

# BUSINESS INTELLIGENCE

Strategies and Trends for the Successful Business

## REPORT

January 2010

### IDEAwatch

Tips for Growing Your Business

■ **Generate more word-of-mouth referrals** by co-branding educational content. If you've created tip sheets, how-to articles or other useful information to use for lead generation (e.g., an accountant's "10 Little Known Ways to Cut Your Taxes in Half"), consider reaching out to strategic partners and offering to let them use your free report. Let them add their logo and contact information and provide it to their customers and prospects. Take this concept further by turning a report topic into a seminar. By creating a compelling, nonsales-oriented workshop, you can offer it to your strategic partner's prospects. It's a win-win situation — they both get to offer great content to their customers and get to meet and greet each others' customers. Plus you'll be referred to as the expert.

Source: John Jantsch, [www.openforum.com](http://www.openforum.com)

■ **Keep customers loyal by staying closely connected.** Learn what they think and worry about, as well as what inspires and engages them. The key to relationship marketing is to ask great open-ended questions. These questions get customers to talk, share and explain. Pay close attention to the answers and develop the right actions in response. Ask the following: 1) What is the most important thing you look for in a retail (service, construction, etc.) business? How do we measure up in this area? 2) Are we your first choice for products (services)? Why or why not? 3) What is the most extraordinary thing we have done for you? Why did this impress you? 4) If we could improve just one thing, what would be the most meaningful for you? What would the benefit be for you? 5) Have we made you feel part of our family? How? What else would cause you to feel like family?

Source: [www.fuelnet.com](http://www.fuelnet.com)

### STRATEGY

## Make 2010 a Breakthrough Year

WITH EACH NEW YEAR, I urge clients to dust off the past year's business plan and compare it to what is really going on. Many people, believe it or not, forget what they committed to for the year. Oh, they know their sales and profit projections, but most people don't pay close enough attention to the other issues, such as, market development, new customer growth, distributor relationships, customer service improvements, even new products — all the things that make it possible for a business to grow and prosper year after year.

If you haven't done so recently, now is a great time to review the past year's results and plan for the new year. Take a look at how you did compared to how you hoped you would do. If you've already built this year's plan, you may want to consider it in a new light.

### The Typical Approach to Planning

Start by setting a goal for this year's sales growth. This figure is often arrived at by multiplying last year's results by some acceptable factor. In business school they taught us to use 10% if we didn't have a better idea. This 10% shows up again and again. Standards vary from industry to industry, ranging from 5% to 25%. But in today's economy, many people will consider it a win if they just remain even with last year.

Next, add solutions to a few key problems you've been meaning to address. Follow this by some enhancements to your product line, and there you have it, instant plan!

### Breakthrough Planning

I encourage people to think differently. Here's a process I've used with all kinds of clients; it has led to some truly inspiring — and profitable — results:

**Step 1: What do you want to accomplish?** What do you, in your heart of hearts, want to accomplish this year?

The key words here are "want to." Not what do you think will happen, not what will the market let you do, but what do you want to do?

When you answer this question, it does help to think about financial matters (revenue, profits, cash flow — as if anyone wouldn't), but also consider other nonmonetary details as well.

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**This year, skip the uninspired business plan and take a new approach to creating an action plan for success.**

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Think about what new products or services you'd like to introduce, what markets you'd like to branch into, how you'd like to improve your relations with customers, how many new distributors you'd like to add, how you will make things better for your employees, partners, even your community, and of course, what lifestyle and "work-style" changes you'd like for yourself.

For each target or goal you are about to set, why do you want to set it? Make sure your reasons strongly support you.

**Step 2: Learn from last year's results.** This is something many of us simply don't do.

For example, make this year the year you act on the knowledge that it takes three months to train a new distributor, not the four weeks you generally plan for. You'd be surprised at how many entrepreneurs repeat variations on the same mistakes over and over again.

Deliberately capturing the lessons of the past year, and thinking about how to use that new knowledge, can provide major opportunities to boost profits.

**Step 3: Set targets.** Set targets that will inspire you and your team to get out of bed every morning (even when it's snowing.)

Instead of using that 10% multiplier, or 25% or whatever, come up with growth numbers that you believe in

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■ **Combat a negative customer review.** With all of the customer review websites out there, sooner or later someone will give your business a bad review. The good news is less than 25% of shoppers say they are unlikely to do business with a company because of a negative review. But what if false statements were made? In that case, email the site's Webmaster with proof the information posted is false and ask that the review be removed. Sites will often remove the comments because they want consumers to trust their information, but there is no guarantee. If that doesn't work, then neutralize the review by asking your loyal customers to post an honest review for your business in their own words. One negative review surrounded by positive comments will certainly lose its impact.

Source: [www.allbusiness.com](http://www.allbusiness.com)

■ **If you're trying to qualify for a business credit card** in 2010, look to your local bank. While it's still possible to go to a big bank's website and be approved for a new business credit card, there is a definite trend toward banks giving more love to those who already have a banking relationship with them. By giving a card-issuing bank some of your money to hold, you increase the chances that they'll (temporarily) give you some of theirs.

Source: [www.smallbiztrends.com](http://www.smallbiztrends.com)

■ **Redesigning your website?** Make sure your developer avoids these common mistakes. Pages that are linked from every other page will be given more weight by search engines than pages that are only linked from a few others. Therefore, if any original pages were ranking well on the search engines, make sure they remain high on your site hierarchy and not buried within the site. If URLs must change, it's critical to 301-redirect all old URLs to their relative counterpart in the newly designed site. This will pass the original link popularity to the new pages and ensure that visitors don't receive a 404 error page. Finally, make sure the new navigation system is search engine friendly. Many DHTML, Flash and drop-down menus are invisible to search engines.

Source: [www.highrankings.com](http://www.highrankings.com)

## Harvard study: What *really* motivates employees

When researchers from Harvard Business School asked managers to rank the impact on employee motivation of five workplace factors commonly considered significant, recognition for good work came out number one. Unfortunately, those managers were wrong.

A recent multi-year survey of knowledge workers reveals the top motivator of performance — and amazingly, it's the factor managers ranked last. It's *progress*. Progress came out ahead of collaboration, instrumental support, interpersonal support and important work. By analyzing daily diary entries and ratings by participants, researchers found that on days when workers feel that they're making headway on their jobs, or when they receive support that helps them overcome obstacles, their emotions are most positive and their drive to succeed is at its peak. On days when they feel

they are spinning their wheels or encountering roadblocks to accomplishment, their moods and motivation are lowest.

This is great news for managers because they have powerful influence over events that facilitate or undermine progress. Managers should take great care in clarifying overall goals, ensure that people's efforts are properly supported and refrain from exerting time pressure so intense that minor glitches are perceived as crises rather than learning opportunities. Avoid impeding progress by changing goals autocratically, being indecisive or holding up resources.

As for recognition, the diaries revealed that it does motivate employees and lift their mood. So celebrate progress. But there will be nothing to recognize if people aren't genuinely moving forward.

Source: *Harvard Business Review*, January-February 2010

## Shopping: The sexes have different priorities

When it comes to shopping, women tend to be more invested in the shopping experience, while most men experience shopping as a mission to be completed as quickly and easily as possible.

Researchers at Wharton School of Business and The Verde Group found that, on average, women respond strongly to sales associates' familiarity with products and their ability to determine what products best suit the customer. In fact, the top problem

encountered by women shoppers in the study was "lack of help needed" (29%). It also is the likeliest reason that stores lose women shoppers.

Men, however, ranked "difficulty in finding parking close to the store's entrance as the number one problem (also 29%). The problem most likely to result in lost business from men is if the product they came in for is out of stock.

Source: Wharton School of Business, University of Pennsylvania, December 17, 2009

## The five skills of real innovation

What is the secret of true innovators? Professors from Harvard Business School, Insead and Brigham Young University have just completed a six-year study of more than 3,000 executives and 500 innovative entrepreneurs. The researchers identified five skills that separate the blue-sky innovators from the rest: associating, questioning, observing, experimenting and networking.

*Associating* is the ability to connect seemingly unrelated questions, problems or ideas from different fields. The researchers say it's the key to innovators' ability to think outside the box.

*Questioning* is the innovators ability to constantly ask questions that challenge the common wisdom. They ask "why?", "why not?" and "what if?"

When *observing*, executives scrutinize common phenomena, particularly the behavior of potential customers.

By *experimenting*, innovative entrepreneurs actively try out new ideas by creating prototypes and launching pilots.

Finally, *networking* innovators go out of their way to meet people with different ideas and perspectives. This allows them to see patterns before others can.

The researchers say anyone can be a better innovator just by acting like one. For example, to improve your questioning skills, identify a problem and write nothing but questions about it for 10 minutes a day for 30 days. Over time, the questions will change, and so will your understanding and approach to the problem.

Source: CNN.com, November 26, 2009

■ **Outsell the competition by using their social networking against them.** Most sales reps have profiles on LinkedIn, Plaxo and other social networking sites. When meeting with a prospect, ask who else they are talking to — including the rep's name. Next, check out the rep's profile. This may give you insight into how the rep is likely to approach an opportunity. Also, pay attention to the rep's list of contacts (Plaxo allows this) — try to find other connections inside the prospect's company. Now you can position your offering so that it weakens the likely positioning of the other rep, and possibly meet with the same people the rep is connected to. Of course, there's another lesson here: Think twice before displaying your own contact list publicly.

Source: [blogs.bnet.com](http://blogs.bnet.com)

■ **Employees will appreciate this affordable perk.** More employers are offering free or discounted income-tax preparation as an employee benefit. Strike a deal with a local accountant to handle the returns. Most will offer a discount to win your guaranteed work.

Source: [www.ragan.com](http://www.ragan.com)

■ **A blog can be a powerful way to promote your expertise,** but many business owners struggle with what to write. The content should be short and simple, yet thought provoking. Try using one of these blog writing formulas: 1) Conversation Starters — Write about an incident, offer your thoughts and reflections about the incident, then toss it to the reader in an interesting way; or, alternatively, write about a common belief, explain why it may not be true, then toss it along to the reader. 2) "How-to" Blog — Give a colorful introduction, provide steps or tips, then offer resources or final thoughts. 3) Opinion Blog — Mention a news item or personal incident, then give your opinion about that trigger and elaborate.

Source: [www.yudkin.com](http://www.yudkin.com)

## BUSINESS INTELLIGENCE REPORT

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## The new collective buying power

Social media is starting to throw its weight around as websites like Groupon, TownHog and BuyWithMe use collective buying power to get steep discounts from local merchants. While the sites started in major cities, each is beginning to spread around the country as retailers sign up to offer up to 90% off of their products and services.

Each markdown is activated only after a number of consumers commit to purchasing. The stores set that threshold, sending those who buy online a

printable coupon to bring to the store. The sites put up limited-time offers daily, using Twitter and email to stoke demand among their members.

For example, Balani Custom Clothiers, a small Chicago outlet, offered a \$225 gift certificate for \$95 on Groupon. The site sold 850 of them that day, a number equal to the customers Balani would attract in a year and a half, says owner Sonny Balani. "We're slammed now," he says. "That is to say, happily busy."

Source: *BusinessWeek*, December 14, 2009

## Demand for 'life support' on the rise

Taking care of the kids, scrubbing the toilets, checking in on Mom, helping with homework, coaching Little League — more people than ever are paying professionals to do their domestic chores. The trend even has a name: parental outsourcing.

It's something of a surprise, since recessions tend to affect the middle class more dramatically than the wealthy, and some services that seem

like luxuries are still thriving. But the numbers tell the story. For example, revenue for tutoring, test prep and driving schools is expected to increase \$100 million, to more than \$7 billion in 2010.

And about 10% of all U.S. households now hire cleaning help; 70% of those clients make twice-a-month appointments (up from a once-a-month majority five years ago).

Source: *Entrepreneur*, December 2009

## Breakthrough... continued from page 1

and which will make it all worthwhile. Say you are committed to 35% growth. But you've never had more than 15%. Well, how are you going to do that? What would it take? Is it possible? If you believe it is, but you don't know how yet, don't worry. You'll tackle that in a minute.

**Step 4: Consider the critical success factors.** Now is the time to review changes in your market. Are there new factors — changes in customer buying behavior, shifts in the demographics, new issues in your industry and fresh competitor activity? Consider how these changes will make it easier or harder to achieve your bold targets.

Do any of these changes cause you to rethink the targets you've set? If so, go back and make adjustments.

Figure out how to reach the targets in Step 3. How can you achieve the targets you just set? Do you know how? Will that plan work? You may have to work backwards using the Merlin Method (Merlin

was a wizard who was born old and lived his life getting younger. What he called seeing the future was really just looking into his own past). Use this idea to create action plans.

Visualize those bold targets as already met. Looking back from the future to the present, ask what was the final step or milestone you achieved before completing the goal? What was the step before that? And before that? Continue all the way to the present day. Check for reasonableness.

That's your action plan. Believe me, this works! Do this for each of your targets and goals, then execute that plan, and you can almost guarantee a breakthrough year.

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