

BUSINESS INTELLIGENCE

Strategies and Trends for the Successful Business

REPORT

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IDEAwatch

Tips for Growing Your Business

■ **Use the “three-minute rule” to serve your customers better.** You can learn a great deal about customers by understanding the broader context in which they use your product or service. To do this, ask what your customer is doing three minutes immediately before and three minutes after he uses your product or service. For example, leaders of a company that provides investment analysts with financial earnings data discovered, after applying the three-minute rule, that a large number of analysts were painstakingly importing the data into Excel and reformatting it. This observation led them to develop a more seamless Excel plug-in feature with enhanced formatting capability — resulting in an immediate and significant uplift in sales.

Source: blogs.hbr.org

■ **Make your best clients feel like royalty.** Each year, treat your top five clients to lunch on the anniversary dates of your first day of doing business together. It's a great way to say thanks and an opportunity to discuss additional business possibilities.

Source: www.ideasiteforbusiness.com

■ **Google now allows business owners to respond to reviews,** but that doesn't necessarily mean you should. First of all, a single negative review doesn't have to represent a major conundrum. And while there's value in appearing attentive and making a quick reply, everything on a company's Place Page will probably stay accessible for years or even decades, so owners should be sure their comments will put their business in a positive light. A thoughtful response acknowledging a problem and offering a solution can often turn a customer who had an initially negative experience into a raving supporter.

Source: www.smallbusinessnewz.com

MANAGEMENT

Time is Money, Now Act Like It

YOU'VE HEARD IT before hundreds of times, usually from someone waiting on you, trying to get you to hurry up.

But time really is money. What it's worth may vary from person to person, of course. Minimum wage is currently \$7.25 an hour. Bill Gates makes about \$200,000 an hour, depending on how Microsoft's stock is doing. But every second of every day has monetary value, whether you're punching a time clock, running a business or brushing your teeth.

A simple estimate of the value of your time is to take your annual after-tax earnings and divide them by 2,000. British economics professor Ian Walker developed a more precise formula: $V = (W((100-t)/100))/C$, where V is the value of an hour, W is your hourly wage, t is your tax rate and C is the local cost of living (converted to hourly). This leads to some pretty surprising findings.

For example, in a study Walker conducted, he found that the typical cost of cooking dinner, including the time spent and the cost of ingredients, was \$15.72 for men and \$14.30 for women, while the average cost of ordering a take-out meal was \$7.31 for men and \$7.24 for women.

This runs against conventional wisdom, right? Personal finance gurus are all over the media right now talking about how cooking at home can save you money vs. eating take-out. Yes, it can, if what you would do with the extra time by not cooking is just watch TV. If, on the other hand, you can work an extra half hour on your business, and that will generate more than the \$7 difference in value between take-out and home cooking, then it's actually a better financial decision to pick up take-out, or better yet, order delivery.

There are potential dangers, of course, of looking at your personal time as a constant stream of cash outflow, especially when you look at the bigger picture. “Sorry, honey, I really can't go to the park with the kids — it'll be too expensive,” simply doesn't work.

Still, taking a hard look at the value of both your personal and business time may help you make some changes that both put more money in your pocket and improve your quality of life. Let's look at a few examples.

1. Use the appropriate communications channel. Trying to reach people by phone takes extra time, and setting up a meeting is even worse. There's “time over-

Taking a hard look at the value of your time can put money in your pocket and improve your quality of life.

head” to use these forms of communications vs. email, and they often stretch out beyond the time you've allocated for them. Use email to communicate small chunks or lists of information. Yet, negotiating an issue or collaborating on a work product is often more efficiently done in real-time. If it's gone back and forth via email more than a couple of times, pick up the phone. Also, communicating by phone or in person helps build rapport more than email. Know the pros and cons of each medium and use the most appropriate one.

2. Buy the right tools. Just as in home improvement, having the right tool for the job in business can cut the job to a fraction of the original work. That new piece of software may seem expensive, but how much is it costing you in time *not* to go ahead and buy it? Think an iPad or Kindle is a luxury you can't afford? How much more work could you get done if you took the bus or subway to work and used a mobile device to have your email or your business news reading all done by the time you get to your office?

3. Work in batch mode. Multi-tasking is an illusion — we can really only pay attention to one thing at a time. There's a time cost associated with switching tasks. One of the most important things you can do to improve your use time is to work in batch mode, i.e., stay focused on one task for as long a period as reasonably possible. Unless it is absolutely essen-

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■ **Before following up with a prospect**, do you really know where you stand? If your calls sound like this, “Hey, I’m just checking in, wondering how it’s going,” then you’re probably making a lot of calls, but feel like you’re getting nowhere. This approach wastes your time because there’s no way to gauge if they’ll ever really buy from you. What’s worse, these repeated messages that offer no value put you in a position of sounding like a sales stalker. Instead, gauge the temperature of prospects by asking what their perception is of where things are going. Ask: “So, where are we right now?” “How close are we to making this happen?” “What are the next steps?” Get some clarity on what will happen between this call and the follow up. Then, the next time you call, remind them of what was discussed (never assume they remember) and continue from there.

Source: www.businessbyphone.com

■ **Retain top employees and keep everyone more productive** by communicating your firm’s stability. In a recent survey of working adults conducted by staffing firm, Robert Half, respondents ranked working for a stable company as the number one work-environment factor most critical to them. If your firm has fared relatively well during the recession and has a history of emerging strongly from previous downturns, talk about this in meetings with your team.

Source: www.hartfordbusiness.com

■ **Improve your chances for success this holiday season** by looking for clues from Christmas past. For example, analyze which week of the year was best for reaching consumers last year, and which day of the week attracted the better email conversion rates. To illustrate what can be unearthed by going back over previous data, here are some key findings from Epsilon’s 2009 Holiday Trend Report: Big ticket items were purchased early on in the season; email open rates were highest earlier in the season; email open rates in 2009 averaged 14.4% vs. 12% in 2008; retail reached its peak closer to Christmas Day, in Week 50; and Tuesdays and Fridays were the heaviest email volume days and the peak revenue per email days.

Source: www.bizreport.com

Facebook could take geolocation mainstream

Facebook recently announced that it launched a new geolocation check-in service called Facebook Places. While competitors like Foursquare, Gowalla and MyTown have been trying to make inroads with this new concept, Facebook may have just changed the whole game.

If you aren’t familiar with geolocation social networks, here is how, for example, Foursquare works: Using smartphones, consumers “check in” to a business when they arrive. Consumers can see if any of their connected friends are at the same location or nearby, share and discover insider tips about the location and earn points. These points are used to earn badges, with the top point-achiever being crowned “Mayor.”

This creates an active, competitive com-

munity around the business — driving foot traffic. Businesses often encourage this activity by offering discounts and freebies to Foursquare players.

Unlike Foursquare, Facebook Places isn’t based on a competitive game, and many consider this to be a shortcoming. However, while Foursquare has nearly 3 million members, Facebook already has over 500 million potential users for this service — quite an advantage if it can make its service compelling.

Businesses that aren’t participating should at least make sure they don’t already have a presence, created by customers, on these sites. If you’re listed, look for a link to “claim” your venue.

Sources: *Website Magazine*, August 2010, *Los Angeles Times*, August 19, 2010

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tial to your business model, don’t take incoming phone calls yourself; schedule calls via email and block out a time to return phone messages. You can have an open-door policy, but encourage people to schedule a time with you instead. If you work from home, set boundaries with your family about interruptions.

4. Delegate and empower. As an employer, you don’t want to pay someone \$25 an hour to do \$8 an hour work. Why, then, do you do it yourself? Think about every routine activity that you spend time on daily, weekly or monthly. Could you delegate it to an administrative assistant? One of your managers? Or on a project, can you outsource parts of it to a Web designer, a writer or a virtual assistant?

Sometimes getting something off your plate requires empowering other people beyond their current authority. Author Tim Ferriss talks about this in his book, *The 4-Hour Workweek*. He had outsourced customer service for order tracking and returns but was still handling product-related questions himself: 200-emails per day. He realized that the bulk of the emails were not product questions, but escalation issues from the customer service reps themselves. So he sent one email to all the supervisors that turned his 200 emails per day into fewer than 20 per week. The new policy stated: “*Keep the customer happy. If it is a problem that takes less than \$100 to fix, use your judgment and fix it yourself.*”

Not only did he save 100 hours of his time per month, customers were receiving faster service, returns dropped and the

outsourcers spent less time on his account, which in the end saved him money.

5. Outsource your personal life, judiciously. Why do things you don’t like doing, that somebody else can probably do better, and cheaper, once you consider the value of your time? I hate housework, and I’m not too fond of yard work. So we have a maid and a yard guy every two weeks. I figure it saves us about 20 hours a month at a cost of \$250 — well worth it, whether we choose to spend it working or playing.

6. Get seriously organized. Yes, there’s a time cost to planning, organizing and tracking your time and actions, but study after study has shown that there’s almost always a net gain for anyone other than those with very simple lives. How many entrepreneurs lead very simple lives? Get serious about getting organized. I’m not just talking about keeping a calendar and a to-do list, although for many people, even that’s a good start. Learn and implement an actual system: *Getting Things Done* (GTD), FranklinCovey, whatever — just do it.

525,600 minutes. Your situation and your skills may be different, but you get the exact same amount of time every year as Bill Gates. It’s your most precious resource, because it is the only one that is truly scarce. Be a good steward of it and put it to its best use.

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■ Thinking about using retirement funds to start a new business?

You may want to think again. With start-up funding tight, more entrepreneurs are using 401(k) funds, for example, to execute a maneuver called a rollover as business start up, or ROBS. While the IRS hasn't pronounced ROBS plans illegal, the agency did say that "from our experience, many ROBS arrangements quite simply do not comply with the law." It is expected that the IRS will step up audits of ROBS plans. If you are interested in setting up a ROBS plan, be sure an experienced pension professional is involved. Source: www.allbusiness.com

■ Managing a remote workforce can be challenging

because it requires a different mindset than managing in-office employees. Once you have hired someone, communicate, in detail, what you expect of them on the project. If applicable, offer a bonus if work is completed on time or early. If the project will take weeks to complete, have a quick, five-minute chat each day to make sure they are on track and to identify roadblocks early. Finally, break larger projects up into smaller date-based milestones. Source: www.webworkerdaily.com

■ Is your business bio putting people to sleep?

A business biography should not be a cold, dry list of qualifications, nor should it be a chronology of your career. Within your website's "About" page and other marketing materials, provide an overview of your achievements and distinctive work approach, while also imparting a sense of who you are as a person. Warm up your bio with some of these ideas: a quote from you or your personal motto; a phrase clients or an authority figure use about you; vivid extremes of contrasts (e.g., has taught everyone from CEOs to imprisoned drug dealers); tantalizing numbers (e.g., third most quoted Canadian chartered accountant); or a fact that humbles you (e.g., once appeared on Jeopardy where he lost to a dancing waiter). Source: www.yudkin.com

The economy: The new abnormal

Americans are broke and depressed — and also buying \$3 lattes and iPhones. Welcome to the schizophrenic economy.

Last year, the economy moved into a phase that was declared the "new normal," a realignment in which the U.S. consumer, no longer a hungry monster, became cautious and subdued. However, current circumstances might be better described as the new abnormal, in which no one knows anything, and optimism about the economic future ebbs and flows constantly.

This uncertainty has given rise to a nation of consumers who splurge on high-end discretionary items yet switch from brand-name toothpaste and shampoo to generic brands. Companies like Apple, whose net income jumped 94% in its last quarter, and Starbucks, which is enjoying a 61% increase in operating income over the same time frame, are thriving.

Mercedes-Benz is having a record sales year, and Lexus and BMW are also up.

In a recent survey, American Express found that 51% of consumers had fallen behind on their annual savings plan, in part because they were either making impulse purchases or simply spending beyond their means.

While market rallies seem to embolden consumers, market dips seem to loosen purse strings, as well, according to Dan Ariely, Duke University professor and author of *Predictably Irrational: The Hidden Forces That Shape Our Decisions*. When people get freaked out by market gyrations, Ariely says, they see the advantage of shopping over putting their money into an investment that might tank — with purchases, at least they'll have something to show for it.

Source: *Bloomberg Businessweek*, July 29, 2010

Outsourcing to rural America

Companies are starting to eye job-hungry areas of the country as prime candidates for the kind of outsourced work that once would have gone overseas. Dubbed "ruralsourcing," "rural outsourcing" and "onshoring," the practice relies on two simple premises: Smaller towns need jobs, and they offer a cheaper cost of living than urban centers. So businesses that outsource work to these areas can expect to pay less — rates are often as much as 25% to 50% lower — than if they were hiring urbanites with comparable skills.

For some companies, the thought of outsourcing work to countries with different laws and business practices feels risky. In response, a new crop of outsourcing startups are popping up with

development centers in places like Joplin, Missouri, and Eveleth, Minnesota.

For example, a biotech company decided to outsource to Jonesboro, Arkansas, through an Atlanta-based outsourcing company. Rates are about 15% higher than what was quoted by Indian outsourcing firms, but the biotech company doesn't mind after having previous outsourcing problems overseas, such as drastically different time zones, hard-to-communicate concepts and misunderstandings created by cultural differences.

"Now when we have a problem, we can get on the phone and talk through it real-time. That right there is worth the extra cost," said a company representative.

Source: *CNNMoney.com*, July 8, 2010

Shoppers prefer email promotions

According to a recent CrossView survey to determine retail promotion preferences among in-store shoppers, 35% said they were currently shopping due to a recently received promotion from a retailer. Of those who did not receive a promotion, 68% said they would have been more likely to visit a store if they had been given one.

The survey showed a significant consumer preference for receiving promo-

tions via email (37%) as opposed to other methods of delivery. Mailers were preferred by 23%, text messages 18%, in-store promotions 11% and social media 9%.

Shoppers also indicated a willingness to receive other types of communications from retailers, including new product information (39%) and discounts and coupons (12%).

Source: *MediaPost.com*, July 29, 2010