

# BUSINESS INTELLIGENCE

Strategies and Trends for the Successful Business

## REPORT

August 2010

### IDEAwatch

Tips for Growing Your Business

■ **Stimulate more word-of-mouth marketing** with these easy and inexpensive conversation starters: 1) *Send a thank you note at every opportunity.* In about two minutes — for the cost of a postage stamp — you can create a personalized memorable experience that customers will tell friends about. This trick alone is one of the reasons that Zappos sold a billion dollars in shoes last year. 2) *Offer simple surprises.* An unexpected upgrade, expedited shipping or a special little treat may be all it takes to turn a customer into a fan. 3) *Polite requests to spread the word.* Sometimes all a fan needs is a nudge from you to get them telling everyone. Specific requests for testimonials, referrals or reviews often work better than general requests.

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

■ **Email is a great way to drive traffic to your store.** According to a recent survey by Lightspeed Research, nearly 60% of consumers who receive a marketing email are more likely to make an in-store purchase.

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

■ **Instead of asking job candidates why you should hire them,** ask them why they want to work for your organization. Their answers will tell you two things: 1) *How much research they did.* If they can't offer any details, you'll know that they didn't look beyond the advertisement to learn more. But if they go into rich detail, you know they are hard workers who are serious about pursuing goals. 2) *If their expectations are realistic.* Is what they're seeking a match for your workplace? For example, if a candidate mentions the quick commute will mean more time with family, but 10-hour days are the norm for your organization, you can avoid a hiring mistake.

Source: *Manager's Edge*, 2801 Parham Rd., Richmond, VA 23294

### STRATEGY

## Seven Dysfunctions of Entrepreneurs

by Jonathan Fields

HAVE YOU EVER wondered why so few entrepreneurs really thrive? Following are some common obstacles that inhibit companies from growing:

**1. Failure to evolve.** Markets change over time. People's needs change over time. One of the biggest problems that I see with entrepreneurs is that they start the business based on a single solution, or set of solutions, that satisfy one particular need or pain point in a market.

But over time, markets evolve, and the people who are providing solutions for those markets don't continue to evolve and are left with a bigger and bigger gap between the need and the pain point of the market and the solution that they're providing.

The answer here is to keep your finger very much on the pulse of where the pain points currently are in the market and how they've changed from when you started your business. Create regular check-in mechanisms to see whether your current solutions are driven more by ego or the desire not to endure the anxiety of change or a continuing need in the market.

**2. Over-working and under-thinking.** There's an ethic in business that says you've got to put in a ton of hours to get the job done. Of course, working hard is pretty much an important part of any major business accomplishment, especially in the very early days around launch time and the first couple of years.

But a lot of times the biggest solutions, the greatest breakthroughs, the most relevant and impactful innovation comes not when you're working, but when you work hard and then step away and allow time for contemplation, and for breakthroughs. When you're building a business, rather than focusing on how many hours you can put in, step back — both you and your employees — and take time for pure thought and contemplation,

and allow for the greatest revelations to simply bubble up.

**3. Going it on sheer will for too long.** Very often a company starts based on the sheer willpower of one particular person or a small team of people. As long as all of the tasks that need to be accomplished can be handled by that person

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**Your business and its environment are changing. Have you recognized and adapted to those changes?**

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or team, the company continues to move forward. But inevitably, as you scale, you reach a point where those people can't humanly work any more.

For the company to grow, it will need to be based on a bigger, more systematic set of guidelines that other people can then be exposed to. Once you reach that critical tipping point where sheer willpower will no longer drive the business, it becomes important to have well-thought-out systems to build your business from that point forward.

**4. Playing prevent offense.** Businesses are often started in a visionary, aggressive and innovative manner. But once business starts coming in, the mindset often shifts to thinking about how to preserve the wins or the gains that have already been accomplished, rather than focusing on constantly innovating and delighting existing and new clients on the level that they never expected.

This is called "playing the game with a prevent offense." Instead of trying to consistently win and delight, you're consistently trying not to give up what you've already gained. And, in the world of business and entrepreneurship, it's pretty much the fast track to failure.

**5. Hoarding control.** Like me, most entrepreneurs I know are control freaks. We have trouble giving away control and power. But, when you hoard control you not only limit your business' ability to

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■ **Do people perceive your product or service to be fun?** If so, consider tapping into events that companies have for their employees or clients.

For example, a motorcycle dealership offered motorcycle lessons and a spin around the city at a software conference. It had nothing to do with software, but attendees loved it and generated buzz about the dealer. In another example, an employer hired a bartender from a local bar to give employees lessons on making the perfect drink — providing great exposure for the bar. Other examples include onsite massages, jewelry making or lessons in home repair. Start by offering your time or service to someone you already know, then blog about it, take photos and get them on your website. Then build on that momentum.

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

■ **Ever feel like you can't get your employees under control?** It turns out that, for many, the harder you try, the worse they'll get. In fact, if employees consider you a controlling person, just an unconscious thought of you can hurt performance — even if they didn't intend to slack off. When researchers flashed, for only 60 milliseconds, the names of people who the subjects thought were controlling in their lives, they unconsciously started slacking off on a given project. Not everyone reacted as strongly. The people with an ingrained sense that others are trying to control them tend to have the most intense negative reactions to unconscious thoughts of significant others.

Source: [blogs.hbr.org](http://blogs.hbr.org)

■ **Are more clients paying late?** About a third of small business owners surveyed by American Express said that more customers are paying late and that they plan to improve cash flow by being more aggressive in collecting accounts. One small business owner found success by adding a \$10 late fee to all payments at 45 days and then again at 90 days, which has prompted more clients to pay on time. Other ideas: add a page to your website that allows clients to pay by credit card; keep a credit card number on file in case they are late; and ask new clients to complete a credit application and check their references.

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

## Most businesses use social nets for recruiting

When it comes to hiring new employees, times have changed. Instead of relying primarily on job boards and third-party search firms, nearly three-quarters of companies surveyed in June by Jobvite were using social networks for recruiting, and 58.1% said they had successfully hired a candidate found through a social network.

LinkedIn was the top social network looked to for hiring, used by nearly 80% of companies recruiting through social media. It also provided the most success, with about 90% of companies who had

hired through a social network reporting they found the candidate on LinkedIn.

March 2010 data from online job board Monster.com painted a somewhat different picture: 42% of companies surveyed said social networks were useful for recruiting college students, while 82% said large, all-purpose online job boards — such as Monster.com — were useful.

Through social recruiting, companies are learning they can find the best talent efficiently, without making a major investment.

Source: eMarketer, July 13, 2010

### Dysfunctions... continued from page 1

scale, you inadvertently demean the people that you've brought into your organization because even if it's not overt, what you're telling them is "I brought you in here; I told you I trust you. I told you I'm going to hold you accountable to my vision and my growth goals, but I do not trust you to think, to create, to innovate and to execute."

When you send that message to the people who work around you and with you, you kill their will and you create a culture of dislike and distrust. Therefore, it is important to regularly reflect on your behaviors. Take some risks and allow yourself to feel uncomfortable as a leader in a small business. Hire amazing people and give them control. Hold them accountable to a particular result, but give them the ability to take action, to execute, to create and show you what they're capable of doing.

**6. Incentivizing innovation with a carrot and stick.** In Daniel Pink's recent book, *Drive*, he reveals some fascinating research that showed that for very simple, rote, mechanical tasks, the traditional carrot and stick — meaning, if you do X, I'll give you Y and if you do X even better I'll give you even more Y — tended to work fairly well as a motivational system.

But as soon as you bring in tasks that are more complex, more creative, or innovation-oriented, the traditional carrot-and-stick type of motivation not only doesn't work, but it literally disincentivizes behavior that naturally would have been incentivized simply by the opportunity to do something very cool. So, take a step back and instead of offering money or particular tangible things as motivation, think about how you can facilitate mastery. How you can allow

people the opportunity to move more aggressively toward mastery of something that they're already intrinsically drawn to and can become a powerful motivating factor for people within your organization.

**7. Forgetting the fun.** Most small businesses are launched, at least in part, in a quest to discover, then mine, the sweet spot between a viable economic niche and some product, service, activity or solution that in some way engenders joy in the founder. People like Tony Hawk build a business empire around the joy of the activity they love. In the beginning, it's fun. There's an energy to launching that keeps everyone feeling up. But, all too often, over time, that sense of fun begins to evaporate and the focus turns to efficiency, production, systematization, scaling and growth.

These are all critical elements, but genuine joy in what you're doing matters. It infuses and impacts every aspect of your business. Maybe it can't be there every moment of every working hour. I didn't particularly love cleaning the toilets in the early days when I owned a yoga studio. But, it was a minor blip on a bigger, more joyous radar screen. Do what you can to preserve as much sense of joy and delight as possible for those who help build your business. When you do, not only will you have a better time, your employees will, too. And, that joy will spill over to your customers as well.

**Jonathan Fields** is a former private equity attorney turned lifestyle-entrepreneur, blogger, marketing consultant, speaker and author of the book, *Career Renegade: How to Make a Great Living Doing What You Love* (Broadway, 2009). He writes about the crossroads between family, passion, entrepreneurship, social media and marketing at [JonathanFields.com](http://JonathanFields.com).

■ **Blogs are a powerful lead-generation and brand-building tool**, but many business owners are intimidated by the idea of starting and maintaining one. Yet it may be easier than you think. Test the waters by taking 15 minutes to see how much you know. You are an expert in your field, or even if you're not, you have more experience than most. Set the timer and make a list of all the things you've learned over the years. This will give you a calendar of interesting educational blog topics. Then, when you write, let your excitement for sharing your valuable knowledge show through your words. Finally, avoid the urge to use the blog as a sales tool — the minute you start to sell, readers will tune you out.

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

■ **So you noticed a few negative comments about your company online.** You may be wondering if it will have any real impact on your bottom line. In a recent survey by the Pew Research Project, 44% of online adults say they have researched online for information about someone whose services or advice they seek in a professional capacity, like a doctor, lawyer or plumber. While a few negative reviews within a sea of positive reviews is normal, if you've received too many negative comments, consider conducting damage control.

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

■ **Get your prospect involved when selling over the phone** by asking them to jot down some notes while you talk. After asking your qualifying questions, try saying something like "I'll give you a brief description of our program, and if it sounds as if it could be helpful, we can get something to you right away. By the way do you have a pen and paper handy? Great, because you may want to note some of the important points for later review." This technique will not only keep them actively involved, but it will help to ensure they remember the benefits.

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

## Study reveals secrets of small biz success

What separates successful entrepreneurs from those doomed to fail? That is what the Guardian Life Small Business Research Institute sought to find out when it surveyed more than 1,100 small businesses, comparing key traits and uncovering what qualities set the success-oriented small business owners (SOSBOs) apart from their less ambitious peers. In the end, six personality traits emerged:

**Collaborative.** SOSBOs understand how to delegate to others within their business, as well as how to build strong personal relationships with their management team, employees, consultants, vendors and customers. Collaboration is not only about building the team from within, but also developing connections outside of the operation. It's all about networks.

**Self-Fulfilled.** SOSBOs are more desirous of "doing something for a living that I love to do," "being able to decide how much money I make," and "being able to have the satisfaction of creating something of value."

**Future-Focused.** Planning for both the short- and long-term future are key traits that characterize SOSBOs. They

are more focused on cash flow and more likely to have "a well-thought-out plan to run our business for years into the future" as well as "a well-thought-out plan to run our business day-to-day."

**Curious.** SOSBOs are more open to learning how others run their businesses. They actively seek best-practice insights regarding management, business innovation and prospecting, as well as finding, motivating and retaining employees.

**Tech-Savvy.** Technology is a key point of leverage for SOSBOs. They more intensely value their companies' websites and are more likely to "rely a great deal on technology to help make our business more effective and more efficient."

**Action-Oriented.** SOSBOs are more committed to "taking the business to the next level," "differentiating ourselves from our competitors," and "having something to sell when I'm ready to retire." They also see adversity as a "kick in the rear to help move you forward." Not surprisingly, they are less concerned than other small business owners about the overall state of the economy.

Source: *Forbes*, June 30, 2010

## Microfinance helps fill funding gaps

Microfinance lenders, originally geared to helping the disenfranchised, are providing more financing to small businesses that can't get bank loans.

While microfinance represents a tiny fraction of the U.S. credit market, it's growing fast. In fact, 56% of microfinance organizations last year saw increases in loan applications. Those most likely to get

funding were very strong small business owners who in the past would have received financing from banks.

Microfinance groups are typically supported by government agencies and nonprofits. About 400 of them offer loans that average nearly \$9,000 and are usually capped at about \$35,000.

Source: *BusinessWeek.com*, June 24, 2010

## Coupons benefit retailers, too

Coupons are often seen as a short-term sacrifice in profits hoping to gain long-term customers. But according to the latest *Online Shopper Intelligence* survey by Web analytics firm, Compete, coupons may provide immediate benefits to retailers, at least in regards to online coupons.

According to the survey, 57% of consumers who used a coupon code during their last online purchase said that if they had not received the discount, they would not have bought the item(s).

Furthermore, when asked how much they spent on their most recent online purchase, consumers who used a coupon spent almost twice as much as consumers who did not use a coupon.

Finally, the study suggests that coupons are an effective way for retailers to build good will. When asked about their overall shopping experience, satisfaction was higher for consumers who used a coupon than for those who did not.

Source: *MediaPost.com*, June 25, 2010