
- When faced with a choice of mainstream marketing methods, look for those that will be cost effective for your business.
- The best way to evaluate your marketing is to look at your bottom line. The money you spend should generate significant revenue.
- If you are not sure whether your advertising is working, use research to track the source of each new client.

The realities of retail

Whether located in a bustling mall or a suburban strip, retailers face a specific set of issues when it comes to marketing. Quite often business owners are tied to their retail outlet working long hours, which makes it hard to get out and market. Retail businesses are also profoundly affected by what is happening outside their outlet: roadwork, community issues, a change of pedestrian traffic, mall expansions, new mall management or bad weather can all have an impact on their trading. A retailer's livelihood depends on their ability to pull people off the street or out of the malls into their shop. Once the customer is in the shop the retail battle isn't over—the retailer has a very short period of time to encourage the customer to make a purchase and impress them so much that they want to come back again and again.

Of course, retail isn't all doom and gloom. The right retail outlet in the right location can be an absolute gold mine, and retailers have the added bonus of dealing with interesting people and getting an immediate response to their customer service and marketing. A client of mine recently employed a professional merchandiser to create a series of window displays for her bookshop. It was a big thrill for her and her staff to have passers-by come in and ask for books that were in the window.

The right product mix and clever purchasing can make the difference between a battling business and a high flyer of the retail world. The rewards can be tremendous, especially for independent

retailers who have positioned themselves away from the sameness of the chain retailers.

The customer perspective

The first step in retail marketing is to get out from behind your counter and have a look at your business through your customers' eyes. Most people get up every morning, grab a cup of something strong, head for the car, drive the same way to work, park in the usual spot and walk in the back entrance of the shop or dash through the mall with a head full of worries about staff, stock and customer dramas. They look neither right nor left and are blind to what is going on around them.

Tomorrow, imagine that you are a customer visiting your business for the very first time. Go to the phone book to make sure your address is correct. Check how easy it is to find your business. Are there signs to the shopping centre? Is it difficult to find your shop? Is the parking a nightmare? Have you been left off the directory boards in the centre? What do you see as you walk towards your shop? Are your signs obscured by your neighbour? Is your window covered in sticky fingerprints? Do you have a door that bounces senior citizens back out onto the pavement? Do you have a window display that is more than two months old? Are there dead blowflies in the window? Is the customer's view into the shop obscured by posters promoting a local circus? (Were those free tickets really worth the loss of business?) Can you see prices? Is the stock easy to see or is it jammed on shelves and racks? Is the shop light and bright or dull and dingy? Are there holes in the carpet? Does the shop smell musty?

You get the idea—take a fresh look at your retail outlet so you can take a fresh approach to marketing.

Stock

The most essential element for any retail outlet is the stock. If you haven't got stock you can't sell it, and if you haven't got the right stock for your target market you will have a lot of money sitting on the shelves going nowhere. Keep your shelves well stocked—as soon

as stock levels fall below a certain level and you are forced to start arranging stock on shelves to hide the gaps, or stop using some shelves all together, you are in trouble. Customers subconsciously notice when stocks are low and assume that there is nothing to purchase.

Keeping shelves well stocked is particularly important for retailers in small regional communities where competitors may be chains or discount department stores that are always fully stocked. The opposite problem arises when a shopaholic starts a retail business and crams the shelves so full of product that customers are too frightened to touch it. In clothing stores this sort of ‘stock philosophy’ means customers can’t physically force the stock apart to find the sizes they are looking for.



REAL LIFE



One of the cleverest retailers I’ve met when it comes to managing stock is Tricia Haines, who owned and operated The Avalon Toy Shop until recently. Tricia suddenly became a full-time retailer when she ‘inherited’ a 35-year-old family business after her husband decided to take on a new career challenge. Avalon is a small beachside community on the northern peninsula of Sydney. In addition to the local population, there is an influx of daytrippers and holidaymakers every summer. She always went for width, not depth, in her ranges of stock, reasoning that she needed to cater for a wide range of tastes and interests. When she took over the shop it had been run by men for its entire lifetime, so she immediately increased the range of toys for girls. She specialised in quality wooden and educational toys, and always made sure there were nostalgia toys on display to appeal to the daytrippers and holidaymakers who were used to seeing the standard ranges in the supermarkets and major toy retailers. She often took a chance on new suppliers who were building handmade dollhouses or had exciting ideas for new products. The risks were far outweighed by the interest in her unique product lines.



When a market segmentation identified a new market segment called ‘Delayed Mothers’—30-something mums who had put successful careers on hold to have their families—she realised that this was a market that was putting as much energy into child rearing as

they had been putting into their careers. She immediately increased the range of educational toys and moved them to the front of the shop, where mothers with strollers would have easier access.

Tricia knew her market so well she could also tell you exactly how long a fad would last in her shop regardless of how popular the item was in the Sydney metropolitan area. She knew that fads faded faster in Avalon and stocked accordingly; she also actively developed good relationships with her suppliers so she could order at short notice.

Tricia took every opportunity to promote her new stock. Every Monday morning the windows were changed, and every Monday afternoon the children from the local primary school ran down the hill to see what was new in their toy shop. Avalon Toyshop was a business that was supposed to be at risk from the 'category killers' World 4 Kids and Toys 'R' Us, but it is an excellent demonstration of how the right stock can help you thrive and survive against the odds.

Once you have tailored the stock to suit your target market you need to keep it moving. The number of times you turn your stock over a year is called stock turn. Stock turn is calculated as cost of goods sold divided by average stockholding. The only way you can realise the profit you have in your stock is to sell it. The more times you can sell and replace your stock in a year, the more profitable your business. Benchmarking can give you the average stock turns for your business as they will be different for different businesses, but on average a fashion retailer should aim for around five, a gift shop around four.

Stock placement and rotation

Stock placement and rotation will help improve stock turns. How many retailers have smiled to hear a regular customer enthuse over fabulous 'new' stock that has actually been in the shop for a couple of months. It's amazing how a simple change of location can sell stock that has been lying around for ages. The frequency of stock rotation should be tailored to suit your target market; retailers with a high proportion of regular customers, such as fashion retailers,

should rotate their stock weekly, while retailers with enormous quantities of stock such as some gift shops will probably find it difficult to rotate the shop more than monthly.

You should have two or three bays or display units that can feature new stock on a regular basis. Retailers in smaller communities or regional areas should make sure they rotate stock at least fortnightly. Fast and fresh food retailers should rotate stock on a daily basis to promote products that are new or have a high profit margin. Fast food retailers should move products around to capitalise on seasonal and weather changes. If there is a sudden cold snap, the piping hot pastas and pies should be in the most prominent position in the cabinet. During a heatwave, iced chunks of watermelon suddenly become an impulse buy if they are well displayed.

Deciding where to place your stock can be a real challenge, but the decisions become logical once you understand your target markets. Put baby clothes where there is easy access for parents with prams and strollers, smaller sized clothing on the lower racks, larger sized on the higher racks, impulse purchases close to the register, best sellers where they can be seen from the front entrance and heavy items where they can't fall on customers and get you sued!

In some businesses there will be an opportunity to create 'rooms' or areas of stock.



REAL LIFE



A garden enjoyment shop in the charming rural village of Berry called Pottering Around does this very well. If you enter the shop and turn right it is like approaching a house through a garden, with an



area for fountains and statues. This is followed by a gazebo housing wonderful garden ornaments. As you wander along the path you



come to a garden bench with terracotta wombats hiding underneath.



At the back of the shop there is a shed wall with lanterns and outdoor décor. Moving across the back of the shop you come across

a patio with garden furniture, local pottery, candles and gift items. Alongside the counter you feel as if you're in a room opening onto the garden as you look out underneath a giant umbrella. A visit to this shop is like a relaxing stroll through a beautiful garden. Look at your stock to see if there are opportunities to create a series of retail boutiques or rooms.

Store traffic

Understanding the ‘ant tracks’ in your retail outlet can also give you some valuable clues as to where to place stock. An ant track is the usual path a new shopper takes through your retail outlet, and is often influenced by the position of your counter.

To get inside the head of a shopper and see what goes through their mind, observe how they check out the shop and look for clues as to whether it is their kind of place. They will look in the window to get an idea of the range of stock, the prices and whether the style of stock is traditional, modern or cutting edge. Then they will peer in the door to get a feel for the atmosphere. Is the interior bright or dark? Is the music loud or quiet? Where is the counter?

There is a point of no return as a customer steps through the door, when they are committed to enter unless something drastic scares them away. By this time they have located the counter, the home of those scary people who might try and sell them something. The customer will usually move away from the counter. If the counter is on the left, which is most common, the customer will shop to the right and put their nose into the stock in the far right corner. From there they will suss out the rest of the shop and slowly move down the right-hand side, and from there they will become more comfortable and relax while investigating all of the remaining stands. If the counter is on the right, the customer will head left. A counter in the centre at the front of the store can discourage customers all together. If the counter is central but further back, most customers will opt for the shop right option.

Depending on your fixtures and fittings, customers will try and keep a space between you and them. Of course your regulars who know and trust you don’t follow these exact ant tracks but often have a regular pattern of shopping. Once you know where your new customers are heading, you can position stock accordingly. The right-hand corner of the store may be a hot spot where you put your high ticket, high profit items. Monitor your best selling lines and you will often find they are at significant points on the ant track. Every shop is different, so watch your new customers to see how they move around your shop.

Ant tracks are also invaluable when planning your customer service. Think about when is the most appropriate time to greet or

establish eye contact with your customer. Too early and they will feel uncomfortable; too late and they may be on their way out the door.

TRICKS OF THE TRADE

Be careful of greeting from behind, as customers tend to speed up and leave the shop if they feel threatened.

Fixtures and fittings

You can influence the ant tracks in your retail shop with the use of fixtures and fittings, which can be arranged in a grid pattern that leads the customer through the shop. This is obviously very effective in a supermarket, where customers are looking for regularity rather than an adventure, but can make the retail outlet seem quite cold and unfriendly. There is also the subconscious feeling that you are being led by the nose and are not in control of where you shop. Remember the old trend in some major shopping centres and department stores of forcing you to walk from one end of the centre to another to catch the next escalator? It was a great strategy for getting customers to walk through more of the centre, but tired shoppers with sore feet certainly resented the extra walk!

I recently had a lovely cup of coffee in a coffee shop that made me feel quite uncomfortable. I wasn't sure why until I looked back as I was leaving and saw that the tables were laid out like a school canteen or cafeteria: very straight lines with no variation so there was no atmosphere. Even though the service was friendly and the coffee great, I certainly wouldn't go back.

When you arrange your fixtures and fittings, make sure you are not blocking the customers' views of the whole shop or creating a barrier that is difficult to squeeze past. Some other common mistakes include:

- ◆ tall fixtures blocking the view of the shop from the outside window;
- ◆ coat racks and other obvious non-retail fixtures that have been brought from home—unless they are prefab tables that can be covered with a cloth they usually manage to look like hand-me-downs and detract from the stock display;

- ◆ unstable fixtures that rock when touched—most customers will not ask for help and leave the stock alone rather than risk breaking products;
- ◆ poor visual access to some parts of the shop that can result in stock loss from theft; and
- ◆ fitting rooms that dominate prime retail space such as the back wall of a shop.

Merchandising and display

Once you've positioned your stock, it needs to be merchandised or displayed. The biggest mistake in retail display is what I call 'dressing table display', where stock is carefully arranged item by item as it might be on an old-fashioned dressing table. There is no impact or logic to the display even though it may look pretty. Retail display is a device to sell stock; it is also a whole book in itself, but there are some easy guidelines that make merchandising less of a mystery.

- ◆ Stock display should be logical. You can even create stories with the display by mixing related items, for example, a cookbook, cooking utensils and jars of exotic chutneys.
- ◆ Displays should always create an impact by grouping multiples together. Always use multiples of the same items or groups of items.
- ◆ Build stacks and use angles and height to create a little 'micro' environment that showcases the stock.
- ◆ When you have limited numbers of items, try and group them with similar products or along themes, for example, gardening, a colour, a fabric, soft goods or a target market such as children's gifts.
- ◆ Don't be frightened of showing a sense of humour with your display. A doll dressed in a silly outfit can peer out of a cupboard, or a bee mobile can appear to cluster around artificial flowers.
- ◆ Be careful of putting stock on the floor, where it tends to get overlooked or damaged. If you must put merchandise on the floor, put it in boxes and tilt the boxes so it is easily seen.
- ◆ Don't ignore the selling space above your shelves. This is a great area for light, bulky items such as hammocks, kites, umbrellas, mounted posters or oversized plush toys.
- ◆ Where possible, display stock out of packaging to promote benefits not easily seen from the outside. Where you are unable to display

stock because of the risk of theft or damage, use packaging posters or promotional material from suppliers.

- ◆ Display clothing wherever possible rather than cram it onto a rack. T-shirts are a good example of products that look much better when displayed. This also prevents customers pulling everything apart to see what stock looks like. Look for innovative ways to display clothing, rather than just grouping in size ranges. Instead of grouping all pants together, locate them with casual T-shirts and walk shorts. Display clothing as complete outfits, for example, shirt, trousers, tie, jacket, socks and wristwatch.

There are excellent courses on retail merchandising run through the Retail Traders Association in all states, but for inexpensive inspiration have a look at other retailers. Country Road has developed its own style of merchandising that is eye catching and relates well to their customer base. Visit any trendy retail strip in your state and look for inspiration. If you are a food retailer, have a look at some of the displays in the Westfield shopping centre food courts. You could also employ a professional merchandiser—at around \$100 an hour, a day spent merchandising your shop and your window will easily pay for itself through increased sales.

Tickets—the silent sales team

Once you have enticed customers into your retail outlet you need to make it easy for them to stay and spend money. Tickets, signs and banners are your silent sales team—they sell the benefits of shopping at your retail outlet all day, every day. What's more, they don't take lunch breaks, make personal phone calls or have days off! They are a non-threatening, cost effective way of communicating with your customers when you can't. These silent staff members should become an integral part of your retailing.

Use shelf tickets to promote particular products and give more information when necessary. Traditionally, tickets only feature price messages, but they are just as effective when answering customers' unasked questions. For example: Designed just for us!; Exclusive to . . . ; 100% beef; Help us help the community; Ideal for . . . ; and Australian designed and made.

Small A4 tickets or posters can be used to promote services that you may not have time to mention, for example: Special deal for our customers; Join our VIP club; Gift wrapping; Mail order service; Ethical buying guidelines; and Recycled bags. These tickets are ideal when placed behind the counter, as they can be seen by customers when making a purchase.

Window displays

There is no point in having wonderful merchandising if customers aren't attracted into your shop by the window display. Your windows are your eyes to the world and to passers-by. Stock in the window 'positions' the shop and gives passers-by an idea of what to expect inside. The method of display helps create an image for the business. Depending on your stock the message could be old-fashioned, cutting edge or just plain tired and worn out!

Try creating a small wall or division at the back of the windows. This can be as low as one metre and will divide the windows from the rest of the shop. It will also give you something to lean displays up against and stop the impact of the display from 'leaking' back into the shop.

Plan what stock you would like to put in the window before you start. Decide on your 'theme' for the window; this can be dictated by new stock or can be seasonal or promotional. Keep in mind that stock in the window often sells well, so you will need to have sufficient stock of that item. Of course, if you are featuring a \$3000 vase it is unlikely you will have too much extra stock, but make sure you have an item to replace it when it is snapped up as a bargain.

Windows can be created to appeal to the different target market segments for your business. If you have a gift shop that targets tourists and wealthy locals, you may have two different types of stock that will appeal to each market segment. If the stock in the window is to represent the range of products within the shop, you will need to make sure you display both large and small items at different price points. If you sell clothing and accessories, make sure accessories are featured in the display.

Props will enhance your display and should reinforce the theme of the window but not dominate the stock. Generally speaking, props

need to be large and related to the theme or the idea of the window. They don't need to be expensive and can also reduce the amount of stock needed. You may have a series of boxes or display units that can add height and interest to the window or draw attention to a particular product or products. Props such as mannequins or posters can be purchased from professional display companies such as Chas Clarkson; check your phone directory under Display. You can also source your own props. You'll find sheets of corrugated iron, ladders, wheelbarrows and plastic bins at hardware stores. Pet shops and feed stores can supply bales of straw and hay or bags of chaff or oats for rustic displays. Toy retailers and large discount department stores often have fun products like hula hoops, plastic buckets and wheely toys, which make bright statements in a window. Furniture stores can often turn up chests of drawers, sideboards, hutches or stands that are ideal for window displays.

Ordinary household items such as boxes of detergent or bags of oranges can be dramatic when used in unexpected circumstances. Years ago, Michael Hill Jewellers in Sydney featured jewellery in unusual settings: pearls were poured out of red teapots, gold stick pins were displayed in fresh oranges like a bizarre 1960s cocktail display. Very effective and eye-catching props are usually most effective when used in multiples, that is, one item in several colours or sizes rather than a range of items. Look for large items that you may have in stock. Dramatic backgrounds for windows can be created with posters, papers or balloons.

If there is a large space to cover, drapes of fabric can be used to soften the window display and improve the impact of individual stock items. The rear wall of the display and a series of boxes can be painted or covered in cheap fabric or wrapping paper to provide an interesting background for the products. If you own a bookshop or gallery, an easel is an ideal prop to display feature posters and books.

Consider inviting other retailers in your area to provide props or promotional material, which will add to the impact of your window. This should work as a return favour, where they distribute information on your services.

When arranging the stock, make sure it is displayed to advantage and not hidden by the props—the customer's eye should travel easily from item to item. If you are creating a minimalist effect where all the

attention is focused on one or two items, make sure the lighting highlights the stock. If you are creating a busy window, make sure there is plenty of stock to fill the window. Be careful of creating a half-hearted window where the stock looks sparse and lonely.

The window display should flow from top to bottom, with stock at all key levels. Avoid having things suspended in thin air or a display where everything is on the floor.

Tickets should be used to promote the prices of window products, as passers-by may assume merchandise is too expensive and keep walking.

Windows should change on a regular basis, especially if you are relying on passing trade. Once a fortnight would be ideal, but weekly may be necessary during peak times. Windows can also be used to promote activities or special events. A window blacked out with brown paper is a fun way of promoting a sale. Eyeholes cut into the paper for mums, dads and kids to peer through can set the theme for a renovation or moving sale. Make sure you have interesting stock behind each peephole. Newspaper, brown paper and fabric can all be very effective for window promotion.

The lighting in the window can make a big difference to the effectiveness of your display. Check that your light fittings are clean and you have the right strength light bulbs in your display lights. Fluorescent lighting can make stock look very washed out and should be replaced with spotlights or halogens wherever possible. Ideally, you should call in a professional for advice on the best lighting for your window.

If you are located on a busy street or in an area that attracts a lot of night time traffic from restaurants or tourism outlets, do not turn the lights out at night to save on electricity.

REAL LIFE

 Remember the garden enjoyment shop *Pottering Around*? They have two windows that face onto the main street. Traditionally they had them on a timer that cuts out at 9 pm every night. They knew that a large number of visitors in the area came to *Berry* for dinner and often wandered along the main street enjoying the night air in the country. They installed new window lighting and decided to leave it on until 11 pm every night and were amazed at the number of customers who turned up saying, 'I saw that vase in the window last night'. Turning your lights off can be a false economy.

Staff

Tickets are no substitute for great retail staff. Your staff will form relationships with customers that will keep them coming back for more or send them screaming for the door. The people you hire will also affect your image in the marketplace. Before you hire, give some thought to the type of people who will relate best to your customers. For instance, young men buying cutting edge street wear would probably be more comfortable purchasing from someone about their own age rather than someone who looks like their mother. In other businesses you might prefer someone with technical experience or an eye for colour. Tricia at the Avalon Toyshop found that traditionally most people who applied for jobs in her shop were women in the 40+ age group. It wasn't until she hired an enthusiastic twenty-year-old that she realised how the shop and existing staff benefited from the knowledge and attitudes of a younger staff member.

Staff can be excellent billboards for your business if you choose to have a uniform or clothing guidelines. This will depend entirely on your type of retail outlet, and uniforms can range from staff wearing the stock in a fashion outlet to logo t-shirts or a standard black apron in a coffee shop. The image for the business will also depend on whether staff want to wear the uniform, so it is worthwhile consulting them before you make a final choice. Don't be tempted to skimp on the cost of uniforms; good cut and fabric make for a comfortable uniform that stands up to regular wear and tear. Keep in mind that although your current sales team may be slim twenty-year-olds, the uniform may have to adapt to fit a larger or older staff member in the future. Ideally, the colours of your uniform should match or complement your overall store. Don't forget name badges, which are great to help customers build relationships with individual team members.

The number one attribute for retail staff is good communication skills; this is closely followed by a willingness to please customers. In most retail outlets staff are responsible for keeping the retail outlet neat and tidy, cleaning fixtures and fittings, receiving stock, merchandising, display and serving customers. For staff to be able to give good customer service there are several things they need from the business owner.

Information about the products they sell

Product training should be an integral part of any sales position. Staff should be given an opportunity to handle the stock the same way as a customer, including reading the box and information labels, and touching and using the items wherever possible. This will be invaluable for helping staff understand some of the questions customers might ask. In some retail businesses staff have input into stock purchasing decisions, which also builds stock knowledge. Discuss the features of the product and identify the benefits that can be used when selling to the customer during stock training sessions. Hold product information sessions on a regular basis—this can range from a monthly pizza dinner to a 30-minute session every week. In retail outlets where there is too much stock to cover, you could concentrate on totally new lines and items that are likely to be big sellers. If all-staff meetings are impossible to arrange, retail team leaders can take responsibility for briefing staff on various ranges of stock.

Information about their job

Staff should have:

- ◆ a copy of procedures and policies for carrying out standard tasks such as opening the shop, banking, or cleaning fixtures and fittings;
- ◆ clear guidelines and information about layby programs, returns and complaints;
- ◆ a job description and regular performance reviews;
- ◆ a full briefing on any promotions or advertising the business is undertaking before the promotion happens—it can be frustrating and embarrassing for staff dealing with customer enquiries when they have no idea about advertised specials or a Christmas promotion;
- ◆ sales targets and feedback on achieving goals—it can be very motivating for the team if you chart progress on a regular basis, especially if there is a bonus or reward for achieving goals;
- ◆ a staff noticeboard, which is a great way of keeping staff up to date on new products, sales goals and any roster information.

Skills training

Good retail staff don't just happen; in-store training can boost their skills and confidence and your bottom line. One of the key areas where most staff need support is training in customer service. There are many excellent training programs available through the Retail Traders Association, shopping centre management and organisations such as colleges of technical and further education. These courses give staff the basic principles of customer service, but it is vital that you tailor the customer service to suit your business. Staff need to understand who your target customers are and the ant tracks they follow through the shop. You also need to set the standards of customer service. Do you expect every customer to be greeted? How do you deal with customers waiting at the counter?

Staff need to understand your customer service policies and have guidelines and permission to deal with customer complaints. They should have a clear idea of whether they can offer refunds or apologies or take any necessary action to solve a problem.

Boost the bottom line

Most of the processes of marketing discussed in this book can be easily applied to retail businesses, but there are two marketing strategies that are potential gold mines for retailers: add-on sales and increasing revenue through return visits.

Add-on sales

The biggest hurdle to overcome in add-on sales is convincing staff to actually include additional items as a part of their sales talk. Staff can be reluctant if they are not sure which items to include. They also sometimes feel that they are forcing customers to buy products they don't want or need. It is a good idea to take the time to put together an add-on sales list that can be discussed at product meetings and displayed on the team noticeboard. If you take the trouble to work out what goes with what you will find staff are more confident about making the offer.

Try introducing the add-on sales concept slowly, with just one or two products to start with. Track the progress and reward the team for

their success with a small prize like a bottle of champagne, a ticket to a movie or a pizza lunch. Once staff get the hang of it, add-on sales can become a fun competition among the team.

The way you display your stock can dramatically increase your add-on sales, as people often buy related items because they are displayed together. For instance, a beautiful candle in a pottery candle holder will sell both items without any prompting from a sales person. Menu boards also work well to increase add-on sales—people like the idea of choice, and a lunch bar that describes mouthwatering sandwiches and makes suggestions about accompaniments will often result in additional sales. This often doesn't include the extra add on from the drink suggested by the counter staff.

REAL LIFE

 Mattie Tomasevich of Paws A While has an effective way of low key selling that dramatically increased the average spend through add-on sales. Paws A While is a wonderful shop that sells miniatures of cats, dragons and every dog breed imaginable, as well as novelties, soft toys and animal gifts, not to mention a range of mounted bugs, spiders and creepy crawlies. When a customer asks if they have any products of a particular breed, the sales person walks around the shop gathering samples of each item that represents that dog breed, talks a little about each of the products and places them on the counter for the customer to look at. The range may include two miniatures, a calendar, novelty socks and a plush toy. The majority of customers purchase more than one item.

Increasing return visits

A couple of excellent strategies will increase the number of times a client visits a retail outlet.

VIP clubs have been around for ages and are still a very effective way of building customer loyalty and increasing return visits. Unfortunately, most clubs these days only focus on a discount reward where often there is also an opportunity to add value through invitations to closed door sales or special events such as fashion parades and product launches. Newsletters can also be used to keep special clients loyal. If you run a VIP program, think of other services you may be able to

introduce that the client might appreciate, such as free coffee, free parking and a special VIP counter or fashion advisory service.

A variation on the VIP club is the coffee club concept based on the 'buy five get one free' reward. These frequent flyer cards are very effective in all kinds of retail outlets.

TRICKS OF THE TRADE

The trick is to personally present the incentive card to the client and explain how the system works. This makes the client feel special and increases the perceived value of the reward.

Another strategy is the great potential for retail businesses to use e-mail in their regular marketing. An e-mail database can be used to advise individual customers of new stock and to send sales flyers, invitations or newsletters to regular customers at the press of a button. I recently came across a brilliant concept that was in the process of being implemented by a coffee shop in a busy CBD area: a sign on the counter asked regulars to register their e-mail address to receive an early morning e-mail on the specials of the day. Imagine the loyalty this brings as every morning a mouthwatering description of lunch options lands in your electronic mailbox.

Tap into retail trends

More than any other category of small business, retail is in an ideal position to capitalise on trends. The volume of traffic, instant response to marketing and relatively short supply period mean that retail businesses can introduce new stock or adapt sales methods quickly and efficiently. In addition to retail trade publications, popular food and decorating magazines can be a great source of information about trends and new innovations. Business publications such as *BRW* often feature the latest trends in retailing. The following are just a few trends that are worth tracking.

Food marketing

Food is currently one of the most exciting areas of retail. The rise in popularity of Asian foods and our enjoyment of restaurant food a few

decades ago soon turned into a demand for Asian ingredients so our favourite dishes could be prepared at home. Then, coriander was as hard to find as a gold nugget but now it is available in every fruit and vegetable shop, not to mention supermarkets. This trend has also led to the growth of Asian grocer and retail businesses, which used to be seen only in Chinatown but now thrive everywhere.

As lifestyles change we respond to the pressures by looking for easy to prepare meals to put on the table. Most recently there has been a trend towards freshly prepared take home foods. As opposed to frozen meals or fast foods, freshly prepared meals are seen as a healthy option that is almost as good as home cooked meals. This concept has already been introduced in some major supermarkets, and a host of gourmet and take home food outlets have sprung up in shopping areas that cater for busy professionals and working couples. The concept also provides an opportunity for takeaway and food court operators as in addition to their lunchtime sales of hot food they can create a new sales period with late afternoon sales of fresh chilled produce.

REAL LIFE

- Peter Ilic, the owner of Appetitos, a franchise concept that operates Italian style food outlets selling hot pastas, foccaccia and pizzas in major shopping centres, has taken this concept a step further.
-  He has developed an Appetitos Fresh concept selling fresh pasta, antipasto ingredients and take home Italian dishes. The Appetitos Fresh outlet is located in the fresh food area to supplement his popular food court operation.

In regional areas many primary producers have supplemented or replaced existing crops with boutique produce. City slickers looking for lifestyle changes have embraced the rural life and started cottage industries. Suddenly our restaurants and delicatessens have access to quality fresh produce. Home cooks are interested in the same quality products, and recently this demand has been met around Sydney with a series of fresh food growers' markets. Everything from olives and cheeses to quality lamb, organic vegetables and home baked biscuits are snapped up by enthusiastic shoppers. These trends offer opportunities for metropolitan and regional retailers alike.

Another trend is our fascination with coffee, which has seen coffee carts set up in the foyers of city buildings and fashion retailers installing a coffee shop to give their customers a complimentary coffee fix.

Population changes

In a broader sense, population changes are creating opportunities for new stock and new retail concepts. The largest bump in population, the Baby Boomers, are growing older and will no doubt start to demand products that are quite different from their parents. Traditionally, senior citizens have been low consumers of fashion and home-wares, but the cashed up, lifestyle focused Baby Boomers may create opportunities for totally new ranges of products. They may also need a different kind of customer service. The respectful use of Mr and Mrs may be totally inappropriate for Baby Boomers who are not at all keen to grow old.

In many areas Baby Boomers are already having an impact on retailing as they become 'empty nesters' and leave homes in leafy suburbs to set up in CBD and seaside apartments. Out with the old conservative furniture and in with modern minimalist décor has already created a demand for apartment furniture and furnishings.

Entrepreneurial retailing

In many areas, empty, deserted shopping strips are being refreshed with vibrant lively shops as entrepreneurial retailers test new concepts and develop retail outlets that are strikingly different from those shops seen in major shopping centres. Many large centres have moved towards a generic feel, with the same retail chains appearing in most large centres. There is a growing demand for the different and unusual, which can be met in some suburban centres.

New technology

Will e-commerce kill the retail outlet? Time-poor shoppers are already taking the opportunity to buy staples via the Internet. However, shopping is an enjoyable pastime for many people who

would never dream of purchasing clothing or gifts on the Internet—for them, personal interaction is a vital part of the retail experience.

It stands to reason that e-commerce will provide as many opportunities as it poses threats. For many retailers, e-commerce is an opportunity to present their products to an even wider range of customers who are searching the Web. It provides quick and easy access to new suppliers and unusual products from here and overseas. Links to other sites and organisations can send a steady stream of potential customers. For businesses that are already supplementing their revenue with a mail order business, e-commerce will be a boon.

REWIND

- The first step in retail marketing is to get out from behind your counter and have a look at your business through your customers' eyes. Imagine you are a customer visiting your retail outlet for the very first time.
- Keep your shelves well stocked and make sure the product range is tailored to suit your target customers. The number of times you turn your stock will dramatically affect the profitability of your business.
- Clever placement and movement of stock will increase your sales. If you understand the customer 'ant tracks' in your retail outlet you can place high profit stock in the hot spots and use fixtures and fittings to guide customers through the store.
- Merchandising and display can dramatically increase sales. Check out leading retailers for merchandising ideas or invest in a merchandising course.
- Wonderful window displays will draw customers into your shop, but the stock displayed should give potential customers an idea of what is inside.
- Retail staff with good communication skills form relationships with customers and keep them coming back time after time. Always keep staff informed about the products they sell and their job roles, and provide in-store training. Use tickets as your silent sales team supplementing the information given by your sales staff.

- Increasing revenue through add-on sales and repeat visits should be important objectives for every retail outlet.
- Retailers are in an ideal position to capitalise on market trends. Trends worth tracking include food marketing, population changes, entrepreneurial retailing and e-commerce.

Strategic selling

Just as no one goes into business purely to experience the joy of marketing, few go into business to become sales people. As a proud business owner, deep down you feel that your product is so good or your service is so relevant that customers should beat a path to your door. Unfortunately, that doesn't always happen. To bring customers into your business you need sales strategies and tactics. You also need a front person to promote the benefits to potential customers and make the sale. In many small businesses this task falls at the feet of the business owner, who has little or no sales experience.

Often your first impulse is to find a way of avoiding your sales duties. Many business owners try to solve the problem by finding someone else to take on the sales process, but professional sales people can be hard to find and expensive to employ. It is hard to justify a retainer or salary, company car and commission payments when you are starting up a business or selling a product or service that is new or untried.

You can use sales agents to sell your products direct to retailers or wholesalers, but the agents need to be well briefed on the benefits of the product and supported with marketing material such as brochures, style sheets and samples. The best results from sales agents come when you can enthuse them about your product and keep them motivated with promotions, specials and new ranges. Sales agents are also business people, and they will be motivated to sell products that offer them the largest profits. It may be difficult for a

small business to price their product competitively when paying a margin to a sales agent.

The most common response to personal fears of selling is to delegate sales responsibility to staff or partners and cross your fingers. This strategy is often disastrous.

Like it or not, the most effective way to generate sales is to bite the bullet and take responsibility for the sales process yourself. Just as new business owners should process their own accounts for at least the first twelve months of operation to give them a good feel for how the money moves through the business, new business owners should also take charge of the sales process as it will be a golden opportunity to get to know clients and build your understanding of their needs and wants. Believe it or not, business owners make excellent sales people as long as the sales process is tailored to suit their natural skills. When it comes to sales success you can't beat a business owner's natural passion for their product or service—their extensive knowledge and boundless enthusiasm will overcome any shortcomings in presentation and go a long way towards convincing a client to buy.

Preparing to sell

Selling is just another tool in your marketing toolkit. Often, the thought of having to sell is much worse than the actual process. The word 'sell' can conjure up images of shysters, rip off merchants and shady fly-by-nighters who are going to force you to buy something you don't need. For those who come from employment in government departments, education or the corporate world, it can be tempting to look at selling as a bit of a come down from the status of previous careers.



REAL LIFE



For many years as a copywriter I worked closely with a sales team that sold radio advertising to small business clients in Sydney's west, so I was able to observe the process of selling up close. Every sales person had a different style, but I soon realised that the most successful sales reps didn't appear to be selling at all—in fact, making the sale didn't seem to be the number one aim.



One day I was asked to go out on a sales call with one of the reps to see a potential client who had called the radio station to enquire

about advertising. The client was a very successful Chinese restaurant that advertised extensively in the daily metropolitan papers. Over a meeting at the restaurant the sales rep asked the restaurant owner all about the history of his restaurant, his plans for the future, how his press advertising was working and what he expected to gain from radio advertising. He also asked for details of his advertising budget. We left the meeting promising to get back to the owner with a proposal and a sample radio script.

On the way back to the radio station I was amazed when the sales rep said he was going to recommend that the client put off any radio advertising for six months. He explained that his budget was too low to put together an effective campaign, and that if he advertised now it would probably be unsuccessful and the client would give up on radio advertising. However, he would put together a proposal that offered the client a promotion the following summer.

In his proposal he recommended that the client continue his press advertising, and made a couple of suggestions of ways he could improve the impact of his press advertising and save some dollars to put towards the radio campaign. The client was delighted with the honesty of the proposal and in six months' time we were back at the restaurant signing the contract. The advertising and promotional campaign was an outstanding success, and six weeks later we were treated as special guests at a celebratory lunch where the restaurant signed up for twelve months of advertising. There was no pressure, no hype and no aggressive selling—just an honest attempt at helping the potential client to buy while building a professional working relationship. This is a great example of how easy it can be to make a sale.

The longer you spend in small business the more you realise that sales are essential and that you need to overcome your fears and prejudices about selling. Finding a softer term can make sales work more palatable, so feel free to call it relationship building, customer service, business development or consultation—but make sure you do it!

There is a world of difference between selling and helping to buy. Good sales strategies should help a potential client make a good sales decision rather than force them to buy something that will not solve their problem or make them feel good. The relationship you build with a client is a critical part of the sales process. Potential clients buy

from people they trust, from people who demonstrate that they understand their worries and concerns. The more genuine and honest the relationship, the better will be your sales record.



REAL LIFE



I recently visited three camera shops with a view to buying a digital camera and to get an idea of prices and what was on the market. My final decision was directly influenced by the relationship I developed



with each sales person. In the first shop I visited I was helped by a young woman who was extremely knowledgeable about all the



products and spent a lot of time asking me about how I would use the camera before making recommendations. At the second shop I was



served by a part-time sales assistant who declared he knew exactly what I needed and recommended a camera because it was inexpensive. I visited a third outlet and was assisted by the owner of the shop, a gentleman who sold me on the benefits of buying his 'house brand' of camera. I also did a Web search and asked my friends for recommendations. The final decision to buy came down to my loyalty to each of the sales people, and I opted for the sales person who I felt understood my needs best. I purchased the camera from the first shop where the sales assistant had made an effort to match her recommendations to my particular needs and wants.

Sales can be a lot of fun. There is something very satisfying about winning a client or developing good rapport with a customer. It can be rewarding to see a potential client become enthusiastic about the product or service that you know and love.

If you get the jitters every time you think about selling, try visiting your clients without the pressure of selling. Take them a cake for morning tea or drop in some new information or a product sample, but don't make any attempt to sell—you may be surprised how enjoyable it can be building a relationship with your clients when you are relaxed and comfortable. A client of mine who was very nervous about selling decided to make appointments with all his key clients to find out more about their businesses. Every client he called agreed to a meeting, and many were delighted that he was taking an interest in their business. Surprise, surprise, there were soon orders coming through the door just because he had re-established contact.

Remember, action overcomes fear, so the more you get out and meet clients the less scary you'll find the idea of selling.

Adapt the sales process to suit your personal strengths. For instance, if you don't have English as a first language or are phone phobic then it would be silly to build a whole sales campaign around marketing phone calls. If phone calls are unavoidable you may want to delegate the phone part of the sales process to staff and concentrate on face to face meetings. If you are a whiz at writing marketing letters, then your sales campaign should be built around a target mail approach. If you love 'show and tell' situations, then small seminars or boardroom presentations could be very effective.

Chasing the appointment

If I've heard it once I've heard it a thousand times: 'I'm okay once I'm in front of the client, but how do I get the appointment?' A simple strategy for dealing with this most common dilemma is called target mail.

Target mail is an ideal way to start the sales process. Simply dig out the market segmentation exercise from your marketing review (see chapter 3) and highlight the market segments that were most attractive for your business. The aim is to target the easiest segments first, as you need to build your confidence in the sales process.

The target

Once you have chosen a market segment, you can start to develop a list of target companies using the phone directory or marketing software.

TRICKS OF THE TRADE

Phone each company on your list of targets to find out the name and title of the decision maker. The golden rule of this approach is to be pleasant and professional: a caller who is friendly, positive and polite stands a greater chance of finding out the information they need, especially if they take the time to use the receptionist's first name.

Sometimes receptionists will not be keen to give you the names of decision makers, suggesting you just address your letter to the

general manager. Persist. Phone during lunchtime when someone else is on the phone or, even better, phone outside normal working hours when the phone is often answered by business owners or senior management who may be more than willing to give you additional information. When all else fails, try the receptionist to receptionist approach: 'Hi. I wonder if you can help me? My name is Sally Smith and my boss has asked me to find out who looks after the printing in your company.' This appeal works quite often because the receptionist can understand the sort of pressures the other caller is under and has probably had to make similar phone calls.

Unless you have lots of sales experience, don't be tempted to speak to the decision maker during the fact finding call. It is best to do your homework and be prepared rather than talk to a potential client on the spur of the moment. This low risk, non-threatening way of building a mail list is time consuming but it is also inexpensive, and you will have the added comfort of knowing that the information you've gathered is correct. If you decide to purchase a mail list rather than build your own, do a random check to make sure the details of decision makers are up to date.

The initial approach

If you are an inexperienced sales person the easiest way to gain an appointment is to send a target mail letter, a personally addressed letter that promotes the core benefits of your product and creates enough interest to generate an appointment. Samples of target mail letters are included in chapter 11 but the general idea is to write a letter with an interesting headline that will tantalise the reader and demonstrate that you understand their needs and wants, worries and concerns. The letter should also ask for a meeting and give some indication of how long the meeting may take.

You will be tempted to invite the reader to call you if they would like more information or an appointment, but you should strongly resist this temptation. If you want the appointment you will have to take the initiative, so in your letter you should promise to call the reader in a few days.

The advantage of target mail is that the letter has made the basic introduction. The potential client has had a chance to read the letter

at their leisure, and will have a good idea of the benefits of your product and how they may help his or her business. This takes the pressure off you as a sales person, as you don't have to explain complicated concepts or reel off a list of facts and figures.

The follow-up call

Try to time follow-up calls to increase your chances of reaching the decision maker. You need to consider both the time of day and the day of the week; for instance, Friday afternoon can be a bad time to call clients in the media industry as they are rushing to meet deadlines. You can include a 'when is the best time to reach them?' question in your initial fact finding call if that is appropriate for your business.

When you make your follow-up call ask for the decision maker by name. If the receptionist asks what the call is in relation to you can say with confidence, 'I promised him or her a follow-up call today'. Once you get through to the potential client you can introduce yourself and then tell the client that this is just a brief call to make sure information was received and to see if you can set up a brief appointment. You will be amazed at how many people are surprised that you followed up the letter. Although sending personalised letters is fairly common practice these days, they are very rarely followed up with a phone call. Your potential client may have one of several responses:

- ◆ They might say they are not interested. You can use your own judgment whether the call is a lost cause or is worth chasing. If the person is aggressive or clearly unhappy about talking to you it is probably best to politely end the call and hang up. This kind of response is everyone's worst nightmare, but it is a relatively uncommon occurrence as most people are polite.
- ◆ A 'not interested at present' response can be an invitation to send more information or call at a later date. If the potential client isn't ready for a meeting but wants more information, this is an ideal time to send off your brochure or standard marketing material.

TRICKS OF THE TRADE

Don't send a complete marketing kit at this stage; try and hold back one or two pieces of information so you have ammunition left for the

next meeting or to send in three months' time. Your response to a potential client who says they are not interested at present could be to ask them if they would like some information for their files or to ask them if they are already using another provider. Sometimes people will open up on the phone and give you valuable information about competitors or even ask if you can contact them in the future. A potential client who is interested may not be willing to commit to a meeting until they have found out more about your service, so you need to be ready to answer questions and promote the benefits of your company and service.

- ◆ A positive response can take you by surprise, so make sure you are ready. Have your diary open and at least two alternative dates in mind. After agreeing on the day, ask whether morning or afternoon would be more suitable and confirm all the details such as address and parking arrangements. Then hang up, punch the air and congratulate yourself on being a great sales person!

The follow-up phase of the target mail system is very labour intensive, so it is important that you send letters in small batches of five to ten and make the follow-up phone calls before the next batch is sent. This will avoid the feast or famine approach where you send out 100 letters, get busy, don't follow them up and are then too embarrassed to call people once several weeks have passed. When you are busy you can reduce the number of letters in each batch, but you should never stop sending as there is a risk that you won't get around to starting up again.

Target mail is a very powerful marketing tool as it allows you to constantly monitor and evaluate the success of your sales process. If you find that you have been targeting the wrong people, you can make another phone call and change the decision maker on your mail list. If there is confusion about your product or people don't understand the exact nature of the service, then you can rework your sales letter.

Over the years many of my clients have used target mail to build their businesses. Every client who has implemented the system has found it successful, and many enjoy the chance to talk to potential clients and find out more about what makes them tick. Every client has adapted the target mail system to suit their own approach: morning people often tackle follow-up marketing calls first thing

when they are feeling good, while others use the Brussels sprout approach, getting the thing they hate the most off their plate first and setting aside time each week for sales calls. Some reward themselves with a bar of chocolate or a walk in the park after the job is done.

If you are one of those business owners who loves to make sales calls or haven't the patience for target mail, follow the same process for developing the list and then try making a phone call instead of sending a letter. You will need to have a clear idea of what you want to get across and should have the main dot points written out on a cheat sheet. Beware of writing a complete script as this may make you sound like a B grade telemarketer who blurts out a prepared stream of guff without pausing for breath. Resist the temptation to act as if you are the person's best friend. We've all been subjected to the false 'Hi and how are you today?', which is a sure sign that someone is about to sell you something.

Like good face to face selling the aim is to build a relationship with the potential client, and to do that you will need to listen as well as talk. To save time make sure early in the conversation that you are talking to the decision maker and focus on the benefits that will result from the appointment. A good tactic is to mention new ideas or services that may encourage the client to see you. Always be realistic when setting the timing for the business meeting: if it will take 30 minutes then don't suggest it will take ten minutes, and make sure you can cover everything and be finished in the suggested time.

Making the sale

Once you have an appointment you are well on the way to a sale, as most people will not give up their valuable work time if they are not interested in the product or service. But to increase your chances of a sale you need to do your homework to find out as much about the potential client as possible. The amount of research will obviously depend on the dollar value of the sale. A \$120 000 order will certainly warrant more research than a \$400 order, which may not require any research at all. The Internet is a wonderful resource, and a Web search on the company should be one of the first things you do. You can also check the *Yellow Pages*, business directories, business magazines that list top 500 businesses and industry specific publications. Don't forget your network of contacts—ask around to see if anyone has information

about your target clients. The most obvious approach is also the best: phone the company and ask them to send any relevant information, which you can use to prepare for the meeting.

You need to decide what the most appropriate sales technique is for each of your target markets. Some may respond best to a formal meeting, whereas others would prefer to conduct business over coffee or drinks. The sales approach should also be appropriate for your service or product. Selling a new brick loading machine to sub-contractors would require a very different setting to selling a literacy program to school teachers. Before the meeting, think about the information you need to give the client and jot down the features and benefits that will be most interesting to them. Prepare your marketing material and make sure you have plenty of business cards. Depending on your product you may need to take a sample case, a portfolio, a business profile, a laptop presentation or just a notebook. To reduce the stress of running late, plan your trip to arrive early.

On your way to the meeting keep an eye out for something of interest that you can use as an icebreaker in the meeting. Perhaps the company has recently moved to new premises or installed a new neon sign. If you are kept waiting in a reception area, look for information leaflets, awards on the wall or certificates from organisations the company may have sponsored.

The sales call

Well, you've made it. You've shaken hands and exchanged a few social words and are now sitting in an office or meeting room opposite a potential client. Take a deep breath and take control. You have requested the meeting, so it's up to you to drive the sales process. This introduction phase is the perfect time to lower the defences of your potential clients. Compliment the client on something about his business such as a new sign, a marketing newsletter or even the warm welcome from the receptionist. This may also be a good time to mention some information that you've discovered during your research such as a new product, an industry award or a change in the market. Keep in mind that the prospect is probably just as nervous as you; after all, they may end up spending money that they will have to justify to their boss. It would be best if you can

meet in a place where you won't be interrupted such as an office or meeting room. Once you have covered the social chit chat, take control of the meeting. Although the content may vary, there are some basic steps you can follow:

- ◆ Explain the reason for your visit in a way the client will understand. Don't use technical jargon or acronyms (letters that are abbreviations for organisations or programs) that will confuse the client or make them feel inferior. This is a good time to use your cocktail party description of who you are and what you do.
- ◆ Make sure the client understands the purpose of your visit. Let them know if you are gathering information to put a proposal together for a later meeting or expecting to make a sale. Be honest with your client so they can set their expectations about the meeting.
- ◆ Questions will help you establish whether the client has a need or opportunity for your product. So, early in the meeting ask as many questions as possible to gather background information on your client and their business. This will pay long-term benefits as you will be able to tailor the rest of your presentation to suit any issues that are specific to their business.
- ◆ If you wish to take notes it's polite to ask permission first. Once the client is talking don't interrupt, as valuable information can often be gained by allowing your client to talk. Listen to the client's responses and think about how your product or service may be able to help. Ask questions and show genuine interest. Don't talk too much about your services at this stage as the main focus should be on learning as much as possible about the client. You can ask some broad leading questions like:
 - Where do you think your business will be in the next five years?
 - What are the important issues facing your industry at the moment?
- ◆ These can be followed up with more specific questions that will help qualify and quantify your clients needs, such as:
 - What part will printing, marketing, training and so on play?
 - What do you expect out of your marketing, training and printing?
 - Who or what do you currently use to fill this need?

- Are you satisfied with their prices, products, services?
- What is missing?
- What are your key worries and concerns about marketing, training and printing?

The pitch

Once you have a good understanding of your client's needs you can start to talk about your business. Be friendly and positive as you explain your product or service. Talk price or ballpark figures as early as possible in the presentation so that you gain a quick indication of whether the potential client can afford your product or service. As you present, watch the client's body language to make sure they understand what you are saying. Don't be frightened to ask them if they understand or are following your presentation. Before you proceed to the next stage, get agreement from the client to continue—this natural pause gives clients an opportunity to ask questions. Make sure some of your enthusiasm and passion for your product shines through.

Features and benefits can be the trump cards in your presentation, as clients will always be wondering what's in it for them. Clients will rely on you to explain the benefits of your service. Benefits take the guesswork out of a buying decision and make a client feel that you understand their situation. The way you present features and benefits can make or break a sale.

Once you have made your presentation it's time to set the stage for the next phase of the sales process. If you are going to prepare a proposal and send or present it to the client, you should nominate a time for the next meeting or set an expectation for receiving the information.

If you are expecting a sale on the spot you will need to deal with objections. In sales terms, an objection is just another word for an excuse. The two most common objections are 'I'll think about it' and 'I can't afford it'. You can ask specific questions to isolate the real reasons for objections and come up with a couple of standard responses to objections such as:

'I'll think about it'—'Great, I'm glad you want to think about it, that shows me you're really interested.'

‘I can’t afford it’—‘I understand that budgets are not a bottomless pit. Is it just the money or is there something else?’

Sometimes objections occur because you haven’t explained the benefit well enough or haven’t been specific about your pricing.

Closing the sale

The next stage of the process is closing the sale or getting the order, which may happen at the initial meeting, at a meeting following the presentation of a proposal or even over the phone. The close is the easiest step but is often one where we fail because we assume the client isn’t interested. Some people have been defeated even before they get to this step, so they don’t even try to close. The close is the time when the client indicates they are keen to buy your product or service. At this stage they are waiting for you to whip out your order book or ask them for a commitment.

Some of the signals that mean a client is ready for the close include head nodding, extreme interest and statements such as ‘that’s great’, ‘when can you get me a proposal in writing’ or ‘I can see this will save us a lot of money’. Look for signals throughout your presentation and be prepared to close when the client gives them to you. This may happen early in the presentation, so don’t ignore the signal just because you haven’t finished your sales pitch.

When you close you should summarise the benefits that the client has already accepted. This will help the client remember the benefits so they are more likely to sign on the dotted line. Fill out the contract or order form for the client to sign or make the next appointment to return with a proposal or demonstration.

Once you have closed and have a positive result of a sale or permission to progress to the next step, end the meeting. Do not start selling again or introducing new benefits as you walk out the door.

The follow through

The sales process doesn’t finish with the initial meeting—you may need to put together a proposal or provide extra information. It is important you follow up and deliver on any promises you have made. If you are mailing your proposal, let the client know that you will call

them in a few days to see where you go from here. Don't wait for the client to call you; if you want the business you should make the first move. A simple follow up call might go like this: 'Hi, it's Linda Hailey calling. This is just a quick call to see if you got my proposal. Was there anything that needed more explanation?' The potential client will usually let you know if they have made a decision or need more time. If they need more time, just ask when they would like you to call back. Sometimes you will be told that you missed out on the business. Although disappointing, it can be an opportunity to ask for information on why you missed out. Price and skills experience can be valid reasons why you lost to a competitor. I once discovered I missed out on a contract because I seemed to be very busy and the client was concerned that I wouldn't be able to spend enough time with him. I had obviously given the wrong impression in the meeting and now make sure I explain more about how I allocate face to face time when I meet with potential clients.

Even though the client may have committed to the sale or project, the sales process still isn't over until the paperwork is signed. Make sure you set an appointment or arrange for the formalities to be completed.

TRICKS OF THE TRADE

Plan and record the time you spend on sales. Every product or service has a sales cycle, which can range from a few minutes to several years. If you know how long that sales cycle is you can plan your sales activities to give yourself a steady flow of work.

You can also put a price on sales activity. For instance, I know that it takes me from four to six hours to generate a client. That's six hours that I can't allocate to a client, so at my current hourly rate of \$120 I know that, in revenue terms, it 'costs' me up to \$720 to generate a single client. If you add that time cost of developing a new client to any hard costs such as advertising you can quickly calculate what you spend on marketing and budget time and money for the months ahead.

REWIND

- Business owners make excellent sales people as long as the sales process is tailored to suit their natural skills.

- Potential clients buy from people they trust, people who demonstrate they understand their worries and concerns.
- The target mail approach is a low risk way to generate a sales appointment as it doesn't require you to 'sell' over the phone. Target mail also increases your chance of reaching the decision maker and allows you to constantly monitor and evaluate the success of your sales process.
- Once you have appointments, do your homework to find out as much about potential clients as possible. At the meeting, talk about the features and benefits of your business. When you close the sale, summarise those benefits that the client has already accepted.
- Always follow up and deliver on promises made to your sales prospect.

Catching and keeping customers

Someone once decided that customer service was all about making the customer happy. This sounds logical, until you start to consider all the variables affecting a customer at any given time: the customer may have a bad day at the office, be a naturally unhappy person or could be worried about a sick child. It is unrealistic to expect staff to take responsibility for the total happiness of all people!

Everyone has horror customer service stories to tell; everyone has experienced bad customer service at some stage. I recently encountered a bank that no longer trusts its customers enough to let them have their local branch telephone number. When I left my sunglasses on the counter I naturally looked up their number in the phone book but could only find a central bank number. I dialled the number and found myself talking to a call centre goodness knows where. The operator told me they were not allowed to give out branch numbers but promised faithfully to phone the branch and call me back to let me know if my sunglasses had been found. The courteous call came back 30 minutes later to tell me there had been no luck. As a last ditch effort I got back in the car, braved the traffic, fought for a parking space and joined a queue of fifteen people waiting to speak to a real live person. ‘Oh yes,’ the information officer chirped, ‘here they are safe and sound.’ She farewelled me with a cheery ‘glad we could be of assistance’ as she handed over my

sunglasses. Like many people who face this kind of plastic customer service, I felt frustrated and ripped off with the whole experience. Meanwhile, the bank cruises along in the fuzzy belief that they are giving good customer service.

When computerised phone systems were introduced the public were told these would streamline information and payment processes. Reality has shown they have created a massive gulf between the company and the customer. You dial a number, press numerous buttons, wait to be told how important your call is by a recorded voice, then hang on hold in a limbo land wondering if anyone actually exists at the end of the line. Sometimes they don't.

I remember calling an insurance company several times one morning and entering limbo land for up to 20 minutes every time I called. When I finally got through after lunch I asked the operator if they had been particularly busy that morning, only to be told that there had been an important meeting so there weren't any operators working! You have to wonder why there wasn't yet another recorded message telling me that the whiz bang super dooper computerised phone system was out of action!

It stands to reason that if everyone has been on the receiving end of bad customer service then everyone has given poor customer service at some time. It probably wasn't deliberate—you may not have even been aware of it—but the fact remains that customer service depends on both the client and the customer. The true impact of customer service has been overlooked in the rush to wish everyone 'good morning and have a nice day'.

Customer service is vital to the financial survival of a business. It's great to make your customers happy, but customer service is actually about keeping your customers returning to your business for as long as possible. Customer service can make or break a business.

Lose a customer, lose revenue

I came across the following thought-provoking statistics in a book called *How to Win and Keep Customers* by Michael Le Boeuf (Information Australia, 1987). 'A typical business hears from only 4 per cent of its dissatisfied clients. The other 96 per cent just quietly go away and 91 per cent will never come back. That represents a serious financial

loss for companies whose staff don't know how to treat customers and a tremendous gain to those that do.'

It is fascinating to think that in a relatively aggressive and sophisticated business world, so few people will complain. I can only reason that many people have been brought up to be nice. Consequently, many people will avoid conflict at any cost, so they are left gnashing their teeth and feeling angry.

The only way to punish the people who make you angry is to deprive them of your future spending, so you take grim satisfaction in not complaining and leave or hang-up the phone vowing never to return. You then extract additional revenge by telling your friends and family about your poor customer service experience. Le Boeuf tells us, 'A typical unhappy customer tells eight to ten people about their problem. One in five will tell twenty.' They see it as a community service to alert other people to the perils of poor client service. Everyone has friends who get out their address book and phone everyone in it every time they have a bad experience. You may laugh at their determination, but those phone calls can soon translate into a bad reputation, especially in a small industry or community.

Le Boeuf's research shows that '[i]t takes twelve positive service incidents to make up for one negative incident'. If you run a sandwich bar and put too much English mustard on a regular customer's roast beef sandwich and they suddenly develop streaming eyes and a burning nose, it will take almost three working weeks to overcome the bad impression. If you are in a service business like optometry where you only see your customers once every two years, you are in for a long haul.

The research also analysed the reasons why clients stopped using a particular business. Here are Le Boeuf's findings and my explanations of the possible reasons for these findings.

- ◆ 'Three per cent move away'. This group are lost to you so you should make it easy for them to leave; after all, they may still have friends or contacts in your industry or area. A good example of this is a local doctor's surgery that is reluctant to give patients their medical records. Although the profession seems to be improving, there are still occasions where practitioners think it is not appropriate for patients to see or have a copy of their records, resulting in

frustration and anger. On the other hand, I recently heard of a local printer who was losing a big client as they were relocating across town. The printer put together a portfolio of the client's work to be sent to his new printer. He also made enquiries with industry bodies and contacts and was able to recommend excellent printers in the new area. He then offered to visit the new printers and brief them on the client's requirements. Although he was losing the business, he was ensuring that his reputation for excellence was intact and he hadn't lost any opportunities for referral.

- ◆ 'Five per cent develop other friendships'. This commonly happens when a friend or family member starts up a new business and other family members and colleagues feel obliged to support their friend. This move can also come from a business decision where a company may have formed a strategic alliance with another business and it makes good sense to use them as suppliers or support their colleagues. This is often a difficult scenario for business owners to cope with. You feel disappointed and let down at the loss of business and often take the loss personally. Once again, it is important to make it easy for the client to go. Reassure them that you understand and do everything possible to facilitate a smooth transition. If you don't, you stand no chance at all of regaining their business if the new business relationship fails.
- ◆ 'Nine per cent leave for competitive reasons', in other words, price. This percentage is generally much lower than most businesses assume. There are price shoppers in every market and, generally speaking, these customers are difficult to keep. They demonstrate little loyalty and often have a tradition of moving from supplier to supplier seeking the lowest price. Good customer service alone will not keep these customers happy, and you need to make a decision whether they are among your target markets.
- ◆ 'Fourteen per cent are dissatisfied with the product'. This means that the product failed to deliver on promises. It may also mean that there was a problem with the people delivering the product. A client may have been let down by someone in the company or organisation. Often these angry clients are lost to you and your business forever. In service industries you can lose clients because of a personality clash between the client and your sales representative or service person. It is unrealistic to expect sales or customer service staff to

have excellent relationships with every single customer, but companies are often reluctant to adopt a simple solution to this problem: simply assign another sales representative or service person. This is often the quickest and easiest solution, but because companies have clients grouped alphabetically, by region or in some way that is convenient to them there is a resistance to allocating new staff.

- ◆ ‘Sixty-eight per cent quit because of an attitude of indifference toward the customer by the owner, manager or some employee’. This is by far the largest percentage of customers. In other words, we didn’t love them enough. Clients in all industries expect to be recognised and valued as clients. Good service is no longer enough to ensure client loyalty—you need to demonstrate that you understand their needs and wants on a regular basis.

REAL LIFE



Friends of mine go shopping every Saturday morning, and as a part of their weekend ritual drop into a local coffee shop for a cup of coffee and cake. For six months they went to the same coffee shop and ordered the same things. Every Saturday the owner of the business greeted them as if they had never met before and then waited to take their order. The service was friendly, the coffee was good, the mud cake was lovely, but when a new coffee shop opened next door guess who was first through its doors? The second Saturday my friends visited they were greeted with, ‘Hi, nice to see you again.’ By week four they were greeted by name and asked if they would like the usual. By week six they were given a VIP coffee club card that entitled them to a free coffee for every four ordered. It is now their regular coffee shop and they wouldn’t dream of going anywhere else. The coffee is no better, the cakes are no better, but they are recognised and valued as customers.



This is customer service in action. However, it’s not just about making customers happy—it’s about money. My friends spend an average of \$12 every Saturday on two cups of coffee each and a shared cake and visit the shop approximately 46 weeks a year. The coffee shop has just won \$552 a year for minimal effort, not to mention gaining referrals. The message to all business owners is that ordinary just isn’t good enough when it comes to client service.

The true value of customer service

So customer service isn't just about being nice, it is a powerful tool to boost revenue and profit. Most business owners concentrate on looking for new clients, but it's a fact that the people most likely to buy from you at any time are your existing customers. In a small business, customer service can have an enormous impact on the bottom line by increasing the number of visits your customers make and building the average spend per client. Customer service can provide extra revenue without the expenditure of looking for new customers. A loyal, committed client base can be the happy result of a well thought out customer service campaign.

The following exercise, which compares the cost of finding new customers with building a business through existing customers, is probably one of the most powerful arguments for concentrating on existing clients instead of forever chasing new ones.

Imagine a business has 1000 clients, the average spend is \$120 and each of those clients purchases products or services or visits their retail outlet twice a year. Multiply the number of clients (c) by the average spend (as) by the number of visits (v) to calculate the turnover of this business:

$$1000 (c) \times \$120 (as) \times 2 (v) = \$240\,000$$

This revenue comes from existing clients.

To increase revenue from this business most owners would go looking for new clients and probably undertake advertising or a promotional campaign to increase their business by 10 per cent. With 100 new clients, revenue would increase by \$24 000:

$$1100 \times \$120 \times 2 = \$264\,000$$

But what if the business owner concentrated on increasing the average spend from existing customers and aimed to increase their average spend from \$120 to \$150? The impact on the revenue is significant, an extra \$60 000 without the expense of advertising:

$$1000 \times \$150 \times 2 = \$300\,000$$

Customer service can also be used to effectively increase the number of visits. If the business in the example decides that it couldn't increase the average spend, it could aim to increase the number of visits from two to three a year, a massive increase in revenue of \$120 000 per year:

$$1000 \times \$120 \times 3 = \$360\,000$$

Of course, you can use a combination of increased average spend and increased number of visits to boost your bottom line.

Increasing average spend

Most retail business owners will be familiar with the concept of increasing average spend, a tactic that can work very well in all kinds of businesses. The best known example of this is the McDonald's question: 'Would you like fries with that?' Whether you like or loathe the question it is worth a lot of dollars in revenue worldwide. The McDonald's system works so effectively because the question is logical. Often add-on sales appear to be unrelated to the item being purchased so they are not seen as providing a service to the customer. Don't suggest a customer who has bought a health burger should try a cream cake; suggest instead a yoghurt smoothie or freshly squeezed pineapple and ginger juice.

Add-on sales enhance your customer service when they are well thought out and executed. Imagine you've gone to a toy shop to buy a model aeroplane for an eight-year-old nephew. You choose the kit, have it wrapped and happily head off for the family birthday gathering. If you have any association with eight-year-old boys you already know that instant gratification just isn't quick enough for them, so how do you feel when you realise there is no glue in the kit and you're faced with a disappointed nephew? If the sales assistant had told you that there was no glue included in the kit but they had a full range in stock, would you have considered that pushy selling? If the sales assistant had also enquired if the kit was for a child under ten and then suggested a small balsa wood stand that made the model much easier to handle for small hands, would you have thought they were trying to over sell?

Add-on sales in the service industry often come from telling the client all of the services you offer. It can be done at the time you are preparing the quote, at an appropriate time during the delivery of the service or at the review phase after you've delivered the service. For instance, a client may have contacted your business to deliver a training program to staff. An add-on sale may be 'one on one' support following the training, a written evaluation on each participant or a three month refresher course.

Increasing customer visits

A very simple customer service initiative that can increase the number of visits is a recall or reminder for clients using a professional service. If your dentist doesn't write and remind you about your annual visit you probably wouldn't choose to make an appointment and perhaps miss a year. Reminder cards encourage you to make an appointment and effectively increase the number of visits to the business.

Creating a special event can easily add another visit and sale. A closed door warehouse sale, special demonstration or free client seminar can all create additional revenue. Clients of mine in the optical industry participate in the industry ODMA trade show every second year. They know from experience that during an ODMA year there is a higher revenue because of the additional sales opportunity and the chance to meet clients face to face.

Other initiatives to increase number of visits include bonus offers that can be presented at the following visit and 'bring a friend' specials. Consultants and business advisers can use an annual needs analysis of their clients' businesses to increase the number of visits. Websites that are regularly updated with client information can also increase the number of visits and sales.

Clients' lifetime value

You can't afford to ignore the lifetime value of your clients. In most industries you can calculate how many years you retain your clients. If you also know the average spend and number of visits a year you can easily calculate the total worth of your client over their lifetime with your business. Multiply the average lifetime by the average spend by the number of visits: $\$120 \times 2 \times 5 \text{ years} = \1200 .

Knowing the lifetime value of a client will help you and your staff give better customer service. Next time Mrs Smith, who is a recognised pain in the proverbial, comes in, don't think of her as a difficult client. Imagine a little sign on her forehead that says 'I am worth \$1200'. Smiling and being nice certainly becomes easier.

The lifetime value of a client can help you decide where to spend your available marketing dollars. If you have clients that are worth more than \$25 000, then it is worthwhile spending marketing dollars on building up relationships with them through special events or activities.

**REAL LIFE**

Peter Cavanagh of Catalyst Marketing capitalises on the lifetime value of his clients brilliantly. His incentive marketing company has a number of long-term clients, all well known corporates in areas such as tyres, air-conditioning and manufacturing. Their continued support is the lifeblood of his business so in addition to traditional Christmas gifts, every second year he organises a grand prix driving day for 20 of his best clients. These days are a thrill-a-minute, no-expense-spared entertainment. Peter hires the best racing instructors in the business and high performance cars. Clients are given full training and a chance to race on a real track. The cost of this exercise is much greater than traditional Christmas parties or gifts, but when considering the lifetime value of these clients it makes great business sense.



Understanding the lifetime value of your clients also means you understand the risks of losing those clients. A dispute over a couple of dollars or bad customer service at the beginning of a client relationship could result in a total loss of thousands of dollars. The value of your customers is not the \$2 bunch of carrots they have in their hand but the \$2000 that represents their spend over five years. If a customer isn't happy with the quality of the carrots, it is sometimes wiser to exchange them with a smile rather than risk losing the revenue.

Solutions to problems and good feelings

A customer service plan can be developed by looking at your client profiles and asking what levels and kind of service each target market segment needs and expects. When it comes to customer service, clients are usually looking for one of two things: solutions to problems or good feelings. For instance, if you are having a computer repaired or are running short of stock needed for production, you are looking for customer service that solves your problems. If you are going to dinner at an expensive restaurant, buying a special outfit or having your hair styled you are looking for good feelings. It's surprising how often companies get confused and offer inappropriate customer service.

Some years ago I managed to splash red wine into my laptop.

It had been a very stressful week! I don't have a desktop computer, so I needed the laptop to run my business. I raced the computer along to my regular repair person desperately seeking a solution to my problem. My dilemma was greeted with a big sigh and 'did I know that this wouldn't be covered by warranty, there was a backlog of work and this was most inconvenient for the repair person!' I had not only been treated discourteously, I had also been given even more problems to worry about. If your business is about solutions to problems, then your customer service needs to take away the fears and solve problems. There is nothing more comforting than to hear someone say, 'Not a problem—we can have this fixed in no time.'

On the other hand, when you're looking for good feelings you are often made to feel bad. For most women, going to the hairdresser is an occasion to be pampered and looked after. Good feelings can vanish when the snooty hairdresser asks, 'When did you last wash your hair?' Or even worse, 'Who cut your hair last time?' Regardless of the reason for asking the question, the result is a client who feels she's been reminded that she has dirty hair or it is somehow her fault that her hair looks awful. I love eating in restaurants but I don't have a large appetite, so I often leave a portion of my meal. My enjoyment is sometimes spoilt by a waiter or chef asking in a superior tone if 'madam was happy with the meal'. I understand the reason for asking, but I have a mother whose job is to make sure I eat my vegetables so I don't need the chefs of Sydney to make me feel guilty about not cleaning my plate.

If you're in the business of giving good feelings make sure that your customer service is light, bright and people focused. For instance, a hair salon should be a positive environment for its target clients. It should have upbeat music in the salon, staff should take time to chat and socialise with customers and delight clients with little extras such as a glass of champagne or a free sample of a new product. It could help its customers maintain the good feeling when they get home with a polaroid photo of their new style and a handwritten note with instructions for recreating the new look.

If you're in the business of solving problems, your style of customer service needs to be professional and to anticipate worries and concerns. Many years ago I was unfortunate enough to have to replace the gearbox in my car. I am a motor moron when it comes

to all things mechanical, so I was dreading the ‘now look here little woman’ approach. The first pleasant surprise was a clean and tidy workshop and a uniformed service person. On the wall were various diagrams of gearboxes with arrows and names to various bits. There was a printed notice about the various types of repairs that may be needed and a service promise that detailed how they promised to help their customers. I was impressed, but really knocked for six when the mechanic who had quoted on my job took the time to explain what had gone wrong (using the diagrams) and the alternative solutions. I chose a reconditioned gearbox and was told that this repair would take two days. The very next day I received a phone call to say the car was ready. This was superb customer service that was totally focused on solving problems.

The same principles apply to distributors, manufacturers or consultants as those for retailers. Generally speaking, most business to business services have a predominantly ‘solutions to problems’ focus. If you are not sure whether you are selling solutions to problems, ask yourself if your client gets up in the morning going yippee, today I get to see my solicitor/accountant/business consultant. Although good feelings may be the result of the meeting, they still come to you looking for solutions to problems as opposed to good feelings.

Customer service excellence

More than any other form of marketing, client service depends on your understanding of your clients and matching your service to suit their customer profile needs and wants. In a service business it can be as simple as understanding that busy professionals would rather have e-mail updates than disruptive phone calls, that distributors would rather have overnight delivery than the less expensive slow mail.



REAL LIFE



Debbie Campbell runs an innovative educational business called Chicks R Us that delivers incubators and fertilised eggs about ready to hatch to preschools and kindergartens. Debbie and her staff



deliver the incubators to the kindergarten on a Monday morning along with lesson plans, instructions and everything they need to thoroughly enjoy the week. During the week the children watch the

eggs hatch, then stroke and handle the new chicks. The incubators are collected by a local courier company on the Friday afternoon.

The system worked very well, except when the courier arrived to pick up the incubators and there was usually a rush of children and parents who wanted to say goodbye to the chicks. This held up the driver, who had other scheduled pick ups. Instead of complaining or setting deadlines, the radio controller rang Debbie with a suggestion for a customer service initiative that everyone appreciated: the company offered to phone the kindergarten 30 minutes before pick up so everyone could say their goodbyes. The new system was appreciated by the teachers, who could prepare the children to say goodbye to the chicks, by Debbie, who had happy customers and no extra work, and by the courier company because they saved time.

Add customer service to the sales process

When you are developing customer service strategies you should analyse the sales process from the customer's perspective. The example I most commonly use is the act of purchasing a cup of coffee from a coffee shop in a mall complex. From the customer's perspective there are thirteen steps involved in this sales process. Believe it or not, the more steps the better because there are then more opportunities for introducing customer service at each stage of the process.

Step one: Think coffee. This may be 'I need a break', 'my feet are tired', 'I'm thirsty', 'I'm meeting a friend' or 'I feel like a coffee'.

Step two: Find the coffee shop.

Step three: Check out the coffee shop. You often walk past and look in the window or at the menu to see if it appeals. The check out process is different for different people, but some of the considerations are cleanliness, light, how delicious do the cakes look, is there room for the pusher, are there other children in the coffee shop, are there too many children in the shop, is there somewhere pleasant to sit?

Step four: Enter the coffee shop and decide where to sit.

Step five: The chair shuffle, mainly seen with families and groups of friends as everyone decides where they would like to sit.

Step six: Read the menu.

Step seven: Wait to be served.

Step eight: Order, wait some more.

Step nine: Receive the coffee.

Step ten: Drink the coffee.

Step eleven: Wait to receive the bill (at this stage some customers go back to step six and order again).

Step twelve: Pay the bill.

Step thirteen: Leave.

Once you have detailed the steps, you can look at customer service initiatives for each phase of the process.

Step one—think coffee

- ◆ This is difficult to enhance with customer service unless you invest in some brainwashing techniques.

Step two—find the coffee shop

- ◆ Easy to read signage both on the shop front and on the mall directory boards.
- ◆ Aroma: the smell of freshly brewed coffee will attract customers from far and wide.
- ◆ If regulations permit, use an A-board to promote menu items—matched to your target market segments, of course.
- ◆ If the shop sign is difficult to see from a distance, consider banner flags or an A-board outside the shop to increase visibility from a distance.
- ◆ If the shopping centre has an information desk or courtesy staff, provide them with promotional flyers or vouchers for free cups of coffee, which can be handed to potential customers.

Step three—check out the coffee shop

- ◆ Make sure the coffee shop is clean and tidy.
- ◆ Place a rotating cake stand in the window to appeal to passers-by. Make sure there are mouthwatering descriptions on each cake and a price per slice.

- ◆ Use an A-board to promote menu items that will appeal to your various target markets. If you are targeting senior citizens, young women office workers and tourists your A-board might include skinny cappuccinos, pita bread wraps, scones and cream, foccaccias and outdoor courtyard seating.
- ◆ Furniture and colours will give passers-by an idea of what to expect: white lace curtains and cane chairs will attract a different shopper to tangerine and purple walls and stainless steel furniture. Likewise, names such as Norma's Coffee Shop will appeal to older and more conservative customers, while Café Barista or Scoff will appeal to a younger market.
- ◆ The name of the coffee you serve will also be a consideration for many potential customers. These days people are very particular about their coffee and will follow brands they like.

Step four—enter the coffee shop and decide where to sit

- ◆ Customers will look for areas that suit them such as booth seating for groups of young people, outdoors in the sunshine for tourists, in an area without steps for senior citizens, near the toy box for young mums, away from the toy box and young children for business people meeting colleagues.
- ◆ Have a staff member designated to meet and greet customers and direct them to seats.
- ◆ On the way to the table the staff member can point out the magazine rack or talk about specials.

Step five—the chair shuffle

- ◆ There's not much you can do to add customer service to this except have patient staff!

Step six—read the menu

- ◆ Display your menu so it is easy to read. There is no need to follow a standard coffee shop menu listing sandwiches, melts, snacks and so on. Try grouping items according to your target markets: healthy options for the office workers, warming winter specials, meal deals with sandwiches, drinks and a muffin.
- ◆ Make sure the menu descriptions are appetising and appropriate to your target market. You can also add 'this goes with that' suggestions.

Step seven—wait to be served

- ◆ A free bite-sized sampler delivered to every table can stimulate the appetite and turn a plain coffee order into a cake and coffee order. This is based on the same principle as beer nuts on the bar, where salty food encourages customers to order more drinks.
- ◆ Get a magazine rack and stock it with interesting or unusual magazines. Consider subscribing to overseas magazines that customers are unlikely to have read elsewhere.

Step eight—order, wait some more

- ◆ Friendly staff who are knowledgeable about the menu can easily increase an order by suggesting add-on sales.
- ◆ Play music that is appropriate to the target market or get a television if that is appropriate.
- ◆ Give polite service that lets customers know if their order is taking longer than expected. Even eye contact and a smile can assure customers they haven't been forgotten.

Step nine—receive the coffee

- ◆ Well presented coffee and food.
- ◆ Clean cups and cutlery with no chips or scratches.
- ◆ A smiling service person who has time to have a brief chat.
- ◆ Perhaps a free chocolate, lolly or miniature biscuit on the saucer.
- ◆ Bottomless cup or free top up.

Step ten—drink the coffee

- ◆ Make sure there are napkins handy.
- ◆ Stock sugar bowls with different types of sugar, including artificial sweetener.

Step eleven—wait to receive the bill

- ◆ Eye contact from the service staff acknowledging the customer is ready to leave.
- ◆ Present the customer with a coffee club card.
- ◆ Take home packs of coffee, special salad dressing or home-made biscuits.

Step twelve—pay the bill

- ◆ A thank you for visiting us.

Step thirteen—leave

- ◆ A cheery goodbye.

This step by step system works equally well for a service business. Consider the following example from a business that designs and builds home offices.

Step one—initial client call

- ◆ Make sure mobile is diverted to home and vice versa when you are unavailable.
- ◆ Make sure that answering machine cuts in after two to three rings.
- ◆ Voicemail message that says where we are and when we will return.
- ◆ Make sure voice on recorded messages sounds happy and positive.
- ◆ Use voicemail to promote the business, for example: ‘Good morning, you’ve reached Design Professionals. We’re on site with clients at the moment but will be back in the office by 11. Please leave a message and we’ll get back to you as soon as possible.’
- ◆ Change message daily, adding a contingency time when estimating return times.

Step two—return client call

- ◆ Respond to call within four hours.
- ◆ Ask client questions that help identify their needs.
- ◆ Give client details of our website so they can check us out.
- ◆ Explain some of the key benefits to clients.
- ◆ Give client a range of ballpark prices so they are comfortable proceeding to next stage.
- ◆ Offer client two or three options for appointment times.

Step three—preparing for the appointment

- ◆ Fax or e-mail confirmation of appointment time and helpful check list sheet so client can prepare for meeting.

Step four—meeting

- ◆ Turn up on time or phone ahead if running late.
- ◆ Don’t park in driveway unless permission has been granted.
- ◆ Sales person to wear logo shirt and be neatly presented.
- ◆ Show client album of completed jobs.
- ◆ Show client laptop presentation on cutting edge design ideas.

- ◆ Work through check list with the client to make sure they have covered all their worries and concerns.
- ◆ Give the client at least three good design ideas while on site.
- ◆ Offer the client information about office ergonomics.
- ◆ Show the client samples of finishes and colours.
- ◆ Take photos of the site with a digital camera for manipulation on the computer.

Step five—quoting

- ◆ Aim for 48-hour turnaround of quote and design. This can be e-mailed or faxed to the client.
- ◆ Give a follow-up call to make sure information was clear.

Step six—second on-site visit

- ◆ Further consultation with the client to check designs and finalise colours and finishes.
- ◆ Set the date for installation.
- ◆ Offer the client names of previous clients.

Step seven—confirmation

- ◆ Send a confirmation letter re date for installation with the name of the installer and the expected start time.

Step eight—the job

- ◆ Make sure tradespeople turn up on time or phone ahead if running late.
- ◆ Keep music and loud noise to a minimum.
- ◆ Do not block neighbouring driveways.
- ◆ No power tools before 7 am or after 6 pm.
- ◆ Bring a vacuum cleaner and buckets for clean up after the job.

Step nine—follow up

- ◆ Phone the client one week after completion of the job.
- ◆ Mail a gift of a clock and a thank you for your business letter.

Create customer service 'wow'

Once you've analysed the sales process you will know if you are missing any customer service opportunities. Try to have at least one

customer service ‘surprise’ in the sales process, something that is totally unexpected. The idea is to delight the client to get a ‘wow’ reaction.

REAL LIFE

 On a recent trip to Kakadu I met a tourism operator who really knew when to put the wow into customer service. A one-day tour into Kakadu with Magela Tours, the only Aboriginal-owned tour business in the area, was the big highlight of the trip. We arrived at the end of the wet season but the temperatures still soared into the high 30s.

 As our small party of four climbed into the four wheel drive our leader, Yuri, asked us if we were feeling adventurous as this was his first trip into this special part of Kakadu since the wet. It was a magical day with some bush bashing to establish tracks, stunning scenery, a climb to see breathtaking rock art, a picnic under a tree and a knowledgeable guide who had a deep love for the country and wonderful stories to tell. It was very hot and tiring. As we clambered on board for the journey back home, Yuri announced it was time for his ‘Kakadu revival kit’. Four frozen face washers were produced to appreciative oohs and aahs. Totally unexpected, totally appreciated, this was the wow in the customer service.

Don't over promise and under deliver

When it comes to client service, make sure you are not over promising and under delivering. If a client wants it by Tuesday you may be tempted to say yes even if you can't deliver by then rather than disappoint the customer. However, you run the risk of ruining your customer service reputation when you run late. Regardless of how good your product or service is, you are branded with the fact that you couldn't meet the deadline. Missed deadlines mean conflict, so you have to ask yourself where you want the conflict. At the start of the sales process when it can be overcome, or at the end when it leaves a bad taste in the client's mouth?

You should always add a 50 per cent contingency to all promises. If you think it will take two days, tell the client three. Work your internal systems on two days and you will be able to delight the client by completing the job early. If there is an unexpected problem that means you won't be able to meet the promised deadline, you should

let the client know straight away. Human nature dictates that you look forward to receiving products or services. Your disappointment at delay often leads to anger and disputes, especially if you have travelled some distance, rearranged your schedule or spent a day at home waiting for something that never arrives! However, if you receive a phone call before the expected date apologising, explaining the problem and offering a new deadline you are more likely to forgive and forget. In fact, when you take the initiative to call, clients will often thank you for letting them know.

When a client is in an urgent hurry and pressuring you to deliver early you need to explain why the job will take two hours, days or a month. Detail the steps you need to take, the delivery time on parts or production time that can't be altered. Make sure you promote the benefits of your product or service so the customer can see why it is important to wait. You may lose the occasional customer by being honest about deadlines, but this is preferable to having an unhappy customer in the marketplace.



REAL LIFE



Winter Hill Tree Farm grows advanced trees used for street scaping and landscaping. They are located in Canyonleigh, which is a long way from their target markets of Sydney and Melbourne so it is



difficult for customers to visit their nursery. They have developed a customer service where they e-mail photos of the exact tree or trees the clients will be buying. This is surprising and delighting their potential customers.

Is the sales process customer friendly?

Have a close look at the sales process to see if it was developed for the business or for the customer. Over time you may have developed a sales process that suits yourself but inconveniences the customer. My favourite example of this is car servicing. Most people have at some time taken their car to a dealership to be serviced, which usually involves getting up early, driving to the dealership, organising someone to pick them up or hitching a lift with the dealership courtesy vehicle. They leave their car at the dealership all day and repeat the drop off–pick up process at the end of the day. I believe it

takes around 90 minutes to service the standard family car but for some reason the industry has trained you to leave your car at the dealership all day, which allows them to plan their work schedule. This is a great example of a system that has primary benefits for the dealer, not the client.

Car hire falls into the same category. The one thing that people hiring a car have in common is the fact that they don't have a car. However, most car hire companies make no effort to offer a delivery or pick up service. When a sales process has been designed for the business and not the customer there are usually opportunities to offer an alternative service. For instance, one car dealership provides a pick up and delivery service for clients. You drive your car to work as usual, leave your keys at reception to be picked up by a mechanic who then takes your car back to the dealership, services your car, and delivers it back to the office with a written report. They've even taken care not to lose the human touch in the sales process: the following day the mechanic makes a courtesy call to see if you are happy with the service. The end result is a customer who didn't have to reorganise his or her busy day, a car that was only out of action for two hours and a mechanic who took the time to actually talk to the client.

Developing a customer service plan

It is quite easy to develop your own customer service action plan that takes into consideration the telephone, pre-sales service, after sales service, ongoing customer communication and complaints.

The telephone

Use a standard way to answer the phone and be careful of creating a tongue twister that your receptionist or office staff will hate. A mouthful like 'Good morning, Smith, Smith and Smith Productions, Suzy speaking, how may I help you' will soon become 'good morning ith ith & ith uzy eaking mmmmmm help you?' Use your first name when answering the phone to give customers a chance to build relationships with you.

Don't forget to smile when you answer the phone—believe it or not, a smile can be easily heard and is a powerful customer service

tool. If you have problems remembering to smile, stick a smiley sticker above your phone; if that doesn't work, try a mirror. It's hard not to smile when you see your own face staring glumly back at you every time you pick up the receiver.

If you use an answering machine or voicemail system make sure it is tailored to suit your clients. There is nothing more frustrating than an answering machine with the message 'I'm sorry we are not available at present, please leave a message'. The caller doesn't know if they've reached the right number, the message is current or you will ever return. Update the voicemail or answering machine message as many times as necessary to take account of your movements. It may even need to be changed several times a day, but it only takes a minute and your clients will understand that their message is important. You can also use the messages to promote your business, by saying for instance that you are in the factory working but will be back in the office later.

You can add customer service when you place customers on hold. Choose music that is appropriate to your business—staff will often be tempted to set the station selector to their favourite radio station or to bring in their favourite CDs, but it is more important for clients to hear music that makes them feel relaxed, comfortable or excited. If you are using recorded messages on hold, make sure they are to the point and are interesting. Messages on hold are ideal for cross promoting your range of services or for introducing staff members.

Pre-sales service

Every contact that a client has with your business prior to buying a product or service will have an impact on their impression of your company. Information sent to a potential client before an initial meeting can have a positive effect on the sales process if it is well presented and targeted to the person's specific needs and wants. This can be a handwritten note accompanying a standard brochure or copies of articles that may be of interest. Pre-sales service also covers how a client is welcomed into your business. You should have a procedure for dealing with clients that everyone in the business understands; some of the issues that can be covered include:

- ◆ the welcome from the receptionist;
- ◆ whether the potential client is shown to a meeting room or waits in the reception area;
- ◆ the layout of the reception area;
- ◆ the selection of magazines to read;
- ◆ the selection of tea or coffee, herbal tea and so on;
- ◆ a tour of the office or factory;
- ◆ staff clothing; and
- ◆ how a client is addressed.

After sales service

You may try to play ostrich as soon as you've sold your services and not provide any customer service once the deal is complete. This very short-sighted approach can cause you to miss out on significant revenue from repeat sales. Customer service initiatives that can be implemented at the after sales stage include:

- ◆ a meeting to evaluate the success of the project;
- ◆ a thank you for your business letter, which can also be used to cross promote your services or ask for referral with a friendly postscript;
- ◆ free subscription to a regular newsletter;
- ◆ a phone call days or weeks after the sale to check on customer satisfaction; and
- ◆ a customer satisfaction survey that can be sent after the sale.

Ongoing customer communication

Existing clients are the ones most likely to buy from you at any given time, so it makes sense to continue customer service on a regular basis. Simple initiatives can include:

- ◆ Reminder cards.
- ◆ A regular newsletter.
- ◆ E-mails or mail-outs of interesting articles or information. Read with a pack of post it notes next to you so that whenever you come across an article that may be of interest to a particular client, you can flag it. Every couple of weeks you can tear out or copy the articles and send them to the client or file them to send at a later date.

- ◆ VIP cards that entitle existing clients to additional services such as invitations to special events, a small discount, free parking or a preferential service.

Complaints

Did you know that your customer service rating can be higher when you solve a problem than if you gave good customer service in the first place? Problems are actually an opportunity to shine, so a vital part of your customer service strategy should be a procedure for dealing with complaints. Every staff member should know what their options are when it comes to dealing with unhappy clients. Can they offer a refund, a replacement, a discount or an apology? Are they authorised to organise a courier, taxi or should they deliver it themselves?

Staff should be trained to deal with unhappy clients no matter what the business. They should have a clear understanding of the desired customer service outcomes and have guidelines as to where and how they deal with conflict; for instance, it may be wise in your business to take a disgruntled client into another office or meeting room. Most people dislike conflict and will tend to avoid confrontation, yet an unhappy customer has probably psyched themselves up to complain and rehearsed what they are going to say so there is great potential for miscommunication.

Here is a simple system for dealing with unhappy clients that works well and is relatively non-threatening for staff. The first aspect of dealing with unhappy clients is to understand how they are feeling. They are usually prepared for a battle and have often convinced themselves that you are the bad guys who will try and avoid your responsibilities. They will be anxious or angry or both. They will no doubt state their case in a strong voice and may be emotional. Whether you are handling this situation on the phone or face to face, the same basic principles apply.

Listen. Don't rob clients of the chance to have their say. Shut up and listen. If you are sitting, stand up so you are at the same level as the customer. If you are behind a counter, come out from behind and stand next to the customer, but don't crowd them or invade their body space. If appropriate, ask them if they would like to talk in your meeting room. If you are nervous, anchor yourself by holding on to the corner

of a counter or desk. A simple statement such as ‘tell me about the problem’ will often be enough to start them on their explanation.

- ◆ Don’t interrupt—this is the number one thing to remember. Let the customer have their say without comment.
- ◆ Don’t justify—the customer doesn’t want to hear why at this stage.
- ◆ Don’t assume you know what the problem is and jump in. Sometimes the real problem doesn’t emerge until the end of the customer’s speech.
- ◆ Don’t blame—the customer is not interested in whether it is the fault of a colleague or a computer. As far as they are concerned you are the representative of the business.

Demonstrate interest.

- ◆ Maintain eye contact or use voice signals if you are on the phone such as ‘mmm, yes’.
- ◆ Keep body language open—don’t cross your arms, look away or assume closed body language positions as this indicates you are not interested in their problem.
- ◆ Take notes—ask the customer if you may take notes, but don’t forget to still use eye contact and vocal signals to show you are listening.

Think. While the customer is talking, take the opportunity to put your mind to work:

- ◆ Think of possible reasons for the problem.
- ◆ Think of how the person is feeling.
- ◆ Think of how the ‘loss’ will affect the client.
- ◆ Think of options for solving the problem.
- ◆ Think of yourself as a detective, your job being to solve the puzzle.

Communicate and offer a solution. Once the client is finished you can start to talk. If you interrupt too soon, don’t be surprised if the client starts up again and repeats the problems. Let them continue. Once you are certain they have finished you can begin talking. Paraphrase the problem without using judgmental language and repeat it to the client. Once the client agrees that you understand the problem you can start to work towards a solution.

Ask the customer what they would like to happen. You may find that you can solve the problem on the spot when a client says ‘I would like a replacement’ or ‘I would like my money back’. If that solution is within your power, you have the chance to agree immediately. In a more complex situation you will need to outline the various options for solving the problem.

- ◆ Explain the outcomes for each option, for instance, ‘I can use a reconditioned part which is available immediately’ or ‘I can order a new part but that will take three days to arrive’.
- ◆ Ask questions that will provide answers to what happened, not why it happened or who did it.

Take ownership. At this stage the client should have expended most of their aggression, so you can start to work as a team. Remember it is not their problem to solve—you need to own the problem on behalf of the company. Be careful of using phrases like ‘What *you* have to do is . . .’ Start to refer to ‘we’, for example, ‘This is what we can do next.’

- ◆ If the problem is outside your area of expertise now is the time to call in an expert, but make sure you are there to liaise with the customer. It is still your problem to solve, so don’t leave it with the expert or the client.
- ◆ Once all the options have been discussed and the client has indicated a preferred course, you should be ready to agree on a plan of action. The plan could involve actions and deadlines that need to be met. Take personal responsibility for that action plan; do not hand it to another team member and risk another problem.
- ◆ Deliver on promises. If you have set time frames, make sure you meet them and advise the client of your progress at all stages.
- ◆ If the client has left the premises you can phone them or send them an e-mail or fax. If the deadline is approaching and you are unlikely to have an answer for them, phone and let them know as soon as possible.
- ◆ Once you have good news for the client, contact them immediately and then confirm in writing or by e-mail or fax.
- ◆ No matter what happens, be professional and polite.

If you follow all these steps you'll be surprised how an angry client can turn into a pussycat in no time at all. Best of all, you will have had the satisfaction of dealing with a difficult situation professionally and successfully.

After the client encounter.

- ◆ Take a deep breath and count to ten.
- ◆ Take a break and find a quiet place to reflect.
- ◆ Talk to a friend or colleague.
- ◆ Congratulate yourself on remaining calm.
- ◆ Examine what happened.
- ◆ Focus on the skills you used.

Assigning responsibility for customer service

There is no point in having a customer service strategy or even introducing basic customer service initiatives unless you have a clear understanding of who takes responsibility for customer service. As a business owner or manager you cannot expect your staff to give good customer service unless they know exactly what they can and can't do to solve customers' problems. In the case of retail outlets, distributors and service businesses, possible solutions to customer service problems include refunds or discounts to a certain dollar value, formal apologies, organising a courier or special delivery, and personally delivering the product to a client's home or office.

If a staff member always has to refer customer service issues to the manager or business owner, then you can't expect the staff to be responsible for customer satisfaction because they have no power to solve problems. I am a great believer in letting staff solve customer problems—in my experience no one has ever abused this trust and being able to help customers certainly boosts job satisfaction.

REWIND

- Customer service is vital to the financial survival of a business. Its main function is not keeping customers happy, but rather to keep customers returning to your business for as long as possible.

- There are lots of reasons why customers leave a business but the most common is an attitude of indifference. You just didn't love them enough.
- At any given time the people most likely to buy from a business are existing customers so it makes good sense to target marketing at them.
- Clever client service can increase the average spend or number of visits per year without the costly expense of advertising.
- Your customer service strategies should focus on providing solutions to problems or good feelings.
- Analyse your sales process and add customer service to every step. Don't forget to create a customer service 'wow'.
- Never over promise or under deliver to clients—you don't want to leave a bad taste in their mouth. Keep clients happy by developing a sales process that suits them.
- A good customer service action plan will involve the telephone, pre- and after sales service, ongoing customer communication and the skilful handling of complaints. Clients will value you more if you solve problems than if you provide good customer service in the first place.
- Only you as the business owner or manager can give staff a clear understanding of who has the responsibility for customer service.

The marketing message

If you want to strike fear into the heart of any small business owner, tell them they need to write an advertisement. You immediately try to remember all those handy hints you picked up at that half day seminar with the American advertising guru. He made it seem so easy, but the reality is that writing advertisements is a profession in itself so how can you expect to become an expert overnight? Understanding your clients will take you a long way towards writing better advertisements, but there are still a lot of tricks of the trade that will take some of the worry out of being creative.

This fear of communicating with clients can be an enormous barrier to effective marketing. How many people have sat in front of a blank piece of paper for hours trying to write the perfect letter to potential clients? It seems that every English teacher you ever knew leans over your shoulder to criticise your feeble attempts. You can agonise over a press advertisement fearing that the sales people at the paper or, even worse, potential clients will pick up grammatical errors or spelling mistakes. It's difficult to think straight and write creatively when you are paralysed by doubts and fears. For other business people it's the fear of the telephone. What if they hang up on you? What if they don't understand what you're saying? What if they won't take your call? What if they tell you they weren't happy with the service?

This practical chapter won't turn you into a guru, but it will take some of the pain out of making marketing phone calls and writing marketing letters and advertisements.

Marketing by mail

The good old days of mass marketing by sending thousands of brochures to all and sundry have just about disappeared. Unless you are a home delivery or takeaway food outlet targeting your local market, you are unlikely to get much response to unaddressed bulk mail-outs. Personally addressed mail-outs are the way to go, but before you can start a letter or target mail campaign you will need a database or mailing list of people you want to contact.

Building a mail list

The methodology for generating the names and details for a hit list has been covered in chapter 9 under 'Target marketing', but the effectiveness of the list will depend on how your database is set up. The most effective marketing is tailored to suit the reader, so it is likely you will need several different letters for several different markets. In this day and age it is critical that your mailing list is set up on a computer. Apart from the ease of mail merging, this is so the master list can be sorted by different categories or fields. Every letter or brochure sent from your business to a potential client will cost you money, so it is important that the letter or brochure reaches the right person with the right message. For instance, it is useful to be able to sort by geographic area if you want to send a special offer. You may also want to sort the different types of client in your business by the product they purchase or by their sales status.

Simple mailing lists or databases can be set up in Microsoft Word or Excel, but if you want more flexibility you may wish to have your own list developed in Microsoft Access. There are also excellent client management software packages available that make managing a database very easy. Maximiser, ACT and MAUS CRM are three locally available systems that are relatively inexpensive and very effective. Your industry may have a client management/marketing software program available. I know of systems for the nursery, recruitment, retail and hairdressing industries, so contact your industry body to find out what is available. Although sometimes expensive, \$15 000–20 000 in some cases, systems built for specific industries often have extra capabilities that can dramatically improve a business's productivity.

If you are still operating from a card system it is worthwhile employing an efficient temp or secretarial service to set up your initial list. Before you set up your database you need to have a good idea of the information you will need and the fields or categories you would like to sort your existing and potential clients into. If you are using the target mail system you can divide the potential clients by market segment, which will allow you to send tailored letters to each group. If you are using client management software like ACT, MAUS CRM or Maximiser you can report on all steps of the sales process and diarise phone calls and meetings.

Of course, all this information may become redundant in the next twelve months as progressive businesses move towards e-mail marketing. Like more traditional mail-outs, this too relies on an e-mail list. If you haven't started developing an e-mail list of all your existing clients, now is a good time to start. E-mail mail lists have several major advantages over traditional databases: it costs nothing to reach your target client, you can send to a large number of people at a time to suit you at the click of a button and you can send brochures, presentations and letters on company letterheads without the expense of printing.

There are also several significant disadvantages. As a response to the many viruses that have been sent via the Internet, many companies now have a policy of not opening e-mails with attachments. This means that your message may go unopened or, if you include them in the body of the e-mail, they may not arrive with your original layout intact. Acrobat is an excellent software tool that overcomes some of these problems. If a potential client is willing to open an attachment, you can send a letter or brochure as an Acrobat PDF file. Many users have already downloaded the free Acrobat Reader necessary to read the PDF files, or you can send instructions with your letter on where to find the Reader (www.acrobat.com).

There is also a very strong resistance to unsolicited marketing (or spamming) over the Internet. Many people object to this form of marketing, so you will need to qualify potential clients before adding them to your e-mail database.

Marketing letters

The most common marketing tool is the letter, so it stands to reason it is also one of the most common causes of marketing headaches.

Sitting for hours in front of a blank screen only to end up with ‘Dear Sir, I would like to introduce’ can be soul destroying, but the success of a letter has a lot to do with how you approach the task. The first thing to do is to identify the decision maker or influencer who will be receiving the letter. Go back to your marketing review material (see chapter 3) and look at the customer profiles you developed to help you decide on the tone and language of the letter. For instance, if you are writing to the CEO of a major corporation you will probably need a more formal approach than if you were writing to plumbers about a new product.

Take a look at your product benefits list and pick out the benefits that would be of most interest to the potential client. Imagine you are standing in front of the potential client: what could you say that would catch their interest? I’ll bet my bottom dollar the words ‘I’d like to introduce our company’ or ‘announcing a new brass widget’ won’t make a reader stand up and take notice. Think about an opening sentence that will tap into a client’s emotions and make them relate and respond. A few tried and true opening lines would be ‘Imagine . . .’, ‘Fed up with . . .’, and ‘Two minutes can save you . . .’

Once you have the opening sentence, the rest of the letter will start to flow. You need to follow the opening line with wording that demonstrates why you are the best company or business to provide the service or product. These sentences might include more benefits and your competitive advantages. Finally, the letter should ask for a meeting or action:

- ◆ ‘I would love the opportunity to explain more about our easy flow brass widget.’
- ◆ ‘I will be in your area during the first week of October and will give you a call in the next few days to see if we can set up a 30-minute meeting.’
- ◆ ‘I would really like the opportunity to talk to you about your corporate grooming program and ways we may be able to reduce your training costs.’
- ◆ ‘I will give you a call in the next few days to see if we can organise a brief meeting.’

Sentences such as ‘Please do not hesitate to contact me if you need further information’ should be removed from your vocabulary as they

leave the sales process in the hands of the potential clients. If you want the business, you need to take control and make the follow-up phone call.

Humour can be an effective way of introducing a marketing service. Some of the fun opening lines I've seen used include:

- ◆ 'If organising catering gives you too many moments like these, maybe we can help' (this letter had a Mintie attached).
- ◆ 'Take a few minutes out of your busy day to enjoy this cup of tea and we'll tell you how you can save hours every month on your bookkeeping' (this letter had a tea bag attached).

Don't be tempted to sit at your computer struggling for hours.

TRICKS OF THE TRADE

An old copywriter's trick is to jot down all the points on a piece of paper and then stick them on a filing cabinet or noticeboard for at least 24 hours. Come back and spend no more than 40 minutes attempting to write the letter. Force yourself to just type even if it is nonsense; quite often you will find that your fingers start making sense without your brain being aware of what is going on. If you still haven't got it within 40 minutes, repeat the process the next day or later in the afternoon.

Most of us learned the art of letter writing from our parents or from business studies at school. Like everything else in the world, the rules of letter writing are constantly changing. Formality has been replaced by informality and casual greetings. Generally speaking, it is still appropriate to address a letter to 'Dear . . .', although some younger business people find this old-fashioned and start a letter with the person's name and a comma. Regardless of manners, it makes good sense not to address letters to Dear Sir/Madam if you know the person's first name. It was once very popular to start a letter with Good morning or Good afternoon, which was an excellent approach except that it became a clue that you were about to receive a marketing letter.

Traditionally, a personal letter should close with Yours sincerely and a business letter with Yours faithfully, although these salutations have recently been replaced with the less formal Regards or Kind

regards. Very informal salutations such as Cheers or Keep smiling will need to be judged as appropriate or inappropriate in the context of who is receiving the letter.

A good marketing letter is ideally one page long. Although there has been a trend towards what is called ‘copy intensive’ letters, which are very wordy, they are best suited to consumer markets where potential clients want or need a lot of information prior to making their buying decision. Most clients in business to business marketing, where target mail is mostly used, do not have the time or inclination to wade through page after page of information.

If you can’t fit all the information on to one page then a two page letter is perfectly acceptable, but three or four or more pages will require a lot of commitment from the reader. The letter should cover the main points about your product or service such as a description of the specific product or service, the main competitive advantages and user benefits. It can be an ideal place to sell the credibility of the business owner by explaining how the service was developed. This works particularly well when there is an interesting story behind how the business started or the product was invented. I often ask myself what the client will need to know before they can commit to a meeting. If they don’t need to know the information, then it should be kept for the meeting or a follow-up letter. Some of the pieces of information that aren’t critical can typically include the year the business was established, in-depth technical information, details of how a service will be delivered, emotional opinions or information about competitors.

If you have more than one market segment you will need more than one marketing letter, as each message should be tailored to suit the decision maker. The best way of tailoring letters is through the opening sentence, then the information in the body of the letter can stay the same or change slightly. It is always worthwhile double checking the body copy of the letter to make sure you haven’t made basic mistakes like referring to business owners when that market segment may have a single owner.

The following is a collection of sample marketing letters from Geoff MacBean of Winter Hill Tree Farm. Although the information in each is similar, you can see how they have been tailored to suit each market segment.

Sample development application letter—residential

Dear

Right now you are probably knee-deep in paperwork and planning for your new property in the Southern Highlands. But once the building is complete you'll no doubt be faced with the challenges of landscaping your property.

As a horticulturist and keen gardener I know how frustrating it can be waiting for trees to grow to give your property that established look. At Winter Hill Tree Farm we can help you create instant landscaping with advanced trees.

Winter Hill Tree Farm is a family business that specialises in growing advanced trees that are perfect for creating dramatic driveways, established hedges or just as a stunning feature in your new garden. We have over twenty years' experience helping landscapers and homeowners in the Southern Highlands select appropriate trees for the soil, climate and position.

We stock over 300 species of evergreen and deciduous trees including rare and unusual specimens that are unique to Winter Hill. We also grow spectacular flowering trees such as magnolias, crabapples and rhododendrons.

We are happy to work with your landscaper or garden consultant, but if you are doing your own landscaping we are willing to supply trees at our wholesale prices which will save you a considerable sum compared to the prices charged by retail nurseries. If you'd like to take up this offer or visit our nursery please give me a call on . . . between 8 and 5 Monday to Friday or e-mail us at . . .

If you'd like to know more about Winter Hill check out our website at www.winterhill.pbq.net.

I look forward to hearing from you.

Regards

Sample development application letter—commercial

Dear

We understand from local development applications that you are undertaking a project at 68 Smith Road, Bowral. I realise that you are probably still at planning and construction stages at the moment but will no doubt be considering landscaping of the site in the near future.

At Winter Hill Tree Farm we can help you create instant landscaping with advanced trees.

Winter Hill Tree Farm is a family business that specialises in growing advanced trees that are perfect for creating dramatic entrances, established hedges or as a stunning feature in your new project. We have over twenty years' experience helping businesses and homeowners in the Southern Highlands select appropriate trees for the soil, climate and position.

We stock over 300 species of evergreen and deciduous trees including rare and unusual specimens that are unique to Winter Hill. We also grow spectacular *(insert something appropriate for this market)*.

Recent local projects include trees for XYZ , ABC and JKL. We have also undertaken major projects for XYZ council, ABC and JKL. *(This information to be updated for each client.)* We are happy to work with your architect or landscaper, but if you are handling your own landscaping we are happy to supply trees to you at our wholesale prices.

If you'd like to take up this offer or visit our nursery please give me a call on . . . between 8 and 5 Monday to Friday or e-mail us at . . .

If you'd like to know more about Winter Hill check out our website at www.winterhill.pbq.net.

I look forward to hearing from you.

Regards

Sample letter—council market

Fred Bloggs
Somewhere Council

Fred

If finding good quality trees for street scaping that will survive and thrive in your climate is giving you a headache, we have the perfect remedy.

Winter Hill Tree Farm has been in the business of growing established trees for fifteen years and has developed technology that gives us consistent quality plants from 75 litres right up to 250 litres. More importantly, we are based at Canyonleigh so we understand the growing needs of trees that are to be established in areas like Orange.

We have recently supplied trees for major projects at XYZ and ABC and have a comprehensive range of trees from Fs to Ms. *(This information to be tailored for each client.)* Of course, we grow to NatSpec standards and undertake ground root pruning and root prune at every stage of potting on.

We have a unique service where we can e-mail you a photograph of the exact trees you are purchasing. We also have a website where you can find out a little more about our business. I would like to find out more about any projects you may have coming up and will give you a call in the next few days.

Kind regards

Sample letter—landscape contractors' market

Dear

If it's a tree that is unusual, extra large, hard to get or extra special, don't chase all over town—pick up the phone and call Winter Hill Tree Farm.

At Winter Hill Tree Farm we understand that time spent searching for stock is time you can't spend on site, so with just one phone call you can save yourself time and energy. At Winter Hill we specialise in advanced cold climate trees in sizes up to 1000 litres. We stock over 300 lines including Chinese elms, claret ash, Manchurian pear, Leighton green and Magnolia little gems, so when no one else has it in stock you'll often find we can help.

Our specialised growing techniques mean we can give you consistent size, canopy and quality. If you're dealing with a fussy client we can even e-mail you a photo of the exact trees so you can see before you buy!

We'd love the opportunity to work with you in the near future. I will give you a call in the next few days to see if you would like more information on Winter Hill Tree Farm.

Regards

Sample letter—VIP card

Dear

This is just a short note to say thank you for your business with Winter Hill Tree Farm. I've spent some time lately looking at our sales records and realised that some of our clients who buy direct from the nursery have been spending substantial amounts of money.

We'd like to reward your loyalty with a Winter Hill VIP card.

This card will entitle you to wholesale prices on all purchases. This is a saving of 35% on retail prices! We will also be offering our VIP clients several other incentives during the year including two newsletters, special nursery door sales and an invitation to a VIP event in our display garden.

If you would like to become a Winter Hill VIP please contact Jacqui on . . . or fax or mail back the attached slip.

Once again, many thanks for your business.

Regards

Sales proposals

In business to business selling you often need to present a sales proposal or quotation to the potential client, which provides another opportunity to sell the benefits of you and your business. A proposal can be a simple letter confirming a price, a pre-printed form or a full-blown document detailing every aspect of a proposed consultancy. The size and complexity of the proposal will be dictated by the amount the client is spending and how much additional information they will need to make their decision. For instance, a client buying office chairs will probably need less information than if they were contracting a consultant to review their policies and procedures. Always assume that the client is talking to more than one provider so be prepared to give as much information as necessary, including testimonials and referrals.

It is often time effective to use a template or standard format when compiling proposals, but this can mean they become very bland documents that make no attempt to relate to the client's business. The most practical solution is a template that can be tailored to suit each business and a covering letter that is written specifically for the client. The covering letter gives you an opportunity to thank the potential clients for their time, compliment them on a positive aspect of the meeting and confirm the parameters for the project.

Make sure you mention price as early in the letter as possible. After all, this is probably one of the key factors that will help the client make up their mind whether or not to use your services. I also include in the letter the names of clients I would like the potential client to call.

The proposal itself should include all the additional information a client will need to make their final decision. Depending on your product or service this could include:

- ◆ the objectives of the project;
- ◆ the specification of the job;
- ◆ exclusions—if you are in an industry where there are pages and pages of exclusions they should be an attachment to the proposal, as it can be discouraging for a potential client to read about all the things they won't get for their money;
- ◆ project management details;

- ◆ the project team and qualifications of the people working on the project;
- ◆ personal and company experience on similar projects;
- ◆ case studies;
- ◆ photographs of successful projects;
- ◆ a company profile;
- ◆ details of awards;
- ◆ a list of successful projects or clients;
- ◆ your personal profile;
- ◆ terms and conditions of payment; and
- ◆ a timeline.

The proposal should reflect the amount of money a client is spending on your service. If they are paying \$200, they probably don't want to wade through a 16-page document. But if it is a service worth thousands of dollars it should be a serious document. Proposals should be printed on letterhead and professionally bound. If you present a lot of proposals you might like to have a special presentation folder or covers printed, but you should beware of using presentation folders if there are numerous pages to your proposal as the loose papers tend to be a nuisance.

Brochures, leaflets, pamphlets and flyers

If potential clients need standard information about your product or service then a printed brochure or pamphlet is a cost effective way of getting the message across. Leaflets and flyers are usually one colour cheaper productions, while brochures and pamphlets are more lavish or full colour presentations. Generally, brochures make good sense when you need to send information to a large number of people.



REAL LIFE



Julie Adamo and Annie Moore of Balloons and Blooms have a full colour brochure that is an essential part of their marketing. The



brochure shows colour pictures of all their services, from floral design and gift baskets to balloon bouquets and corporate event decorating. It also promotes their staff and the many awards the

business has won. This A5 brochure is displayed on the counter of their retail outlet, sent out with any quote for corporate balloon decoration and mailed out with target mail letters to the corporate market. Julie and Annie also take this brochure along to hand out at networking functions. The Balloons and Blooms brochure certainly isn't an expensive production; Julie takes the photos herself with a digital camera and creates her own layout. It is colourful, fun and most importantly it is effective.

TRICKS OF THE TRADE

Before you start to work on your brochure it is a good idea to flowchart the information you want to include, as this will help you decide on the size of brochure you need. Information you might detail on a flowchart includes name, logo, contact details, history of the business, the range of services, the benefits of the products, technical information, a location map, a client list, and client endorsements. Once you have created a flowchart you can make a few important decisions.

Size

Brochure sizes can range from a DL envelope-sized flyer through to A4, A5 and broadsheet flyers. One of the most popular sizes is the twofold A4, which fits neatly into a DL-sized envelope. Keep in mind that it costs more to post and send an A4 sheet than a DL-sized flyer. It is also easier for a potential client to file a smaller brochure.

Paper

The weight and quality of the paper used in your brochure will send an immediate message to the reader. Matt, glossy and textured paper all feel different. A brochure with a heavy weight, matt quality paper will probably be seen as being more important than a light weight cheap production. A glossy paper may have a slicker feel than matt or textured paper. To recap on a popular theme, the trick is to make sure that the paper is appropriate for your target clients.

If you are promoting discount party packages to parents at local childcare centres then a brightly coloured inexpensive paper will be

very effective. A brochure going to a solicitor's office promoting recruitment services would need to be on a heavier weight paper with a quality feel. A full colour brochure promoting floral design would look very bright and lively on gloss. Dark coloured gloss can show fingerprints, so you may want to look at a protective coating for the best effect. If you are targeting an industry that is environmentally aware you should also consider using recycled and unbleached papers.

The colour of the paper also has an important role to play. Cream and white paper paired with black, blue or maroon inks have long been the traditional choices for corporate and business stationery. There are so many wonderful choices of paper stocks around these days that it is worthwhile experimenting with some of the more modern combinations. Coloured stock with one or two colour printing can be very dramatic and cost effective. Some very effective brochures I have seen combined cobalt blue with orange and cream, white with orange and lime green and rust with black and tan.

If you are planning to use full colour printing make sure you ask advice on the best stock to display the colour well. Most printing companies these days have trained staff who are only too happy to help you choose paper and colours.

Layout

If you have a software package such as Microsoft Publisher you can use their templates to create a layout or give you inspiration. I collect brochures that I like and use them to help clients choose a brochure layout that will work for their products or services. Check that the layout is logical. Just like a marketing letter or advertisement, the information should naturally flow.

For instance, in a two fold brochure: the cover might include the company logo, picture and an interesting heading; the inside pages would focus on product-related information and include artwork, pictures or diagrams; the back page that flaps into the centre might include a rate card or order form; and the back page would include company details, a map, and perhaps information on the company or a related product. It is a good idea to rough out the layout as a guide for your copy and to give to the printer.

Pictures

A great photo, powerful logo or amusing cartoon can all help to break up a sea of words and add impact to your message. Think of the impact photography has when you are choosing a holiday resort in an exotic location: it's not the wording but the photograph of the beautiful room with the king size bed and bubbling spa that overlooks a sparkling blue lagoon that will have you reaching for your credit card. A headline that reads 'Picture yourself walking on golden sands' has no impact without the picture of the deserted beach stretching out for miles.

Digital cameras and scanners make it very easy to add pictures to your brochures, but it is important that the quality of the pictures matches the quality of the brochure. If you are putting together a product brochure it is worthwhile investing in a professional photographer, as this is a specialised area and they will show your products off so they look stunning.

If photographs won't work for your brochure, consider cartoons and illustrations. Apart from originals, these are available in many software packages, but do be careful of using easily recognisable graphics such as the clip art series as they will not help brand your brochure as unique or different.

The other common visual element that appears in a brochure is your logo. This is an important part of your image, so make sure you have it on disk and do not rely on a third generation photocopy that looks faded or grainy.

Fonts

Fonts play a large part in the readability of your brochure, while a particular typeface can leave readers with a distinct impression. You can go friendly, corporate, feminine, zany or even just messy. There are two distinct styles of typeface: serif and sans serif. Serif typefaces have little feet or serifs that make them ideal for lots of body text (like this text). Sans serif or fonts without feet are generally plainer typefaces that are more suited to headings. If you are putting together a brochure to promote your fun range of light fittings you might want to use a sans serif typeface such as Comic Sans, Tahoma or Impact.

If you are promoting consulting services to the banking industry try a serif font such as Times, Garamond or Palatino.

TRICKS OF THE TRADE

Unless you are selling typewriters or going for a special effect, please do not be tempted to use Courier (which looks like it has been created on a typewriter). Also, resist the temptation to experiment with fifteen fonts in one brochure. You've probably seen brochures that look like an explosion in a print shop—they look very messy and unprofessional and are hard to read.

Generally speaking, choose one font for the copy and the same or a complimentary font for headings, and varying point sizes for effect. The most effective and easily read point sizes for body copy are 12 and 14 point, but you can reduce some fonts to 9 or 10 point without too much trouble. Keep in mind that if you are targeting a market aimed at 50 plus you may need to avoid small fonts, which can be hard to read without glasses. If you don't feel confident enough to tackle your own design you can take the job to a graphic designer or desktop publisher. Your printer may have a designer or desktop publisher on staff or will be able to recommend a designer. Ask your business contacts for recommendations.

Copy

Just like in a marketing letter, the most important part of the wording of your brochure is the heading, which should interest, intrigue and relate to the reader. You also need to consider the following when writing copy:

- ◆ Follow the flowchart for your brochure and write each section in order to give the copy a better flow.
- ◆ Think about the copy as if you were presenting to the client face to face at a sales meeting. Ask yourself which piece of information you need to give first. Once they have taken that on board, what is next?
- ◆ The brochure should present a logical argument as to why a client should use your services. Don't forget the benefits from chapter 2, which should be reiterated throughout the brochure.

- ◆ When you are writing, avoid technical or industry jargon that people won't understand.
- ◆ Keep the copy clear and concise with short rather than long complicated sentences.
- ◆ Write as you speak and forget most of those grammar rules you never quite learned at school. Advertising copy should flow, so if you start a sentence with and or but it is not the end of the world.
- ◆ Try to avoid marketing speak phrases such as 'for all your requirements', 'quality service' or 'personal service'. These are over-worked and underbelieved phrases that are best replaced with plain English explanations that define what you mean by quality, such as 'quality is important so every widget is hand checked at every step of the process'.
- ◆ Keep the style of the copy appropriate to the business. If you are an informal, friendly company do not produce a formal, conservative brochure that may give clients the wrong impression.
- ◆ Try to use language that is commonly used in conversation—'make sure' is much friendlier than 'ensure', and 'use' is more relatable than 'utilise'.

TRICKS OF THE TRADE

Once you have a first draft of the copy it is a good idea to read each section out loud to see if it makes sense. This is a trick often used by copywriters to pick up clumsy sentences and duplicate words. It is also a good idea to get someone who doesn't work in the business to check the copy. A fresh eye will soon pick up any dreaded typos and let you know whether the brochure reads well. If the reader tells you they don't understand part of the brochure, odds are your clients will have the same problem. Swallow your pride and go back to the drawing board—it's cheaper than making a mistake.

Don't try to cram too much copy into your brochure. It is better to surround the copy with plenty of white space and allow the pictures to do some of the talking. If you are using a template program it will be fairly easy to judge the number of words you can fit in your brochure. If not, you can cut and paste copy to see if it will fit. Set the margins on your word processing document to match the width of your page, and cut and paste the copy onto a mock up of the

brochure. Although not 100 per cent accurate, it will give you an idea of whether you have hopelessly under- or overwritten.

Quantity

When it comes to printing your brochure, make sure you get a proof and thoroughly check all the details such as phone number and address. If it is being printed in colour, ask for a colour proof to make sure that the colours are exactly as you specified. It can be soul destroying to be stuck with 1000 off colour brochures even if they were discounted or free. It is often cost effective to print large numbers or runs of a brochure, and you need to make sure that you have enough brochures to last you for at least 12 months. However, it is a little risky having five years worth of brochures as you may want to change information or update the look of the brochure to keep up with competitors. The cost of your brochure will be dictated by the size, paper, number of colours and set up costs.

Advertisements

Once you have conquered the intricacies of marketing letters and brochures you can then tackle advertisements. Most publications have layout and design staff who can help you with the final design of your ad, but it helps to have a good idea of how you want the ad to look and what you want it to say. Once you have chosen the publication, get your hands on a copy and read it from cover to cover to give you a good idea of who reads the magazine and the approach they take to their subject. For instance, if the magazine is full of 'how to' articles this obviously appeals to their readers, so you might want to take a similar approach in your ad.

Look closely at the other advertisements in the publications—you will be competing with these businesses for the reader's attention. Your ad should stand out from the rest, and there are several ways you can grab the reader's attention:

- ◆ The shape of the ad. If everyone else is using quarter or half page spaces, see if it is possible to try something different. Run a strip ad along the bottom of the page or a circular ad within the quarter page space.

- ◆ The size of the ad. This will obviously be dictated by your budget, but it is worth spending as much as you can afford to reach your target market.
- ◆ Colour. Add colour to stand out from the black and white ads.
- ◆ White space. If the other ads tend to be crammed with information or lots of copy, try a layout that has plenty of white space.
- ◆ Borders. An interesting border can draw the reader's eye to your advertisement.
- ◆ Copy density. When everyone else is filling their ads with words, try a 'less is more' approach.
- ◆ Benefits versus features. Most ads will detail the features of products or services. Take the user friendly approach and talk about features and benefits to make your ad really stand out from the ordinary.
- ◆ Pictures or artwork. Use a photo or artwork to stand out from a lot of copy-based advertisements, but make sure the photo or artwork will reproduce well.
- ◆ Position. Make sure you negotiate for the best possible position for your advertisement. Right-hand pages have higher readership than left-hand pages, and if you are advertising in local press earlier pages are better read than those later in the paper.

Once you have chosen the size of your advertisement, draw up the outline of the ad on a blank piece of paper or on your computer to give yourself a good idea of the space you have to play with. The most important part of the ad is the headline, which will draw the attention of the reader. You should spend 80 per cent of your time getting the headline right. As in all good marketing, the headline must match up with the reader. It can intrigue, shock, interest, amuse or challenge but it should be immediately understandable. A headline can tap into topical issues, offer a solution to a problem or tap into a personal dream. A headline can also ask a question. There are no hard and fast rules, but the shorter the headline the better:

- ◆ Imagine . . . no more
- ◆ Lose weight in
- ◆ All men are bastards
- ◆ Discovered a cure for
- ◆ Nine out of ten
- ◆ Did you know?

- ◆ Are you missing out?
- ◆ Take the . . . test
- ◆ 50 000 people were killed by
- ◆ Buy one get one free

Once you have attracted the reader's attention you have to interest them in your product. You can use a subheading to focus the reader's attention and then move into the body copy. This is the time to bring out the benefits that will sell the reader on your product. Avoid jargon or technical talk, and explain the benefits in easy to understand sentences or points. Beware of using marketing speak and claiming to be the best, biggest or strongest unless you are actually recognised in this way. These terms are regarded by readers as advertising 'puffery' and are viewed with some cynicism. My favourite classic mistake is when businesses proudly claim to be specialists and then list every possible service they provide. Call me cynical, but I always thought a specialist did only one or two things much better than others.

If you are looking for a direct response to your advertisement you may need to make the reader feel safe with their decision. Money-back guarantees and testimonials from happy clients are good ways of building trust with your potential client. Don't be frightened to mention price in your advertisement, especially if it is important in the buying decision. Prices can work well in headlines provided they are bargains—a 10 per cent or 20 per cent discount on a low priced item won't attract much attention these days. Even ballpark prices can give readers an idea of whether they can afford your services and encourage them to take the next step of calling you.

Just as a marketing letter is asking for a meeting, your advertisement must ask for a response via a phone call, a visit to your retail outlet or website, an e-mail or a direct order. If you don't ask for an action you've probably wasted your money.

End the ad on a powerful note. Take the reader back to the reason they started reading with a reference to the headline in the body copy.

Pictures or illustrations can be used to back up the copy, but make sure they do not interfere with the comprehension of the ad. Copy that is streamed around a picture can be confusing and hard to read.

TRICKS OF THE TRADE

Once you have written your ad, test it on friends or colleagues to make sure you have managed to get your message across. Double check details like phone numbers and addresses. If you are including a coupon, ask someone to fill it out for you to make sure you have left enough space and haven't forgotten any vital information.

Don't try and use your ad as a research tool. 'Mention this ad for a free whatsit' is a commonly used approach that often has disastrous results. Just think: when was the last time you sat down, cut out an advertisement and presented it at the counter for a \$5 discount? Most of us can't be bothered or would feel cheap handing over the ad for a small reward.

When I was working in radio we wrote a series of ads for a menswear shop that insisted on running radio ads that matched their press campaign. Each ad had to include the wording 'mention this ad and we'll give you a free tie worth \$20'. Considering that the shop sold suits worth \$500 to \$1200 dollars, this was not a big lure. When I rang the client to check how the advertising campaign went I was told it was a total failure as not one person had asked for a tie. However, the shop had had its best weekend trading ever. Thank heavens for advertising! When you think of how much you are paying to include the 'mention this ad' phrase you will realise how much more effective it is to do your market research on the spot and ask everyone where they heard about your business.

Writing for the Web

A challenge that many people will soon be facing is writing copy for their websites. The Web is a world of instant access. People want to get their information in bite-sized chunks quickly and efficiently, especially when they are looking for business to business products. Before you start to write for your own website you should organise the content into logical categories and subcategories. Use headings and subheadings to help your readers zoom in on the content that interests them. Remember that you may be communicating with people who use a different language, so keep your terminology global and avoid unexplained jargon that is local or specific to your industry.

Match the language to the feel of the site. Use short snappy sentences for a bright and lively high tech site or more descriptive sentences for a creative or artistic site.

Divide your material into page-sized blocks as endless scrolling can be annoying. Use colour and graphics in conjunction with the text to create interest and visually direct focus from one topic to the next. Break the content up into short paragraphs for easy reading, and limit the width of lines of text. Long lines of text are harder to read on a computer screen and can cause eye strain. Paragraphs composed of sentences that are similar in length are easier to read than ones that combine long and short sentences. Bulleted or numbered lists are very effective when you need to get across information so it can be quickly and easily digested.

When you are presenting the material, use legible fonts and font sizes with bold text for emphasis. Limit the number of fonts and font colours throughout your site so it is easier to read. Clearly label all the links and never underscore text that is not a link. Be consistent in the way you present your material throughout the site.

Telemarketing

Where would you be without the phone? Telephones provide you with an instant antidote to isolation and immediate access to customers, suppliers, competitors, colleagues, business support services and staff. The telephone has also now become a new vehicle for banking and bill paying. Your customers can pay for services or reach your help service over the phone. Your calls to service organisations are commonly routed via call centres and you may find yourself talking to customer service or technical support staff in another state or country. Phone diversions allow you to run your business when you are off site, overseas or on holidays. Your mobile phone gives you 24-hour accessibility and you can solve problems in the middle of preparing dinner or on the way to work.

You would struggle to survive without phones and, although most people are guilty of cursing the constantly ringing phone that interrupts their busy day, they are marvellous marketing tools. Like all of the tools in your marketing toolkit, the telephone needs to be used strategically. You wouldn't dream of dashing off a marketing letter on

the spur of the moment, but for some reason we tend to treat telephone marketing as an impulse.

Telemarketing is an important part of the marketing mix. Over the years telemarketing has been associated with hard sell calls soliciting donations to a charity, membership to a sales club or advertising a special event. However, any planned or organised use of the telephone in a business environment can be regarded as telemarketing.

Telemarketing falls into two categories: incoming and outgoing calls. Incoming or inbound calls could come from existing customers, colleagues, suppliers and potential clients. If you slip in your telemarketing techniques you could lose valuable revenue. Whether a client is making an appointment, ordering stock, booking a job, asking for service support, paying an account, complaining or renewing a subscription, how you deal with these calls can dramatically affect the image and credibility of your business. It only takes an automated phone system that confuses clients or an offhand phone manner to lose sales.

You need to have marketing strategies in place for dealing with incoming calls quickly and efficiently. Some of these strategies could include:

- ◆ the use of a 1300 number for inexpensive access by interstate or regional clients;
- ◆ a standard greeting that is used by all team members;
- ◆ a smile when answering the phone;
- ◆ an on-hold message that cross promotes all the services the business offers;
- ◆ phone answering guidelines such as answering within a certain number of rings;
- ◆ an established hierarchy of who answers the phone if there is no full-time receptionist;
- ◆ asking staff to identify themselves by their first name to encourage callers to build a relationship with them;
- ◆ installing client management software that helps all team members track the progress of jobs and give clients up-to-date information; and
- ◆ training in telephone techniques.

Outgoing calls usually focus on pro-active tasks that also bring in revenue such as sourcing information for marketing, market research,

target mail calls, customer surveys, scheduled customer service calls or calls following delivery of a service or product. Telemarketing is growing in popularity as it is a relatively inexpensive way of reaching target market segments. However, it is very time intensive and its effectiveness relies heavily on the skills of the phone operator.

Telemarketing activity goals should be included in your marketing plans. Just as you aim to send 30 target mail letters a week, you may plan for 30 follow-up target mail calls, 20 calls to existing customers and five customer surveys. Each of these calls will need to cover specific points, which should be included in a cheat sheet that can be displayed close to the phone. Cheat sheets are preferable to scripts, which can sound false and insincere. A cheat sheet or dot point list also gives the telemarketer a chance to use words that suit their personality.

Effective telemarketing comes down to good manners and common sense. Did you know that communication is more than just words? Experts say only 20 per cent of your message is communicated through words, 45 per cent by the quality of your voice tone and inflection and 35 per cent through body language or non-verbal communication. All of those are transmitted down the phone line. Whether you are dealing with incoming or outgoing calls the same rules apply:

- ◆ Smile and sound positive. Before you make the phone call, take a deep breath and focus on the call—not what is happening in the office.
- ◆ Speak slowly and start the call with a verbal handshake.
- ◆ Sound interested and animated but avoid jargon and a boring monotone delivery.
- ◆ Listen to the client.
- ◆ Use the person's name as early as possible in the conversation.
- ◆ Don't eat, drink or smoke while on the phone.
- ◆ Don't forget to breathe—you need oxygen to think properly!
- ◆ Make sure you really understand your phone system so callers don't get dropped while on hold.
- ◆ Tell your caller what is happening; don't suddenly put them on hold or transfer their call without an explanation.
- ◆ Always close with a polite goodbye or thank you.
- ◆ Hang up last.

REWIND

- The fear of communicating with clients can be a barrier to effective written or spoken communication with potential clients. Having a good understanding of your clients' needs and wants and your product features and benefits will make communicating much easier.
- If you are marketing by mail you will need to develop a mail list of potential clients using the target mail methodology.
- An effective target mail letter should tap into the readers' needs and wants, worries and concerns. It should also promote the benefits of dealing with your company and tell the reader what you expect from them, such as an order or a meeting.
- Don't leave the response up to the client. Promise to follow up the letter and keep your promise.
- Sales proposals, brochures, advertisements and your Web page are all effective ways of communicating with potential and existing clients.
- Telemarketing provides immediate access to customers, suppliers, competitors, colleagues, business support services and staff. Include telemarketing activity goals in any marketing plans—all you need for effective telemarketing are good manners and common sense.

The importance of image

The most intangible area of marketing is developing an image for your business. Most business owners find the whole process both mysterious and frustrating. If only there was an image shop you could simply march into to choose the image you felt best suited your product or service. Unfortunately, no such shop exists and, even if it did, it would be useless, as image is the perception of your business based on observations made by your existing and potential customers.

The key word is perception. Image often has nothing to do with fact and everything to do with what people think. Your image can be affected by the typeface used in your logo, the uniforms your staff wear, the car you drive, the way you dress or the colour of the walls in your office. Just as you make judgments on the businesses you deal with based on their location, stock or even the smile of the office assistant, your customers are making similar judgments about your business.

No matter whether you are a start-up business on a shoestring or a well established business with a marketing budget, it's possible to build your image without spending a fortune. Once you have decided on your image, that 'vision' should be the test for every new marketing initiative, customer service campaign, printing job or even staff uniform. Ask yourself whether it fits your image, and remember that quite often it's the little things that will help you build on your existing image. Offering herbal teas and brewed coffee at a client meeting or Minties sent in the packaging of an urgent delivery can help you establish your image and your brand.

Many people in small business give out mixed messages regarding their image. Their stationery may be glossy and upmarket but their office is furnished with hand-me-downs. They may wear business suits and drive an imported car but their staff all wear jeans. This inconsistency is seen most commonly with printed material. It is not unusual to see business stationery in corporate navy and cream, a marketing brochure in lime green and purple and a price list in fluorescent pink. Often you lose consistency because you, the business owner, get bored with your marketing material and can't resist the impulse to play with what may already be working well.

TRICKS OF THE TRADE

If you are not sure whether your printed material gives a consistent image, try collecting everything from invoices and advertisements to business cards and brochures then lay it all out on a table. Ask yourself, or someone who doesn't know your business, to stand back, look at the display and tell you how many businesses are represented. If the answer is more than one you probably have a problem with the consistency of your image.

Clients look at your image to give them clues about how you operate your business and where you are positioned compared to your competitors. Image is a critical part of the selection process and consistency is the key to a clear image. No matter whether your image is downmarket, cheap and cheerful or slick and modern, you need to be consistent in the message you give your customers.

Branding and values

Consistency will help to strengthen the branding of your business. Branding has become a hot topic at small business workshops and conferences recently as businesses investigate the ways branding can work for them. It has long been the domain of big business, with textbooks churning out examples of how the big names like Heinz, Ikea, Ford and Coca-Cola have spent millions of dollars building their branding.

Branding is primarily about the values that are attached to your name and identity. It used to be assumed that these values could only be attached with lots of expensive advertising and promotion, but it

is possible for smaller businesses to develop strong branding. Think about the businesses in your local shopping centre. Are there any that have a strong positioning in the marketplace? There is a well established fruit and vegetable supplier in my local area that has a strong brand. The business is owned by an Italian family, with most family members putting in an appearance some time during the week. They are passionate about food and even sell home-made dips, soups, fruit salads and savouries made from favourite family recipes. They are known for stocking only the freshest produce and will often ask questions about the meal you are cooking to make sure you have the best product. Their branding is based on the family values they bring to their business and their passion for good quality food and fresh ingredients.

If you want to create a strong image for your business and work towards building a brand, the first thing to decide is how you would like to be perceived in the marketplace. What values would you like to see associated with your business? The clearer your picture, the easier it will be to build a consistent image.



REAL LIFE



Focus Personnel and Training is a business that has put a lot of thought into its branding. Owner Chris McDonald has introduced a



'promise' that is the guideline for everything they do: they promise to be ethical, sincere and professional. That is their branding, and everything has to be tested to make sure it fits the criteria. Staff



must be sincere in their dealings with job candidates and clients.



There is a code of practice that governs how candidates are addressed, how they should be referred to among the team and how consultants should deal with candidates when advising them of their chances of employment. It governs their dealings with clients and suppliers alike. This branding is also reflected in their offices, the way staff dress and their marketing material.

Conducting an image review

A good way to start the branding process is with an image review of your business. Take half a day and pretend that you are a client about to approach your business for the first time. Look up your

business in the *Yellow Pages* and see what your ad says about you. Does it stand out on the page, or does it look like all the other advertisements? Check your address in the street directory: is it easy to find? Hop in the car and drive to your business as if you were going there for the first time. Look at the area: is it thriving? Is your place difficult to find? Are there street signs? How easy is it to park? Phone your business at three or four different times. How is the phone answered? Do the people answering the phone sound happy, professional or bored? Send yourself your marketing material to see what condition it arrives in. Has the laser printing smudged? Is there a letter with the brochures? Mystery shop your business and ask a friend or colleague to make a sales enquiry to see how it is handled.

Ask yourself these important questions:

- ◆ What do your clients hear?
- ◆ What do your clients see?
- ◆ What do clients receive?
- ◆ How do you make your clients feel?
- ◆ What negative or positive values could clients be attaching to your business?
- ◆ Do the results of the audit match your image?

Which brings you back to the matching process again, matching your image to your target market. The closer the match, the more revenue you will generate.

Only you can decide on the positioning and values for your business, but it's a good idea to get staff involved, perhaps through a planning day where they can have input into the process. Advertising, marketing letters, brochures and signage are among the initiatives that will help develop your image, but there are a lot of hidden elements that are easy to overlook. The following check list will help you work through some of the variables that will have an impact on your image.

Positioning

Positioning should quickly identify where you fit in the marketplace. Are you the acknowledged leader or the bright and enthusiastic

newcomer? Your position in the marketplace can be demonstrated by your location, your dress, your stationery and even your car.

Name

Your name should tell a potential client what you do and who you are targeting. A name like Funk Design has a very different image to Budget Design. If I am dealing with a company called Peter Smith Design then I would assume that Peter is the driving force in the business. Some names like Valcon (a combination of first names Valerie and Con) do nothing for image at all.

Logo

If you have a company logo it should enhance your name and image. Ideally, if you take away the company name, the logo should be strong enough to be identified on its own. If you choose to use a logo it is worthwhile talking to a graphic designer, as this is not an area for amateurs.

Stationery

Your business card is most people's lasting reminder of your image. No matter how well designed the card, if the paper is poor quality or the card self-destructs with handling, then it will be having a negative impact on your image.

Your choice of landscape or portrait layouts may also give potential clients a message about your business. Portrait is often associated with creative businesses or those that want to stand out from the more usual landscape format. However, if your business card isn't a standard size and won't fit in cardholders it may not be kept long enough to make an impression at all! Even if you don't have a logo and can only afford one colour printing, you can still boost your image with a clever choice of paper or printing techniques.

Textures, colours and even embossing can all help create an image for your business. Don't forget your letterhead, as this will create a first impression of your business. Good quality paper and interesting colours can enhance your image. Little extra touches such as

co-ordinated envelopes, follower paper and even matching paper clips can add ‘zing’ to your image.

Location

Like it or not, potential customers will make assumptions on how you run your business just from your address. If you are located away from expected or traditional areas it may affect your image. For instance, if you are a specialist in information technology then most potential clients would expect you to be located in the CBD or high tech areas of the city. An address in a far-flung suburb may position you as out of the mainstream. A home address can be a problem in some industries and a boon in others. If you need to ‘disguise’ a home address, substitute the word ‘suite’ for flat or use a post office box address.

A serviced office can be a good alternative for a consultant or lone operator who needs a postal address, boardroom or client meeting room. Some serviced offices will even look after phone answering and forward calls to your home office.

If you have a home office or studio, make sure it looks professional. You will need a clearly visible street number or small sign if allowed by your council. If your office isn’t accessed through the front door, you will need directional signage. Your office should be as close to the entrance as possible so clients don’t have to walk past children’s toys, last night’s takeaway or your mother-in-law reading a magazine. If you are having meetings at home, try to provide a professional environment by seating people at a table rather than on a lounge suite—a lounge is associated with social activities, not business.

If you have an office, give some thought to your décor and furniture. Bright colours and modern chairs will give an upmarket, cutting edge image but could also say ‘expensive’ if you have a conservative target market. On the other hand, it may be difficult to position yourself as the professional expert if your waiting room is full of second-hand furniture, three-year-old magazines and dead pot plants. When you are decorating your office or meeting room remember that it is an office, not a home. Décor should be conducive to a business meeting and not a tea party, so try to avoid lace doilies, standard lamps and ornaments.

Vehicle

Even your mode of transport has an impact on your image! If you are a tradesperson who turns up in a filthy ute with equipment just tossed in the back your customer may have second thoughts about your ability to make a neat repair or clean up after the job is done. An expensive, imported car can give the image that you are successful and well worth the dollars you charge. In some markets it can give the message that you are expensive and clients wonder whether they are paying for that luxury car. It makes good sense to match your choice of business car to your target clients.

Staff

Your staff represent you and the business. Their ability to meet clients' needs will directly affect your business image. Indirectly, your image will be affected by how they dress, answer the phone and deal with clients in general. It's a good idea to establish policies and procedures to set guidelines that are appropriate for your business. There are no hard and fast rules when it comes to developing dress guidelines, but keep in mind they need to be appropriate for your clients.



REAL LIFE



I went out on a series of calls with a sales manager who was selling car alarms. Our first call was to a fleet customer in a big corporate building. The sales manager, dressed in his navy suit,



was at home in this environment and soon had a signed order from the client. The next call was to an auto-electrician in a neighbour-



ing suburb. As the sales manager walked towards the owner of the business he extended his hand for a handshake. The business



owner, dressed in grease-covered overalls, wiped his hands but didn't want to shake hands in case he got the sales manager dirty.

The meeting was rather stilted and the sales manager walked away without a sale. If he'd gone dressed in smart casual pants and a casual shirt with a corporate logo, the auto-electrician might have felt more comfortable and may have been more willing to purchase.

Communication

The way you communicate with your clients says a lot about your image. If you predominantly use the telephone to call clients on a regular basis then you will probably be regarded as a people person who likes to take a personal approach. A lot of e-mail communication denotes a person and a company that are very comfortable with new technology. Those who love technology may look at people who still use the fax or don't have a mobile phone as behind the times.

Most business people expect instant communication in this day and age. They want the phone answered quickly and a voicemail system that doesn't make them wait 60 seconds to leave a message. Even if you are using an answering machine you can still enhance your image by using it creatively: change your message several times a day, promote your business on the message or even divert messages to your mobile if you are out of the office.



REAL LIFE



Jeff Sunderland of DVD Technologies II has used latest technology to give great client service. Jeff provides DVD authoring and encoding services for many advertising agencies in North Sydney. Usually he



works to a very tight deadline and needs to let his clients know the moment a job is finished. However many of his clients spend most of



the day out of the office in meetings. Instead of phoning or e-mailing, he now sends a discreet SMS message to their mobile phone to let



them know when a job is ready. Great communication that positions Jeff and his team as client focused and leaders in adopting new technology.

REWIND

- Image is the perception of your business that existing and potential clients have based on observations. It usually has nothing to do with fact and everything to do with what people think. Creating a good image needn't cost a fortune—quite often it's the little things that will help you build on your existing image.

- Consistency is the key to a clear image—it will strengthen the branding of your business. Branding is about the values attached to your name and identity. To create a strong image and build a brand, first decide how you want to be perceived in the marketplace.
- An image review will get you started on the branding process. The review will ask what clients hear, see, receive and feel regarding your business and will discover what negative and positive values they attach to your business.
- Variables that will impact on your image are positioning, name, logo, stationery, business location, vehicles, staff and communication.

The power of clients and contacts

I sometimes feel a total fraud in the advertising and promotions stakes. You see, in over ten years of running my business I've never advertised, never printed a brochure and never made a telemarketing call. In fact, 99.9 per cent of my clients come from referral—in those ten years, only three clients have come to me through the *Yellow Pages*.

It's easy to underestimate the power of referral but, just like publicity, word-of-mouth or referral is the best advertising that money can't buy. Even more amazing, referral clients are usually better quality than off the street clients because they already know what to expect and have a level of trust based on the recommendation from the referee.

Think about the referrals you've personally made to friends or colleagues. You tend to be enthusiastic about your experiences but you also take care to mention any negatives, such as 'She is a great hairdresser with really good cutting skills but she does tend to run late with her appointments'. You'll notice that the recommendation wasn't for the salon but for an individual, because referrals are usually based on the relationship you've developed with an individual rather than the company.

Referrals

The very best source of referrals is your existing customers, that happy band of people who think you are great and can't wait to tell everyone

about your fabulous business. Well, not all clients will be that positive, but a sincere referral is almost as good as money in the bank. The problem most people have with client referrals is overcoming the embarrassment of actually asking the client for one. This is totally understandable, as some people see this as stepping over the line of professional behaviour. However, there are some subtle ways of letting clients know you are open to referral:

- ◆ Don't keep telling your clients how busy you are. If you are always rushing in and out of appointments and complaining about too much work, your client may assume that you are too snowed under to take on another project or client. It's great to give the impression that you are sought after in the marketplace but make sure clients know there is always room for them or anyone they may refer.
- ◆ Ask if you can use your clients as referrals for potential clients. Most satisfied clients are happy to talk to potential customers.
- ◆ Ask for referral at the same time as you say thank you. At the end of a job or project send a 'thank you for your business' letter and include a couple of business cards. A handwritten postscript is a soft way of asking for referral. You can develop a script that suits your business, which would go something along the lines of: 'I've enclosed a couple of extra business cards just in case you come across someone who needs help with their printing' or 'You've been a great client. If you know anyone else who may be interested in XYZ I would be more than happy to offer them a free consultation.'
- ◆ Ask in person. At the end of a project or sale tell the client you are looking for more clients like him and ask if they know anyone. Again, you can develop a way of asking that makes you feel comfortable.

When it comes to the crunch, some people will refer and some won't. It may have nothing to do with their satisfaction with your product or service. They may not know any suitable candidates or they may want to keep you all to themselves to give them a competitive edge in the marketplace.

The happier the customer is with your service the more likely you are to win referrals. It is often that extra bit of client service that builds the relationship to a level where the client is keen to refer you and your business.



TRICKS OF THE TRADE

Keep in mind that clients often introduce people who are like themselves, so be wary of chasing the client from hell for referrals.

Building client loyalty

Take a look at the analysis of your sales process to identify where you should be adding extra client service. There are a lot of easy to implement initiatives that will help you win your clients' trust and respect.

- ◆ Send each new client a 'thank you for your business' letter at the completion of the first project or sale. Follow this up with a phone call within a few weeks, which will demonstrate to the client that you appreciate their business and are interested in results and not just the sale. Clients are often impressed when the owner of the business takes the time to call personally.
- ◆ Make a follow-up phone call to the client three to six months after the sale. This time frame will change depending on your product, but it is a good way of checking that the client is still 100 per cent satisfied with the service. This is a no pressure phone call that can also help you identify whether there are opportunities for repeat sales.
- ◆ Set up a timetable of regular contacts with clients. Depending on your industry these can range from two to five times a year. Typical contacts might include letters or e-mails about new services, copies of interesting articles via fax or mail and a Christmas card.
- ◆ Hold information or training seminars for clients. These free or low cost seminars should aim to increase clients' skills or provide them with useful information; they shouldn't be treated as sales opportunities. The seminars can be presented by an imported 'expert' or a member of your team.
- ◆ Start a free help line service for clients that encourages them to keep in touch. Quite often these calls will generate more work or repeat sales.
- ◆ Remove the words 'with compliments' from your with compliments slip to make sure you take the time to write a handwritten note whenever you send something to a client. This is more

personal than sending an anonymous note and helps build the relationship.

- ◆ Use information to keep the business relationship alive. During your regular reading sessions cut out articles, reports or anything that may be of interest to particular clients. Mail or fax it to the client with a note and you will be surprised at the number of people who call to say thank you.
- ◆ Start a newsletter to keep clients up to date. This can be sent via mail, e-mail or can be attached to your website. If you have a relatively large client base, newsletters are a great way of keeping people up to date and involved. Software programs such as Microsoft Publisher can make it easy to generate a professional-looking newsletter, however, some writing ability is a help. Be careful not to commit to an impossible schedule. Start with once or twice a year and work up to three or four issues a year. Newsletters don't have to be expensive—you can start with an informal letter and build up to a full colour production.
- ◆ Send reminders to clients who need to service a product or visit you on a regular basis. These reminders can be amusing cards, handwritten notes or a personalised letter.
- ◆ Pick up the phone and keep in touch. Make social calls to clients.
- ◆ Give your clients an access code to your website so they can check their account details, update orders or check what's happening with your business.
- ◆ Set up regular review meetings with clients.
- ◆ If you are a consultant you can choose to use non-billable hours to strengthen relationships with your clients. You can use your hours to make catch up phone calls, visit the client in their office or take them out for coffee or lunch.
- ◆ Recognise client achievements with an award or certificate that can be displayed in their office or factory.
- ◆ Plan regular client events such as Christmas parties, family picnics or Friday night drinks.
- ◆ Take a group of clients to an interesting seminar or presentation.
- ◆ Establish a gimmick that becomes your trademark.
- ◆ Fax outs can be a great way of keeping in touch with clients but these have been surpassed by the ease and cost effectiveness of e-mail.

**REAL LIFE**

Sonia Ferlauto of Accelerated Collection Services, a debt collection agency, has a wonderful black cat logo that features on all her marketing material. She sends clients little bags of black cat lollies as a thank you for quick payment.



You can probably think of a host of other ideas that would work for your business. If you develop just three or four client service tactics and use them on a regular basis, you will build better relationships with your clients and increase your number of referrals.

Networking

Relationship is the key word when it comes to referral: we are only going to refer people who we know and trust. Some people find that networking doesn't give them the steady stream of referrals they expect—they are usually more interested in what they can get out of networking rather than looking at ways of building relationships and helping other people. That said, if you enjoy meeting people, networking is a wonderful marketing tool that can be a key part of your marketing plan. When you are in small business, networking can certainly put you in touch with potential clients. It can also help you find potential referral sources and people who can support you in your business.

The trick is to choose the best networking group for you and your business. The time you spend at networking functions is valuable marketing time, so you need to target groups that will primarily put you in front of your target customers. This could be other businesses in your local area, women in business, people from a specific industry, people from a particular profession such as sales, human resources, company directors, home-based businesses or other small businesses. Depending on the group you join, networking can be their primary or secondary function. For instance, service clubs like Rotary and Lions were primarily established to support the community so networking is a by-product of membership, whereas business connection groups were established primarily for the purpose of networking.

REAL LIFE

You can even start your own networking group. Carolyn Gallaway of Gallaway Training and Recruitment started her recruitment business in the Hills district of Sydney. Most of her clients were human resources managers in large corporations that had relocated or established in this fast-growing area. The Hills district is about 40 minutes from the Sydney CBD, so many of her clients felt isolated from the rest of their profession. As Carolyn got to know her clients better she realised they would benefit from their own networking group. She funded and established this small group on behalf of her clients.

If you find large business breakfasts or lunches scary, try starting your networking with a smaller industry group or attend a training session put on by the same networking organisation. This will give you an opportunity to mix with people during the breaks without the pressure of juggling cutlery while trying to talk to ten people. Turning up to the networking meeting is just the start of the networking process. If you find it intimidating to walk into a room of chattering people, take a staff member or business associate with you. Just remember the aim is to meet new people, so you will have to split up at some stage. Now is a good time to bring out your ‘cocktail party’ description of your business—there is nothing more frustrating than trying to explain what you do and watching someone’s eyes glaze over. Don’t approach a networking function with the sole aim of selling your services, as this try hard attitude can be a real turn off. Go to the meeting prepared to find out about other people. Ask lots of questions and you’ll soon find people are only too happy to open up and talk.

Most people are good at the networking part and lousy at the follow up. They stagger back to the office after a heavy lunch or cooked breakfast, unload a wad of business cards into their top drawer and start planning their next networking foray! The post-networking stage is the most critical point from a marketing perspective. As soon as you get back from the function, take the time to sort through the business cards to put faces to names. There may be people you enjoyed a long chat with, some who forced their card on you and some instances where you collected a card but didn’t get a chance to meet the person.

Try sorting the cards into categories. The categories will differ from business to business, but here are a few thought starters:

- ◆ business services or products I may need;
- ◆ businesses I can refer;
- ◆ potential client;
- ◆ useful contact; and
- ◆ rubbish bin.

Once you have sorted the cards you can then decide how to deal with each of the categories. I file business services cards alphabetically in a business card file box that sits on my desk. I usually phone businesses that I might refer, such as graphic designers or PR consultants, and ask them to send me their business profile. If I like what I see, I will organise a meeting. Potential clients and good contacts are the gold nuggets from the networking sessions and should be dealt with on an individual basis. I might decide to talk to them again at the next meeting, send a quick e-mail saying how much I enjoyed meeting them or post them a copy of an article they might find interesting. The aim is to open up the channels of communication. For instance, if someone has mentioned they are looking for a reference book or don't know where to find something, I might do some research and send them a note. At this stage I certainly wouldn't promote my services.

Once the relationship is established you will find it is easier to ask for referral. If you are uncomfortable mentioning this in conversation you can ask for referral in a note or e-mail. For example:

Sally,

Just a quick note to say how much I enjoyed catching up again at the Deacon networking lunch. I think your concept for a one-stop print shop sounds great. As I mentioned, I would be happy to pass on your card to any interested people I come in contact with. I know how frustrating it can be finding a printer that handles . . .

Could you pop a few cards in the mail for me when you get a chance?

I look forward to seeing you at the business training session in April.

Regards

PS I've enclosed a couple of business cards in case you come across anyone who needs help with their marketing.

Referral won't give you instant results but it does pay large dividends for a relatively low expense. I've made some great friends from networking, and several of my clients have come from initial meetings at networking sessions. Believe it or not, I had a phone call last week from a person who had kept my card for six years.

Strategic alliance

Networking isn't the only way of generating referrals. Strategic alliances, where two businesses work together for mutual benefit, can be a very practical and effective way of reaching potential clients. The important word is mutual: strategic alliances need to be win-win situations so both businesses gain equally, but the gain doesn't have to be monetary for both parties. There are many ways of establishing and structuring strategic alliances.

Shared facilities alliance

I've seen the shared facilities alliance work very well with a group of creative businesses who shared premises. A public relations consultant, graphic designer, event co-ordinator and business consultant all had their own offices but shared a kitchen, boardroom and the cost of a receptionist between them. They also informally agreed to refer clients to each other when the opportunity arose. As well as the obvious business advantages, most of the lone operators really enjoyed the support that came from working with each other.

Mutual benefit alliance

The most common form of strategic alliance comes about when both businesses benefit from working together. A wedding photographer might refer clients to a wedding video company. The video business obviously benefits from the introduction to a potential client, and the photographer benefits because they can provide the same total service a competitor may be offering. There is also the added benefit that the photographer will be working with someone who knows how he or she likes to operate and will deliver a quality product.

Overflow alliance

Large companies are sometimes happy to set up strategic alliances with smaller operators who can deal with their overflow during busy times. The larger company reduces their risk of losing their client because they can't supply on time. They can control the quality of the product through their strategic alliance.

Commission-based alliance

Some businesses pay commissions to other individuals or businesses that provide them with referrals. A 21st century version of this kind of strategic alliance comes from website links that pay a commission to the host site when a visitor purchases a product from the link site.

Maximising client potential

Apart from referral, existing clients are an excellent source of revenue. It's amazing the number of big businesses that don't just ignore their existing customers but actually go out of their way to make them angry. As I've been sitting here working on this chapter, I've heard several radio commercials for a large flower operation specialising in roses offering to put all new clients into the draw to win a fabulous overseas holiday. Now, if I was a regular customer I would be furious that they felt they should reward people who have never shopped with them before! This short-sighted approach ignores the value of the existing client.

We know from chapter 10 that existing clients are the people most likely to buy from us at any given time. It's crazy that a lot of us concentrate all our time and energy chasing new clients when our existing clients are much easier and more economical to reach.

Of course, different clients have different potential for repeat business, so it makes sense to divide up your client base so you can spend the most time and energy on those clients who are most likely to create revenue or referrals. First you need to decide who fits the description of 'existing clients'; they may be clients who are currently active or those who have used your services in the last two

years or longer depending on your business. Those that fall outside those criteria I would call ‘comas’. At some stage it is worth looking at the number of businesses that fit into the coma category to see if it justifies running a marketing campaign to see if any can be reactivated.

Once you have created a list of your existing clients give them an *A*, *B* or *C* rating:

- ◆ *As* might be your top 30 clients who are already generating a large portion of your revenue and have the potential to grow further or bring referral clients to your business.
- ◆ *Bs* may be clients with potential to grow over a longer period of time. Typically, these might be smaller companies or businesses that use you in conjunction with another supplier.
- ◆ *Cs* are the clients with little or no potential for growth, including businesses that only buy occasionally or spend small amounts with your business.

Once you have identified these groups you can develop specific marketing strategies for each of the categories. It makes good sense to concentrate most of your time and energy on the *As* and *Bs*.

Strategies for *As*

- ◆ Phone *As* asking for a face to face meeting to find out more about their business plans or explain your total range of services and business to date.
- ◆ Aim for one appointment per week with an *A* client.
- ◆ Appoint a client service person for each *A* client.
- ◆ Contact *A* clients by phone once a month.
- ◆ Hold a Christmas function for *A* clients.
- ◆ Aim to invite *A* clients to a boardroom lunch once a year.
- ◆ Set up a special event such as a corporate box at a major sporting venue. Invites can be sent to *As* and selected *Bs*.
- ◆ Develop a VIP card for *A* clients and selected *Bs*.
- ◆ Develop a needs analysis diagnostic that can be offered free to *A* clients.
- ◆ Develop a networking group for *A* clients.

Strategies for Bs

- ◆ Send all Bs a cross promotion letter with details of a service they may not be using. This letter should be signed by the business owner with a personal note or postscript.
- ◆ Aim to contact Bs three to four times a year by phone.
- ◆ Invite Bs to a Christmas party.
- ◆ Get customer service staff to contact all Bs to make sure they are satisfied with the existing service.
- ◆ Target a mail campaign to Bs with a phone follow up by the sales team. The letter should include a success story or demonstration of how the service works.
- ◆ Start a newsletter that could be sent to As, Bs and Cs.
- ◆ Hold information seminars on new services specifically for Bs.

Strategies for Cs

- ◆ Take no action if they are not preferred clients.
- ◆ Send the same letter as the one you sent to the Bs but ask them to contact you rather than follow up.
- ◆ Include the letter in the newsletter mail out.
- ◆ Send Christmas cards.

Strategies for comas

- ◆ Target a mail campaign to comas that aims to reactivate them and promote key services.
- ◆ Get a sales person to make a follow-up phone call.
- ◆ Depending on the response to the phone call, remove them from the mailing list or put them under existing clients.

In addition to these marketing strategies you could tailor your customer service to suit As, Bs and Cs. Although it is often said that all clients should be treated the same, this is not always practical when you are a busy lone operator or a rapidly growing company. Developing specific customer service initiatives will help you make the most effective use of your time and resources.

Client feedback

Existing clients can do even more than provide referrals and revenue. Believe it or not, they can give you good advice and tell you how to improve your business.

Client discussion groups

During your marketing review you can find out what clients think about you and your business with a simple client discussion group. The ideal size for this discussion is eight to twelve people, so you will probably need to identify and invite up to 20 clients who represent your client base. The mix should include new clients, old clients, happy clients, clients who have had a negative experience and large and small clients. If you sell very different services you may want to run separate groups for each service.

Once you've identified possible candidates, give them a call or send them a letter inviting them to have their say. You'll be surprised how many people jump at the opportunity to provide you with some feedback. Of course, the quality of this feedback will depend on whether you are sitting in the room or not. I usually recommend that business owners or staff shouldn't facilitate the session or be present in the room. In fact, this is usually a job for an experienced facilitator. Marketing consultants, community consultation experts, some business advisers, accountants or even teachers are often able to facilitate these sessions.

The session itself should take less than two hours. During the session, the facilitator asks a range of questions and lets the participants explore each of the areas in general discussion. The role of the facilitator is to gently guide the group, not control the input. These sessions are usually recorded and the tape is used by the facilitator to prepare a report. The tape is generally not given to the business owner, as clients need to feel they can make comments in confidence. The quality of the feedback will depend on the questions you ask, so prior to the session you need to have a good idea of what you want to find out or test—this could range from customer service to the functionality of your product.

Although the business owner and staff shouldn't participate in the

discussion group, they should be on hand to meet and greet clients when they arrive and host drinks and refreshments afterwards. It is often a nice idea to give participants a small thank you such as a double pass to the cinema or a bottle of wine. It is also important to let the group know their input has been valued. I usually recommend a follow-up letter detailing a change or new initiative that has resulted from the discussion group.

It can be scary to ask your clients to sit in judgment on your business. But if you're willing to take the risk, the rewards can have a significant impact on the development of your business. The following is a sample format for a discussion group.

Phase One: Fact finding (30 minutes)

- ◆ The facilitator explains how the session will work.
- ◆ General fact finding re names, businesses.
- ◆ What is their role or title in their business?
- ◆ What are their main business worries and concerns?

Phase Two: Test attitudes/opinions (30 minutes)

- ◆ Do they feel that companies in the industry understand their needs in general?
- ◆ How do they view individual services/companies in their industry?
- ◆ Which services do they use?
- ◆ What led them to use the company?
- ◆ How did they physically find the company, for example, referral, *Yellow Pages*?
- ◆ What were they looking for/what were their buying criteria?
- ◆ What have been their experiences to date?
- ◆ Competitor information.
- ◆ Are there services they would like to see the company offer?

Phase Three: Perception of the company (45 minutes)

- ◆ How would they describe the company to a colleague or friend?
- ◆ What does the company do?
- ◆ What services have they used?
- ◆ How would they rate the company in terms of customer service, including phone answering, service when they are at your premises, response times, turnaround times, delivery, accuracy, and quality.

- ◆ Pro-active customer service, for example, making a phone call to the client when you identify a problem.
- ◆ What are the best things about the company?
- ◆ What are the worst things about the company?
- ◆ What kind of credibility do they feel the company has achieved?
- ◆ Who have they dealt with at the company?
- ◆ If they were in charge of the company, what would they change?

Other options

- ◆ Get them to test your website.
- ◆ Get them to test marketing material.

Client advisory boards

Some businesses have taken these discussion groups to the next level and appointed a group of clients as advisers to their company. These client advisory boards can be a very effective way of reviewing your products, services and client service once or twice a year. As the same group meets on a regular basis, up to three times a year, these sessions are often run and facilitated by the business owner and key staff.

REWIND

- It is easy to underestimate the power of referral but it is the best advertising that money can't buy. Your existing clients are usually the strongest source of referrals. The happier the customer is with your service the more likely you will win referrals. Look for opportunities to keep in touch with your customers and build strong client loyalty.
- You can ask clients directly for referral or use subtle methods such as a postscript on a thank you note.
- Networking is a powerful way of generating referrals and building a support network, but remember to choose a networking group that will suit you and your business.
- The secret of networking is follow up, so take the time to sort through the business cards you collect and respond to potential contacts.

- A strategic alliance is where businesses work together for mutual benefit. Some of the common types of strategic alliance include shared facilities, mutual benefit, business overflow and commissions.
- When it comes to potential for referral or repeat business, not all clients are equal. Divide up your client base so you can spend the most time and energy on those clients who are likely to create revenue or referrals. Give them an A, B or C rating and develop specific marketing strategies for each category.
- Existing clients can give you invaluable feedback on your business. Invite them to participate in a discussion group or sit on a client advisory board.

What next?

Well, if you're reading this, congratulations—you've made it through the Kickstart Marketing system. Of course, you've probably already guessed that reading this book is just the start of the process, but now you have some guidelines and a resource you can dip into whenever you are not sure of what comes next or when you need a little motivation.

If you're ready to Kickstart your business, the first hurdle is to find the time for a review. Perhaps this is a good excuse to book a couple of days in a luxury resort or a remote seaside cabin so you can concentrate and focus on the big picture. If you'd like to involve staff you could take them with you, or book a couple of one-day offsite meetings. In some businesses it's impossible to set aside a full day, so look at a series of two-hour meetings. Then set a time limit for the review process: it's easy to get bogged down on a project that runs for months so try to complete the review in a matter of weeks. If you're too busy to monitor the progress yourself, appoint a 'champion' who can motivate the team and keep the whole review moving.

Work through the diagnostic exercises in this book and don't be afraid to adapt them to suit your business and your people. You may find you need more time on some exercises and less on others. Make sure all the information you gather is in writing and not just stored in someone's head—pin flip charts on the wall of your office or meeting room so everyone can see the progress that's been made.

When it comes to analysing the data, remember not to spend too long on the process—a day is plenty. You can always review and revise your objectives and strategies once you get going. Let everyone on the

team know what you are trying to achieve and keep them informed of any progress. Even better, reward them when you start to realise your goals.

Over the years I've spent working with small business owners, I've realised that there are several attributes I commonly see in successful small businesses:

- ◆ They are customer focused not product focused.
- ◆ They don't try to be all things to all people and they tailor their marketing to suit specific marketing segments.
- ◆ They understand the true value of their existing clients.
- ◆ They see competitors as a challenge, not a catastrophe.
- ◆ They are not afraid to look for support and ask for help.

Keep these in mind during the planning process.

Of course, there will be times when it all seems too hard and you want to forget the whole idea of marketing. Take inspiration from all the business owners mentioned in the real life examples. Most of them aren't natural self-promoters or marketing whiz kids: they're people just like you. They have all been confused, frustrated or challenged when it comes to marketing, but without exception they have kept their focus and worked through the difficulties. Their passion for their business and desire to give their customers the very best has helped them develop cost-effective strategies that really work.

During my journey from consultant to presenter to author I've discovered that a lot of great ideas come from the client, participant or reader, so I am very keen to hear how you go with your Kickstart Marketing. Perhaps you have adapted one of the diagnostic exercises to suit your industry or have come up with a new and interesting way of using something in your marketing toolkit. Tell me about your bright ideas, your successes, your failures. Visit my website www.lindahailey.com.au or email me at feedback@lindahailey.com.au.

One last thought: no one knows your business better than you do, so sometimes it pays to go with your gut feeling. Have confidence in your own judgment—it's better to have a go at marketing and make a mistake than do nothing and watch your business stagnate or fail.

So, that's it. No more excuses, no more procrastination. It's time to get marketing and give your business the Kickstart it deserves.

Index

- add-on sales, 147–8, 175
- advertisement writing, 196, 214–17
- advertising, 6, 103–4
 - checklist, 104–6
 - cinema, 110
 - competitions, 118–20
 - direct mail, 113–14, 116, 197, 123–4
 - evaluation of, 131–2
 - examples, 7, 107–8, 117–18
 - local press, 106–7
 - matching process example, 73
 - promotions, 114–18
 - publicity as, 111–13
 - radio, 108–9
 - television, 110–11
 - Yellow Pages*, 111
 - see also* Internet marketing
- after sales service, 190
- alliances, 238–9
- answering machine techniques, 189
- Australian Bureau of Statistics, 42, 45
- Australian Media Guide*, 112
- average spend, 17
 - increasing clients', 174–5
- B & T Yearbook*, 112
- beer coaster advertising, 120
- benchmarking, 18, 77, 136
- boundaries, 51–3, 79
- branding, 223–4
- brochures, 208
 - fonts for, 211–12
 - layout, 210
 - paper for, 209–10
 - quantity, 214
 - size, 209
 - writing copy for, 212–13
- building signage, 122
- business
 - cards, 226, 236–7
 - goals, 15–16
 - personal approach to, 12–13
 - see also* image
- Business Enterprise Centres, 43
- business review, 4–5, 9, 39–40
 - analysing the, 77–8
 - financial, 16–18
 - personal audit, 10–16
 - product focus, 34–8
 - systems check, 31, 33–4
 - tools, 18–20
 - unique selling position (USP), 38–9
 - see also* image; SWOT review example
- cards (business), 226, 236–7
- casual leasing, 123
- cinema advertising, 110
- classified advertising, 107
- Clicking*, 20, 45
- client base, 174–5, 239–40
 - lifetime value of, 176–7
 - marketing strategies for existing, 240–1

- see also* customer service; customer service plan
- client feedback, 242
 - advisory boards, 244
 - discussion groups, 242–3
 - sample format for, 243–4
- client meetings, 163–5
 - see also* customer profiles
- closing a sale, 166
- clothing displays, 141
 - see also* retail outlets
- colours
 - brochure/flyer, 210, 215
 - stationery, 226–7
- commission-based alliance, 239
- communication
 - client feedback, 242–4
 - customer service plan for, 190–1
 - image, 229
 - telephone technique, 189
 - see also* marketing letters
- competition, 46, 78–9
 - advertising, 214
 - and customer loss, 172
 - direct/indirect, 46–7
 - positioning of, 48–50
 - product lifecycle and, 89–91
 - researching the, 47–8
- competitions (advertising), 118–20
- competitive advantage, 38–9, 78
- complaint management, 191–4
- computer software, 17, 89
 - client management, 197–8
 - fonts, 211–12
 - for brochure layout, 210
 - pictures, 211
- computerised phone systems, 170
- consultants/service businesses
 - packaging, 98–9
 - talking price, 95–6
- copy writing
 - for advertisements, 196, 214–17
 - for brochures, 212–13
 - for websites, 217–18
- cost of goods sold, 17
- customer complaints, 172–3, 191–4
- customer loss, 170–1
 - reasons for, 171–3
- customer loyalty, 233–5
- customer profiles, 5, 65–6, 177
 - decision makers', 56, 70
 - example, 66–7
 - marketing letters via, 199
 - product distribution and, 100
 - product range and, 93
- customer service, 169–70, 177–9
 - clients' lifetime value and, 176–7
 - delivery, 186–7
 - generating revenue, 173–5
 - increasing average spend, 175
 - increasing customer visits, 176
 - initiatives, 181–5
 - matching process example, 73
 - responsibility, 194
 - sales process, 180–1
 - 'surprises', 185–6
 - see also* client feedback; customer loss
 - customer service plan, 177
 - after sales service, 190
 - complaint procedure, 191–4
 - ongoing communication, 190–1
 - pre-sales service, 189–90
 - telephone technique, 189
- deadlines, 186–7
- dealer agreements, 101
- decals (for visibility), 122–3
- decision makers, 5, 56, 70
 - advertising aimed at, 103–4
- décor and image, 227
- demographic market boundaries, 51
- demonstrations (product), 124
- Department of State and Regional Development (NSW), 43
- desirability rating, 59–60
- difficulty rating, 59
- direct mail advertising, 113–14
- displays, 140–1
 - advertisement, 107
 - window, 123, 142–4
 - see also* image
- dissatisfied customers *see* customer loss; customer service plan
- distribution, 100–2
 - matching process example, 73–4
- e-commerce, 88, 102, 126, 151–2
 - site creation, 130–1
 - see also* Internet marketing

e-mail marketing, 149, 198, 234

see also Internet marketing

Eighty20 program, 42–3

entrepreneurial retailing, 151

ethnic market boundaries, 52

financial goals, 80–2

financial review, 16–18, 77

fixtures/fittings

office, 227

retail, 139–40

flyers *see* brochures

FMRC benchmarking, 18, 44

fonts for brochures, 211–12

food marketing, 115, 149–51

franchises, 101

future needs analysis, 84–5

gap analysis, 84–5

Gee, Margaret, 112

gender boundaries, 51–2

geographic market research, 42–3

boundaries, 52

goals, 6

financial, 80–2

‘hard’/‘soft’, 83

reality of, 84

setting, 82–4

goodwill, 105–6

‘hard’ goals, 83

headlines (advertising), 212, 215, 217

home delivery, 101

home office image, 227

Hot Chilli Media, 125, 131

How to Win and Keep Customers,
170–1

humour in marketing, 200

image, 222–3

branding, 223–4

business name, 226

communication and, 229

location and, 227

logos, 145, 210–11, 226

market position, 225–6

matching process example, 73

motor vehicle, 228

review of, 224–5

staff, 228

stationery, 226–7

industry research, 44–5

Internet marketing, 125, 149, 162

e-commerce site, 130–1

e-mail marketing, 149, 198

Internet Service Providers (ISPs),
128

making money from, 129

search engine registration, 129

website design, 127–8

website design companies, 126–7

website importance, 125

website options, 126

writing website copy, 217–18

ISIS, 44

jargon, 213, 215, 217

job signage, 122

job training/knowledge, 146

joint promotions, 124

Le Boeuf, Michael, 170–1

leaflets *see* brochures

letterbox drops, 113, 197

letters *see* marketing letters

licensing, 101

lifetime value of clients, 176–7

local geographic market research, 42–3

local press advertising, 106–7

location, 227

logos, 145, 210–11, 226

MacKay, Hugh, 20

mail order, 100–1

mail-outs, 197

mailing lists, 116, 123–4

building, 197–8

market analysis, 62–3, 75–6, 79–80

business review, 77–8

client feedback, 242–4

collating review information, 76–9

competitor review, 78–9

marketplace review, 79

people resources, 76–7

product/service review, 78

market boundaries, 51–3, 79

market positioning, 48–50

image and, 225–6

product range and, 92

worksheet, 49, 78

- market segmentation, 53–6, 65
 - desirability rating, 59–60
 - difficulty rating, 59
 - evaluating, 56–7
 - example, 65
 - matching process, 71–4
 - profitability, 57–8
 - see also* target markets
- marketing, vii
 - as a business engine, 4, 6
 - defined, 3–4
 - direction, 80
 - expense, 2, 105, 123, 208
 - fear of, 196
 - goals, 6, 80–2
 - mix, 70–1
 - myths, 2–3
 - product features/benefits, 36–8, 165, 213
 - speak, 213
 - see also* advertising; Internet marketing
- marketing letters, 198–200
 - samples, 202–6
- marketing process *see* matching process
- marketing tools, 103–4, 123–4
 - see also* advertising; Internet marketing
- marketplace research, 41–2, 79
 - competition, 46–9
 - identifying boundaries, 51–2
 - local geographic area, 42–4
 - publications, 45
 - target industries, 44–5
 - see also* market segmentation
- matching process, 3–4, 7–8, 70
 - image and the, 225
 - sample, 71–4
 - three phases of, 4–6
- merchandising (retail), 140–1
 - see also* retail outlets
- money (importance of), 14
- motor vehicle image, 122, 228
- mutual benefit alliance, 238
- MYOB, 17, 89

- networking, 235–8
- New Enterprise Incentive Scheme (NEIS), ix

- newsletters, 234

- objectives defined, 83
- office image, 227
- on-site signage, 122
- Outdoor Advertising Association, 121
- overflow alliance, 239

- packaging, 97
 - example, 99
 - for consultants/service businesses, 98–9
 - matching process example, 7
- pamphlets *see* brochures
- pareto principle, 3
- party plan, 101
- people resources, 10
- personal audit, 10, 15–16
 - analysing the, 76–7
 - dreams/goals, 15
 - loves/hates, 13–14
 - skills, 11–12
 - strengths/weaknesses, 12–13
- phone marketing *see* telemarketing
- photographs, 211, 215
- Popcorn, Faith, 20, 45
- population trends, 151
- positioning to compete, 48–50
 - image and, 225–6
 - product range and, 92
 - worksheet, 49, 78
- pre-sales service, 189–90
- pricing, 94–7, 207, 216
 - causing customer loss, 172
 - dictating client research, 162
 - dictating sales proposals, 208
 - matching process example, 72
- procrastination, 12–13
- product demonstrations, 124
- product development, 91–2
 - example, 72
 - file, 94
- product dissatisfaction, 172–3
- product knowledge, 92–3, 146
- product lifecycle, 88–91
- product marketing, 87–8
 - competition, 89
 - distribution, 100–2
 - pricing, 94–7
 - see also* advertising; packaging;

- pricing; product development;
- product range
- product matching, 4, 35
 - example, 72
- product range, 92–3
 - adding to, 93
 - example, 93–4
- product sampling, 114–16
- product/service identification, 35–6
- product/service review, 34–5
 - analysing the, 78
 - description, 35
 - features/benefits, 36–8, 165
 - unique selling position (USP), 38–9
- profitability
 - importance of money, 14
 - market segment, 57–8
 - product range and, 93
 - reviewing business, 16–17
- promotional postcards, 114
- promotions (advertising), 114
 - building mailing lists, 116
 - example, 117
 - generating publicity, 118
 - joint, 124
 - matching process example, 72–3
 - product sampling, 114–16
 - to repeat sales, 116
- ‘proof of purchase’ promotions, 115
- public speaking, 124
- publications
 - advertising in, 214
 - Australian Media Guide*, 112
 - B & T Yearbook*, 112
 - Clicking*, 20, 45
 - How to Win and Keep Customers*, 170–1
 - market research, 45
 - Reinventing Australia*, 20
 - Social Atlas (ABS)*, 42
 - The Popcorn Report*, 45
 - Yellow Pages*, 37, 42, 44, 162
- publicity advertising, 111–13
- QuickBooks, 17, 89
- quoting, 97–8, 185
- radio advertising, 108–9
- real life examples
 - add-on sales, 148

- advertising, 7
- branding, 224
- brochures, 208–9
- communication, 229
- customer profiling, 66–7
- customer service, 173, 177, 179–80, 186–7
- e-commerce, 131
- food marketing, 150
- image, 228
- local area research, 43
- local press advertising, 107–8
- market segmentation, 65
- marketing letters, 202–6
- networking, 236
- packaging, 97–9
- personal skills, 12
- product distribution, 101
- product lifecycle, 90
- product range, 93–4
- promotions, 117–18
- retail outlet stock, 135–6
- selling, 155–7
- stock placement, 137
- SWOT key issues, 32–3
- SWOT review, 21–30
- window displays, 144
- referrals, 231
 - building client loyalty for, 233–5
 - networking for, 235–8
 - seeking, 232
 - strategic alliances generating, 238–9
- Reinventing Australia*, 20
- remote delivery systems, 102
- retail outlets, 133–4
 - add-on sales, 147–8
 - distribution, 100
 - entrepreneurial, 151
 - fixtures/fittings, 139–40
 - merchandising, 140–1
 - return visits, 148–9
 - sales tickets, 141–2
 - staff, 145–7
 - stocking for, 134–6
 - store traffic, 138–9
 - window displays, 123, 142–4
- retail trends, 149–52
- revenue/sales, 16
 - advertising generating, 105–6

- customer service generating, 173–5
- rubbish bin advertising, 120
- sales
 - add-on, 147–8
 - reports, 17
 - skills, 2
 - tickets, 141–2, 144
 - see also* customer service; selling
- sales process, 180–1
 - customer friendly, 187–8
 - ‘surprises’, 185–6
- sales proposals, 207–8
 - see also* selling strategies
- sales service, 189–90
 - see also* customer service
- sampling (product), 114–16
- Sanders, Greg, 42
- search engine registration, 129
- self-esteem, 95
- selling by phone, 160, 162
 - see also* telemarketing
- selling space (retail), 140
 - see also* stock
- selling strategies, 154–5
 - examples, 155–7
 - follow-up calls, 160–2
 - following a sale, 166–7
 - for closing, 166
 - for objections, 165–6
 - initial contact, 159–60
 - matching process example, 72
 - meeting clients, 163–5
 - preparation, 155–8
 - target mail, 114, 158
 - technique, 163
- service *see* customer service
- service businesses
 - customer service initiatives, 184–5
 - packaging, 98–9
 - talking price, 95–6
- shared facilities alliance, 238
- ‘sheep theory’, 53–5
- shopper docket promotions, 115
- signage (for visibility), 121–2
- skills, 11–12
 - sales, 2
 - training, 147
- SMART principle, 82–3
- Social Atlas* (ABS), 42
- social trend impacts on business, 20
- ‘soft’ goals, 83
- solution to problem focus, 177–9
- spamming, 198
- staff, 145
 - creating image, 228
 - job knowledge, 146
 - product training, 146
 - skills training, 147
- stationery, 226–7
- stickers (for visibility), 122–3
- stock, 134–6
 - display, 140–1
 - placement/rotation, 136–7
 - turn, 17
 - window display of, 142–4
- store traffic, 138–9
- strategic alliances, 238–9
- strategies defined, 83
- street signage, 121–2
- Strengths, Weaknesses, Opportunities and Threats (SWOT) review, 19–20
 - analysing the, 77–8
 - development, 30
 - example, 21–30
 - key issues, 31–3
- summaries
 - business review, 39–40
 - customer service, 194–5
 - image, 229–30
 - marketing process, 7–8
 - marketing toolkit, 132
 - marketplace review, 68–9
 - matching process, 74
 - practical marketing, 221
 - product marketing, 102
 - referrals, alliances and networking, 244–5
 - retail outlet marketing, 152–3
 - strategic marketing analysis, 85–6
 - strategic selling, 167–8
- SWOT review example
 - business performance, 21–2
 - competitors, 30
 - customer perspective, 24
 - economic issues, 28
 - location, 23
 - political issues, 28
 - pricing, 25
 - promotion, 27

- resources, 26
- social issues, 29
- technology, 29
- systems review, 31, 33–4

- tactics, 84
- talking price, 95–7, 207, 216
- target mail, 114, 158
 - follow-up phase, 160–2
- target markets, 63, 79, 100
 - image matching, 225
 - tailoring stock for, 134–6
 - window displays for, 142
- taste testing promotions, 115–16
- technology, 151–2
 - see also* Internet marketing
- telemarketing, 218, 220
 - customer service technique, 189
 - incoming call strategy, 219
- television advertising, 110–11
- Template Central, 131
- The Popcorn Report*, 45
- time consumption, 2
- trend register, 45–6, 93
- trends
 - population, 151
 - retail, 149–52
 - social, 20
- tricks of the trade
 - advertisement writing, 217
 - brochures, 209, 212–14
 - e-commerce, 126
 - franchises, 101
 - identifying market boundaries, 51–2
 - image, 223
 - local geographic area research, 44
 - local press advertising, 107
 - market segmentation, 54
 - marketing analysis, 75–6
 - marketing letters, 200
 - positioning worksheet, 49
 - product development, 94
 - publicity, 112–13
 - radio advertising, 109
 - referrals, 233
 - researching a competitor, 47–8
 - return sales, 149
 - selling strategies, 160–1, 167
 - service sampling promotions, 116
 - store traffic, 139
 - SWOT review, 31
 - target mailing, 158–9
 - taste testing promotions, 116
 - trend register, 45–6
- uniforms, 145
- unique selling position (USP), 38–9, 78
- unsolicited marketing, 198

- value added promotions, 115
- vehicle signage, 122
- video box advertising, 120
- VIP clubs, 148–9, 191
- visibility, 120–1
 - decals/stickers, 122–3
 - signage, 121–2
 - window displays, 123
- voicemail techniques, 189

- websites
 - about websites (www.about.com), 125
 - Australian Bureau of Statistics (www.abs.gov.au), 42
 - Eighty20 program (www.Eighty20.com.au), 43
 - FMRC (www.benchmarking.au.com), 18
 - Reader (www.acrobat.com), 198
 - www.lindahailey.com.au, 247
 - see also* Internet marketing
 - WIFM (what's in it for me), 37, 70, 165
 - Wilson, Paul, 125, 131
 - window displays, 123, 142–4
 - worksheet (market positioning), 49, 78
- writing copy
 - for advertisements, 196, 214–17
 - for brochures, 212–13
 - for websites, 217–18

- Yellow Pages*, 37, 42, 44, 162
 - advertising, 103, 111, 225