

Successes & Strategies

By Larry Rice, CPA, Director of Strategic Consulting

Issue 29, March 2007



Big Business 4 Biggest Mistakes - Don't Make Them Too!

If only we had the resources in our business that the behemoths have: multiple layers of management, multimillion dollar advertising and marketing budgets, MBA graduates all over the place. If you compete against a large business, you'd think it would be a slaughter. It isn't. In fact it is far from that. Many of you are competing quite favorably (thank you) against the giants of your industry. Those of you who are taking on the big companies and actually winning could probably tell me in three sentences how you are doing it. In some cases those sentences would begin "We don't..." and explain what your competitor is doing that you *don't*, because it would be senseless to do it. I have compiled my top 4 "don'ts" for your consideration. If you're doing them, please stop. If you were thinking of doing it, forget you thought of it. It isn't working for big business, and it won't work for you.

#1 – Don't Focus So Much on Getting New Customers

Here is where those multimillion dollar advertising and marketing budgets are going. Big biz, in its quest to broaden market share, spends countless dollars on advertising and marketing trying to acquire new customers. This is the classic shotgun approach. Spread the buckshot and maybe you hit something. Seems like a huge waste to me. When was the last time you heard a big company hiring a firm and spending their millions on keeping their existing customers happy? If half of a company's advertising budget were spent on a campaign to make their current customers very happy, they might realize that more new business will come from the referrals of those customers than some slick ad campaign that no one understands (seen a perfume commercial lately?).

#2 – Don't Forget To Spend on Training

The 2006 version of product/service knowledge goes something like this: When a new office/branch/store is opened by a large conglomerate, they staff it with experienced managers from their other units pretending to be ordinary employees. After about 6 weeks after opening, say good bye to the smarties and say hello to the barely-trained, don't-know-where-anything-is team of replacements. Here is your big chance to beat up on the big

guys. Train everyone who has customer contact extremely well, and keep training them. When a potential customer calls on you and your people actually know what they're talking about, you've just earned yourself a new customer.

#3 – Don't Ask a Customer's Opinion About You...Impersonally

Large companies know they are supposed to solicit feedback from their customers. Whether they actually act on any of it is another story, but they find all kinds of automated ways to get that feedback. Go to this website and answer the survey, fill out this card and mail it to us, call our 800 number. In most cases it is a multiple choice adventure designed to not get any real information, but to capture trends. You should want more. Ask your customers *personally*. Why? Because you *can*. In previous newsletters I have mentioned using customer advisory boards. Personally contact or visit your top 25 customers for the sole purpose of getting feedback on how you are doing. If you do a survey, it should be accompanied by a personal letter or note. I'll take what you get from 25 personal requests for feedback than 100,000 from a postcard, any day. Oh yes, act on what you hear. Big biz forgets that part.

#4 For The Love of God, Don't Automate The Phone!

First impressions are critical, can we agree on that? Most potential customers' first contact with you will be via the phone. We know what a large business is going to do with that opportunity...*please press 1 for sales*. Fumble! This is the easiest way to differentiate your business from the big guys that I can think of. Humanity. How much is a new customer worth to you? You should know. I recently figured it for a reasonably small landscaper. It was about \$30,000. I would bet that a human answering the phone (in two rings or less) should win you at least one new customer a year. Find a way to get it done. Bonus points if that person is nice. Extra bonus points if that person knows what they are talking about (see #2 above).

The winners in the age of automation will be those who know when to use it and more importantly when not to use it. If automation puts you less in touch with your customers, think twice. That is the specialty of your larger competitors. Thank goodness for that!