

BUSINESS INTELLIGENCE

Strategies and Trends for the Successful Business

REPORT

April 2010

IDEAwatch

Tips for Growing Your Business

■ **To qualify a sales lead**, ask “How will you solve this problem if you don’t buy?” The answer to this one question will tell you all sorts of interesting information, such as: How serious they are about solving the problem; whether they have viable alternatives to buying; whether they see the problem as a spending priority; whether your competitor is already in the account; the real time frame for solving the problem; and whether or not they’ve thought the problem through. The question also allows you to preemptively position your product against the alternative solution, so that it doesn’t suddenly crop up at the end of the sale cycle and become a viable reason not to buy.

Source: blogs.bnet.com

■ **Improve your customers’ experience from the start.** Research shows that customers remember the first and last moments of a service encounter much more vividly — and for a longer time — than the rest of the interaction. Make sure your customer experiences are well engineered. For example, the first thing customers often see when walking into a retail store is an ugly sign saying, “No food. No pets.” But a gift shop in Maine greets customers with a cheery sign saying, “YES: Your Ice Cream Cones Are Welcome (just be careful of the drips) ... And We Love Your Dogs, Too!”

Source: www.fastcompany.com

■ **When a customer switches to your company** from a competitor’s, capitalize on it by asking why she switched. Then ask her to write a testimonial to that effect. Collect testimonials to show to skeptical prospects. Use the same tactic when a customer leaves you for a better price, then returns due to dissatisfaction with the competitor’s quality or service.

Source: www.creativeselling.com

STRATEGY

How to Survive Your Survival

by Cory VanBuskirk

HERE’S THE GOOD NEWS: So far, you’ve been able to survive one of the worst economic downturns in American history. Before you congratulate yourself, you need to face the bad news. The very things that have enabled you to survive will cause your downfall if you don’t shift into growth mode now.

Regardless of how far along you believe it to be, there is broad consensus that a recovery has begun. What remains unclear is just how fast and how far this recovery will go. Strategic change is the operative phrase, and as a leader, creating strategic change is your number one job.

Here are a few key pitfalls and how to avoid them as you shift gears and get back into growth mode.

Don’t pop the clutch and kill the engine

For some time now you’ve been retrenching. You’ve been focused on defending your business and cutting costs. This has probably resulted in the elimination of programs and people who were not viewed as “mission critical.” There are two problems with the environment you’ve created that need to be dealt with as soon as possible.

First, retrenching efforts create organizations that look backward instead of forward. It’s an unfortunate but unavoidable fact. Everyone remembers the good old days and that makes the current situation appear even worse.

Second, you’ve probably had to make changes that have severely eroded trust. Layoffs and cuts do that regardless of how you position them and how logical they may seem.

Change Keys: Begin to change the atmosphere, rebuild trust and look forward slowly using actual new business wins after you have them in hand. Don’t project or promise. Focus the message

on what you’ve done and not what you’re going to do. Remember, people believe what they see and experience far more than what they hear. The last thing you want is another projection that doesn’t

The practices that enabled you to survive the recession will cause your downfall if you don’t shift into growth mode now.

come true and further destroys your credibility.

Get an alignment, check the oil, make sure there’s enough gas in the tank

If you’re going to make a successful shift back into growth mode, you have to retool the organization for driving revenue vs. saving money. It’s time to realign people from efficiency to customer-driven effectiveness. Don’t underestimate the differences between these two approaches. Resources, talent and priorities must flow toward revenue drivers. Utilizing superior talent will help ensure that you don’t waste precious resources or overspend and create a financial burden that the business can’t support.

Change Keys: Now’s the time to build your team. The available talent pool is better than ever because of the downturn and subsequent failure of many organizations. Recent surveys show that a majority of people are not satisfied with their current positions. Take advantage and think outside of your immediate industry, if necessary, to get top performers on board before your competition does.

Think GPS, not roadmap

The downturn has forever changed the competitive landscape. Your customers, your competitors and your suppliers, just like you, are different. Are you acting that way? Retrenching is more straightforward than growing. Retrenching is all

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■ **Are you letting what you already know limit what you can imagine?** As you try to do something special, exciting or important, don't just look to other companies in your field (or to your past successes) for ideas and practices. Look to great organizations in all sorts of fields to see what works for them. For example, the legendary advertising agency, TBWA Worldwide, uses what it calls the "CEO Hats" exercise. Participants search for out-of-the-box answers to important strategic questions by reaching into boxes filled with hats, shirts and other paraphernalia from breakthrough organizations such as Apple, Virgin, Target and Southwest Airlines. They wear the attire and try to adopt the mindset of those free-thinking companies as they think about the big questions facing their companies.

Source: blogs.hbr.org

■ **Are you about to promote a great offer** on your product or service? Take it to your most loyal customers first. Companies often inadvertently punish loyalty by offering the best deals to new customers instead of customers who have been with them the longest. Giving your best customers first crack at a good deal tells them that you value their loyalty and, in turn, are loyal to them.

Source: www.ithinkbigger.com

■ **Thinking about bringing on unpaid interns this summer?** Make sure your intern program doesn't violate Department of Labor regulations. For example, there should be actual training involved, similar to what an intern would get at a vocational school. The training is mainly for the benefit of the trainee, and not just for the company. Trainees cannot displace regular employees. Also, there can be no agreement that trainees will receive a job after the internship (You can hire them, but don't promise employment before or during the training period.). Finally, both the intern and the business must agree that the internship will be unpaid. A violation of any of these rules could cost your company in fines and legal fees.

Source: www.hrmorning.com

Gen Y to lead shopping recovery

If you're expecting the baby boomers to revive the economy like they did following the last two recessions — think again. "The New Consumer Behavior Paradigm: Permanent or Fleeting?" a new report from PricewaterhouseCoopers LLP and Retail Forward, reveals how economic recovery will be shaped by tech-loving Generation Y and, to a lesser extent, affluent members of Generation X.

So why won't boomers lead the way out of this recession, as they did the last two? Because they have been hit hard during the recession at a time of life when retirement looms, whereas Generation Y and Generation X have more disposable income.

However, don't expect Generation X and Y to start throwing their money

around. The study found these shoppers have a thriftier mindset — they shop around more, look for more deals and engage in far less conspicuous consumption than their parents.

The report concludes that retailers need to make promotion and savings-related information more easily accessible to shoppers. The increase of online resources and mobile shopping apps has made it easier than ever for consumers to find a specific item at the best price.

"Companies need to recognize that there will not be a wholesale return to a prerecession shopping mode and will need to adapt to the changed behaviors and patterns to win in today's changed marketplace," said the report.

Source: Bizreport.com, March 17, 2010

Is a worker shortage on the horizon?

With millions of unemployed people across the country struggling to find work, it may seem unbelievable that a worker shortage could develop within 10 years as baby boomers reach traditional retirement age. That is the predicted trend, according to a report published by the MetLife Foundation and San Francisco-based Civic Ventures, a think tank focusing on baby boomers, work and social purpose.

"When the nation comes out of the current jobs recession — and this may take two to three years — we will begin

to see spot shortages in labor markets," according to the report. "If the economy continues to improve, the spot shortages will become more general, and we will experience the shortages our research projects."

By analyzing government labor and population trend data, and taking into consideration that baby boomers are expected to retire later than previous generations, the report indicates there would be 3.3 million to 4 million vacant jobs.

Source: MarketWatch.com, March 22, 2010

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about analyzing, planning and executing — making steady and quantifiable progress. Growing is about sensing, evaluating, anticipating and adapting — creating and seizing opportunities. Growing requires that you become a strategic thinker instead of a strategic planner.

Change Keys: Rethink your customer base. B- and C- tier customers may be the keys to starting your growth shift. Rethink your concept of value. How can you provide more comprehensive turnkey solutions to your customers to help them better deal with their resource and workload challenges? This also will allow you to get away from an unhealthy and unsustainable competitive platform built strictly upon price. Rethink your supply base. The market has likely contracted, so you need

to lock down a reliable supply chain before your competition does.

Retrenching is at best a short-term strategy. If you're not growing, you're dying. It's just a matter of how long it takes. The recovery winners will be those organizations that get out in front of it. By the time the recovery is strong enough to pull everyone else along, it will be too late. Make the shift back into growth mode now.

Cory VanBuskirk is President of CVB Consulting Group (www.cvbconsulting.com). Cory works with clients of all sizes to achieve superior and sustainable results by embedding strategic thinking throughout their organizations and by implementing innovative customer relationship-building approaches. Cory is also available to speak and shares his proven, practical and no-nonsense solutions with an energetic and entertaining style. Contact him at cory@cvbconsulting.com.

■ **Develop online banner ads that attract eyeballs** without the use of flashing, irritating designs. One way is to create display ads that are useful. Offer bargains, easy-to-retrieve coupons (no forms to fill out) or promise valuable information. Also, keep the design simple. Avoid embedding text within an image — it makes the text difficult to read and easy to ignore. If you can't separate the two, at least place the text on a solid background within the image. Finally, rotate a variety of ads as much as possible. Even effective banner ads will start to perform poorly after a few weeks or months.

Source: www.marketingvox.com

■ **Stand out from the competition by partnering with a nonprofit for a cause.** A recent study found consumers are looking for causes to support, and nearly 60% of American consumers are more likely to show interest in products associated with a nonprofit partnership than those standing alone.

Source: www.coneinc.com

■ **Develop a prosperous team by creating an atmosphere of abundance.** In these challenging times, many teams are forced all too often to operate from “lack” instead of abundance. However, little gets done when employees are focused on the negative. Leaders should create an atmosphere in which their employees can embrace a positive outlook and seize any opportunity placed before them. Here are some ideas to communicate an abundance mentality: Have a day each quarter where you and your staff do a community project together like working in a soup kitchen. Focus on mastery by providing organized training classes in those areas that will improve sales and efficiency. Brainstorm “out there” ideas for how to connect to more customers and try one a month. These are the activities of a company moving forward.

Source: www.allbusiness.com

Impact of health care reform on small business

Final rules of the health care reform bill are still being debated, as of this writing, but the underlying Senate bill has been signed into law. So what does this all mean for small business?

For now, expect very little change as many of the provisions won't kick in until 2014. By that time, states must set up Small Business Health Options Programs — aka “SHOP Exchanges” — essentially purchasing pools where small businesses can club together to buy insurance. A “small business” is defined as a firm with no more than 100 employees, though states can limit the pools to companies with 50 or fewer employees.

The nonpartisan Congressional Budget Office predicts small-group premiums will fall by 1% to 4% thanks to the exchanges, but the premiums may rise considerably before they fall as insurance companies will want to make as much money as possible before 2014.

Employers who have more than 50 employees must offer health insurance benefits or pay penalties. Until the SHOP

Exchanges are set up, companies with 25 or fewer employees who meet certain wage requirements can get tax credits toward health insurance purchases. The credits will remain in place for the first two years a company buys insurance through its state exchange. The Congressional Budget Office predicts that the tax credit will affect about 12% of individuals covered via the small-group insurance market, lowering their cost of insurance by between 8% and 11%.

By 2018, high-end health plans would be subjected to a “Cadillac” tax. The tax would be paid by employers that self-insure and insurance companies, but small business experts expect these costs to be passed along to smaller firms via premium increases.

The new legislation will also allow states to bar insurers from the exchanges if they're found to be upping premiums without good reason.

Sources: *Inc.com*, March 22, 2010; *USA Today*, March 23, 2010; *CNNMoney.com*, March 22, 2010

New jobs bill signed into law

If you are already considering hiring new employees, now may be a good time to make the move. The President recently signed into law the HIRE Act in the hope of stimulating job growth.

The centerpiece of the program would excuse business owners from paying their 6.2% of federal payroll taxes for the rest of 2010 on new employees they hire who have been out of work for at least two months. If the worker is still

on an employer's books in a year, the business owner would receive a further \$1,000 tax credit.

The package also extends a tax break for small businesses that buy new equipment and expands an initiative that helps state and local governments pay for transportation and infrastructure projects.

Source: *The Wall Street Journal*, March 18, 2010, and March 19, 2010

Social fans feel more inclined to purchase

Social media marketers looking for an indication that their efforts are helping the bottom line will be encouraged by findings from Chadwick Martin Bailey and iModerate that social friends and followers feel more inclined to purchase from the brands of which they are fans.

Using Facebook as an example, more than one-half of fans said they are more likely to make a purchase for at least a few brands, and 60% of respon-

dents claimed their Facebook fandom increased the chance they would recommend a brand to a friend.

The researchers also explored why social media users become brand fans. The top reason to friend a brand on Facebook was to receive discounts, followed by simply being a customer of the company and a desire to show others that they support the brand.

Source: *eMarketer*, March 16, 2010