

7 Principles for Success in a Challenging Economy

provided by Susan Fleming, ElectronicMarketingSuccess.com

Today is a minor holiday; there is no mail delivery and the banks are closed, but most businesses are open. This morning I was talking with a colleague who stopped by her bank on the way to a meeting. When she saw that it was closed, she panicked, thinking her bank had failed – and then she remembered that it was just a holiday. Uncertainty is the hallmark of our times.

Revenues are shrinking as the public becomes more discriminating in its purchases, more reluctant to let go of what, until recently, was considered “disposable income.” Costs are increasing in price as shipping expenses rise. Companies are struggling with the need to attract more business without overspending, with how to tighten their belts without giving the impression of scarcity.

Is success even possible in a challenging economic climate? Yes, but I don’t think it comes in a package called “Refuse to participate in the recession!” I think it comes by focusing on proven business-building principles, by becoming very intentional with the money you spend. The time is past when you can throw dollars at every new fad that comes along – you have to become meticulously intentional with your marketing strategies.

The aphorism, “If you fail to plan, you plan to fail,” has never been more true. Here are seven enduring principles that will help you achieve success – perhaps more success than you saw when times were “better” and you didn’t need to be as focused.

Principle 1 – Follow-up

Perhaps you have heard the saying, “The fortune is in the follow-up.” Well, it’s apparently true. Here are some statistics readily available on the Internet:

- 2% of sales are made on the 1st contact
- 3% of sales are made on the 2nd contact

- 5% of sales are made on the 3rd contact
- 10% of sales are made on the 4th contact
- 80% of sales are made on the 5th-12th contact

And these...

- 48% of sales people never follow up with a prospect
- 25% of sales people make a second contact and stop
- 12% of sales people only make three contacts and stop
- Only 10% of sales people make more than three contacts

Think about your sales cycle. How long does it take from that first exposure to your product or service to actually closing the sale? If these statistics are true, then the 10% of sales people who make more than three contacts are winning 90% of the sales!

Even if the numbers are way off base for what you are selling (and no doubt the stats vary from industry to industry), what effect would doubling your follow-up efforts have? What if it increased your sales by 5% or 10% or 50%? Would it be worth it?

Principle 2 - Keep in Touch

This goes along with Principle 1, following up. But it takes it a step further. What do you do after the sale? If you aren't keeping in touch with people you have already done business with, you may be losing big time, particularly if they were satisfied with your service and products.

Let's see why that is:

- Repeat customers spend an average of 33% more than new customers.
- Repeat customers are over 100% more likely to give you a referral or recommend you to a friend, family member, or business associate
- It costs six times more to sell something to a prospect than to sell the same thing to a current customer.

Doesn't it just make sense to keep in touch with people who already use your products or services? If they liked you the first time, they will probably spend more money with you next time. They will try other things you offer, possibly more expensive things. They will tell others about you and bring you new business. And it is less costly to advertise to them – it's more a matter of keeping your name in front of them.

But consider this... many businesses spend as much as 80% of their marketing dollars to attract new customers and clients rather than nurturing relationships and retaining customers they already have. Where are your marketing dollars going?

Principle 3 – “Giver’s Gain”

BNI International, the largest business networking organization in the world (<http://bni.com>), has as its motto, “*Giver’s Gain.*” The philosophy, as they use it, is that when you give business to others, you will gain as others give you business in return.

I like to think that the philosophy goes farther than just giving business to get business. It has to do with the whole “sowing and reaping” idea. When you give to others, whether it is your time, your talents, or your money, you will reap a harvest.

Here are two reasons that concept is more than just theory:

1. As you give, you become better known, more visible. Whether you are sponsoring a youth sports team, helping a local charity, or offering your location free of charge for a networking meeting or social gathering, you are increasing your visibility and your credibility. People do business with people they know and trust, and when you give without expecting something in return, it builds trust and allows people to get to know you.
2. People want to do something for those who do nice things for them; it's human nature. When you freely give good value without obligation, those who receive it will want to reciprocate – and often, that means they will become your customer or bring you referrals. And, if you are giving away information, it will often get passed on, and may lead to an even wider customer base.

So, consider ways you can become a “giver” and watch what happens. Just don't look for the “gain” overnight!

Principle 4 – Cultivate Relationships

A few years ago a research project found some interesting statistics about why customers left a business, usually to go to another business. Here are the results:

- 1% left because they died. Obviously they didn't switch to another business.
- 3% moved far enough away that it was no longer convenient.
- 5% began purchasing from a friend who sold the same or a similar product or service.
- 9% went to a competitor who had a more compelling offer.
- 14% left simply because of price. Think about the lack of brand loyalty, for example, when you fill up your gas tank.

That's 32% of the people who quit frequenting a business. What about the rest of them? They, a whopping 68%, left because of *perceived indifference*.

That's right. 68% of the people surveyed said they left a particular business and went to a competitor because they felt invisible and unappreciated. Their perception was that the business was totally indifferent to them – that it didn't matter whether they walked through the door or not.

If you are going to stay in business, you'd better not shrug and say, "So what?" That's more than twice the percentage of people who left for all the other reasons combined!

So how can you let your customers know they do make a difference? The key is in developing relationships. Make an effort to find out about them, and be personal in your interaction. Learn their names, and if possible, find out about their family, their pets, their business. Send birthday cards. Clip appropriate articles and send them out. Congratulate them on achievements. When you begin to show you care, you generate customer loyalty. And customer loyalty pays big dividends.

Principle 5 – Laser Focus

Today's marketing advice is "Get rich in the niche" – and it really makes a lot of sense if you think about it. Unfortunately, you can't be all things to all people. You really have to

narrow your focus and identify your target market, particularly now, when every dollar you spend is critical to your bottom line.

For example, a colleague of mine who is a business advisor has identified as his target market small businesses that have maxed out their revenue potential with their current resources – they need to make a major change in order to continue to grow. Could he help *any* small business? Probably. But by narrowing his focus, he can present the services he offers as specific, targeted benefits to companies that fit his desired profile. And not only that, he avoids working with businesses that may not be profitable to him.

So how do you decide on a niche? One way, if you are already established, is to do a quick analysis of your past business. Loosely categorize your clients, and decide which group is (a) most profitable, (b) most available, and (c) easiest to attract. Once you have narrowed it down, go after more people in that group.

If you are a new business, you may wish to target groups you are most familiar or comfortable with, or you may want to enlist the help of a marketing research firm. Another option is to do some keyword research on the Internet to identify areas of higher demand within your industry.

Once you have decided on a niche, your next step is to figure out how to target it with a laser focus. Of course you know what you offer... But you need to figure out why it is important to your target audience. Here are some questions to help you start thinking about it:

- What do they need that you provide? Why is *your* product or service a better fit for them than your competitor's? In other words, what's your unique selling proposition (USP)?
- What key issues or problems are keeping them awake at night that your business can solve for them? Once you identify the problem and the solution, then figure out how to target the emotions generated by either the problem or the solution.

Once you have taken aim at a specific target, you will find that your marketing becomes much easier, and the results more consistent. Narrowing your focus usually increases business rather than decreasing it, and a happy by-product is that you become known as somewhat of an expert in the area. It won't be unusual to hear something like this... "I

know you usually just work with *[your target group or industry]*, but I've heard such great things about you, and wondered if you would be willing to work with me, too."

Principle 6 - Outsource

Let's face it: contrary to public belief, you can't do everything. You have a unique skill set that is responsible for your success, and serves you well in your business. But there's too much to do for you to be able to do it all, and do it well.

The temptation, particularly in challenging economic times, is to assume responsibility for tasks you hate, just because it costs less money. The result is often tasks that are poorly done, or worse, neglected – unfortunately sometimes to the demise of the business. You just can't let that tax stuff slide because you hate to do it!

Perhaps in the belt-tightening, you made the difficult decision to let someone go who was doing most of the "heavy lifting," whatever that looks like in your business. You couldn't afford the salary and benefits package, and there may not have been enough work to keep her busy all day, anyway. But the tasks still have to be done. And doing them yourself is wasting a valuable resource – YOU!

Outsourcing may be a viable solution for you. If you consider what your time is worth, and how many hours you spend on tasks that drag you down, paying someone a smaller hourly amount to do them (probably in less time, anyway!) just makes sense. It not only relieves you of the stress of having those things hanging over your head, but it also frees your time up to do what you do best, run your business.

What kinds of tasks can you outsource? Almost anything you don't really want to do. Hate that bookkeeping stuff? A colleague of mine loves it, and even does pick-up and delivery! Papers piling up? Behind in inventory? Need a new brochure? Recoil at the thought of cleaning toilets? Or starting a newsletter? Or updating your website? There's somebody out there who would love to do those things for you at a fraction of the cost of a full time employee – and the peace of mind you would gain and the benefit to your business would be well worth the cost. What's on your plate that you would like to dump?

Principle 7 – Become Indispensable

In the past, the key to success was “location.” In today’s increasingly electronic society, the key is quickly becoming “information.” Consumers are now more discriminating and demanding, and they want to do business with people they know and trust, people and companies that care enough about them to give them good information even when they aren’t yet in the market for a specific product or service.

I talked to a man recently who installs new and replacement windows. He did a quick demonstration with three types of double pane windows that left me amazed at the difference in the amount of heat they transferred. He told me what to watch out for and how to spot somebody who was trying to dazzle me with fancy words, so that I won’t get windows with low efficiency when I thought I was getting high efficiency.

I’m not in the market for new windows right now, but you can bet that when I am, I’ll look him up. And I’ll recommend him to my friends, too. Why? Because he gave me great information that I didn’t even know I needed, offered services that will help my pennies go further, and was interested in trying to help me professionally, too. In short, he became indispensable to me in that area.

So how can you become indispensable? You are in business because you offer a solution that people need. Make sure they have access to that information.

Here are several ways you can get your information out:

- If you use traditional print advertising, such as the newspaper, use an editorial format for your ad – make it look like a short article, and give a tip or nugget of information with each new ad, or focus on a different aspect of your business.
- Use several informational brochures or cards focusing on different topics. Display them at your business. Partner with someone in a related business, and display each other’s information, too.
- Distribute a monthly or quarterly newsletter with articles targeted at the needs of your clients.
- Create a website or update your current one to serve as an information portal for your industry. Give abundant good information, and consider ways you can even generate income with affiliate links or selling products online.

- Generate an electronic mailing list and send out an eNewsletter, or eZine. The key here is being consistent and providing good value. It is easy to include coupons and special offers, too – your goal is for the recipient to be glad to get your mailing, and to want to do business with you when they have a need. Make it easy for them!

Becoming indispensable is a lofty, but not unattainable goal. It simply means that you have figured out how to keep your name in front of your audience in a way that is encouraging and informative. Be quickly remembered and easy to find.

Summary

So there you have it – seven principles that you can use to set your course for success in the stormy seas of economic uncertainty. I don't have a crystal ball, and I can't tell the future, but I can tell you one thing for certain. Those who apply these principles achieve greater success than those who ignore them.

Some may be easier for you to implement than others. Some may not fit your business model. But think outside the box and see what happens. Don't let the strong winds of economic uncertainty blow you off course – instead, harness that wind and set your sails for greater success.

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