



Savings Made Simple

INNOVATIVE IDEAS: CREATING DEMAND FOR YOUR SMALL BUSINESS

Contributor: Heather Mayo, Vice President of Grocery for Sam's Club

(Sam's Club is a division of Wal-Mart Stores, Inc. [NYSE:WMT])

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CURRENT STATE OF SMALL BUSINESSES

With 99.9 percent of the nearly 30 million businesses in this country being small, they have a large economic impact, employing more than half (60.2 million) of all U.S. workers. The [Small Business Administration Office of Advocacy](#) shows that these companies, each employing fewer than 500 people, are very diverse; they are exporters and importers, just over half of them are home-based with two percent being franchises, and they produce 13 times more patents per employee than large patenting firms.

Every year, roughly 627,000 new small businesses open their doors, while about 595,000 close. According to the [U.S. Department of Commerce](#), the statistics are fairly consistent across the country and throughout major industries, with seven out of 10 new small businesses lasting at least two years, and about half surviving five. [Entrepreneur magazine](#), dedicated to information for and about entrepreneurs, defines the top [10 and ½ 2010 Trends to Watch](#). One of those trends focuses on the recent support of locally grown and produced products. This demand may cause growth within certain business sectors.

Women and minorities play a major role in the makeup of small businesses and their contribution is on the rise. [The Economic Impact of Women-Owned Businesses in the United States](#) report shows there are an estimated eight million U.S. businesses that are currently majority women-owned, with an economic impact of \$3 trillion annually, employing more than 23 million people—16 percent of all U.S. jobs. According to the Small Business Administration's 2002 report on [Minorities in Business](#), minorities owned 4.1 million firms, generating \$694 billion in revenues and employing 4.8 million people.

CHALLENGES FACING SMALL BUSINESSES

Health care is a major concern for most Americans and small businesses are no exception. Owners want to provide health coverage for their workers, but face extraordinary challenges in doing so, including premiums that are 18 percent higher on average than for large businesses for

the same coverage. President Obama recently signed the [Small Business Health Care Tax Credit](#) legislation, helping to make employee health coverage more affordable for small businesses.

Taxes and regulations are another challenge for small businesses, with very small firms employing fewer than 20 workers annually spending 45 percent more per employee than larger firms to comply with federal regulations. The Small Business Administration's Research Summary on [The Impact of Regulatory Costs on Small Firms](#) also shows that these very small firms spend four-and-a-half times as much per employee to comply with environmental regulations and 67 percent more per employee on tax compliance than their larger counterparts.

For a variety of reasons, employees can cause challenges for the small-business owners. [Small Business Labs](#) from Emergent Research, a research and consulting firm specializing on small businesses, explains that one specific challenge is the need to shift employees to part-time status or work with freelancers, outsourcing services or other forms of contingent workers. These changes are often necessary to save money and increase the flexibility of the business. This contingent workforce will continue to grow throughout 2010 as companies are continuing to limit their ability to hire new full-time employees.

HOW TO DIFFERENTIATE YOUR BUSINESS FROM THE COMPETITION

It is important to differentiate your business from the competition. What do you need to understand about your company before you proceed? What are the current trends? Do people demand greener products, cheaper, more value or more adventure?

Provide "greener" products and shop locally

Companies that show their commitment through the development of green products have an advantage. The green benefits of a company's products are a point of differentiation for businesses large and small. If you cannot remake your product, take small steps such as switching to recycled or recyclable packaging. Beware that you do not "greenwash." This phenomenon of acting green only to look good comes across as fake and backfires.

There are some simple green practices that all companies can implement. Unplugging equipment when it is not in use helps eliminate the “phantom energy” that is pulled when equipment stays plugged in, accounting for up to 30 percent of your electricity bills. Other tips include using sleep modes on computers, printers and copiers; installing occupancy sensors in storage closets, break rooms and restrooms; using a programmable thermostat; and installing low-flow faucet aerators.

Success stories of companies “Going Green” can be found everywhere with the green concept becoming more mainstream. In most cases a company went green to address a customer or employee concern. In the case of most manufacturers, they are finding ways to help other companies use less energy or do it more cleanly—and these are the companies growing the fastest. [Bloomberg Businessweek](#) tells us about [Eagle Hoist](#), a small manufacturer from Louisville, Ky., that was asked by a wind-farm developer to design a hoist that could fit inside a wind turbine. With the projected growth in wind power, this spun off a second company to handle these specific jobs and employed between 25 and 35 people, doubling the size of its current staff and sales. The wind turbine personnel hoist was born, and it, along with small manufacturers just like it, is growing quickly in this day of green solutions.

With the recent “shop local” idea that is sweeping the nation, it is more important than ever to use local products and services. If you are a restaurant or foodservice provider, check into utilizing local farms. You can communicate your use of local products in the store or on your website. Donate to local organizations and charities to show you care about your community and build loyalty.

Employ smart business practices

It is important for smart businesses owners to utilize smart business practices and tools to keep their businesses running smoothly. White papers, such as this one, are available on a wide range of topics. Seminars are also offered, including the [Annual American Small Business Development Center Conference](#), [Women’s Entrepreneurship Events](#) and [National Small Business Week](#) events. Toolkits can be found online from the [U.S. Chamber of Commerce Small](#)

[Business Nation](#), and monthly web chats are available on the [SBA website](#). Online services continue to grow as well. Web events, web conferences and online training sessions bring professional education to small businesses. The accessibility of these make them low-cost, yet highly professional, options that provide small businesses with the ability to improve productivity and employee engagement while adapting and adjusting to changing business conditions. According to [Small Business Labs](#), a small-business research and consulting firm, the use of online training by small businesses will accelerate in 2010 due to the downsizing economy.

HOW TO RETAIN CURRENT CUSTOMERS

One of the most important business tools is learning how to get people in the door and, once they become a customer, getting them to return.

Managing customer relationships

Many different Customer Relationship Management (CRM) initiatives have cropped up in the past few years, and while most of them are not cost-effective for a small business, there are alternate options that are less expensive. CRM is an information industry term for methods and software that help a company keep track of, and manage, customer and vendor relationships in an organized way. For example, a company might build a database about its customers that describes their relationship with the company, including products ordered, services required and personal information. This information would help the company's current, and future, salespeople understand customers' needs as well as build a relationship with them. The information would also help the company track its sales staff and their activities. If a salesperson were to leave the company, vendors and clients would not be lost. There are many CRM solution-based companies out there specifically for small businesses. More information and product details can be found on their websites, including [SearchCRM](#), [Small Biz CRM](#) and [Office Interactive](#), to name a few. While this software or web application can be expensive, more and more small businesses are seeing the value in tracking customers through a database.

Hire and keep the right employees

Having the right employees in place is vitally important to retaining current customers. This is becoming more of a challenge for small businesses with the declining economy. Many employers are shifting to freelancers, outsourced services and partnership arrangements to avoid the higher costs of full-time employees.

Another solution to ensuring that the right people are working for your company involves keeping them happy. Higher employee loyalty leads to reduced turnover, less absenteeism and greater customer satisfaction, making the employees more productive and engaged. A few ways to create a culture for higher employee loyalty include understanding each other's goals, supporting risk-taking and standing behind your employees' decisions, creating a culture of "no blame," and encouraging employees to pitch in for one another. The National Federation of Independent Business (NFIB) article [*"How to Inspire a Loyalty-Driven Workforce"*](#) gives more examples of keeping employees happy and loyal.

Create a culture of positive customer service

Leadership carries a significant role in retaining both employees and customers—owners and managers set the tone for customer service in any business. The culture that results creates the overall theme for policy and business conduct. It is important to properly train your front-line employees since they are the face of your company and the people with whom your customers interact most. Another part of that training should include responding to customer feedback.

There are many ways to respond to customer feedback and employees need to be equipped with the knowledge to do this properly. Some companies opt for a space online on their website or blog where customers can give feedback and the company can respond. Customer suggestions and idea applications, such as [UserVoice.com](#), [Ideascale.com](#) or [GetSatisfaction](#), are great places to start. [Twitter](#) or [Facebook](#) are two other options. These online tools are not just for pushing marketing information out to customers and potential customers; they were made for two-way communication. Really listening to your customers and responding to them can lead to new products and new ways of doing business.

Building and keeping your customers' loyalty is of utmost importance. Many behaviors on the part of a company can help ensure that this will happen. Heartfelt responses help a person connect. Whether it is an actor demonstrating raw emotion, a musician performing passionately or an athlete leaving it all on the field, these actions make us connect and want to attend the movie, buy the CD or sit in subzero temperatures watching the game. Our behavior arises not out of rationality, but personality. Building these relationships takes time, but most times it lasts. It is a two-way street. True relationships develop along the lines of give-and-take and trust. Businesses need to be cautious of how much information they gather on customers so that relationship is not out of balance. Focusing on why customers do what they do will help you better understand their loyalty.

Consistency in product offering, social media and advertising is also critical to building customer loyalty. Keep your offerings consistent and stock the inventory accordingly to support your marketing efforts. Keep in mind holidays where your products could be big purchase items and stock accordingly. Nothing is more likely to reduce the effectiveness of small-business social media outreach than inconsistency and spotty participation. You cannot expect potential customers to revisit your [Facebook](#) profile if it has not been updated in the two weeks since they first visited, or expect them to make a purchase from your [Twitter](#) outreach if you post only two updates per month. One sign a brand can send to show its momentum is its consistency in advertising. Brands that are setting the world on fire make people feel more confident about, and perhaps even more intelligent for, doing business with them.

To really let your customer service work, you have to put aside the uncomfortable feeling temporarily and face complaints. You can then take corrective action while realizing the positive effect this complaint resolution can have on your bottom line. Dozens of studies exist that prove the beneficial effect on a business of having a customer's problem resolved in a positive manner. One such study from [RestaurantOwner.com](#) says that 85 percent of people who have a problem with a business that is not resolved will not return. These people are dissatisfied customers, but instead of telling you why, they just walk out never to return. The bright side is that most

customers (80 percent) who have problems resolved to their satisfaction will return and can sometimes become your most positive advocates. A large segment of customers will give you an opportunity to mess up and forgive you for it. It is not the problem that makes a business lose an individual's business, but how that customer's complaint is resolved.

While it may seem odd, there are customers who would go on your "least wanted" list. Not all customers are great customers, and you cannot be all things to all people. Who are your best customers in terms of key demographic or attitudinal dimensions? There are many ways to describe people based on demographics—purchase behavior, lifestyle, attitudes, perceptions, key desires, etc.—and if you spend some time, you can probably create a fairly robust "most wanted" customer profile.

To understand your customers and your potential customers, it is important to understand and use psychographics. The values, attitudes, opinions, personalities, interests or lifestyles of people tell a lot about them, from what they like to eat to what they like to read. Psychographics tell you what is important to a customer—the environment, their children, speed of service and more. It tells you the "why" behind the "who." Knowing this information lets you cater your business or product to attract and retain those customers.

Create your niche in the marketplace

Creating a niche in the marketplace can help you solve a marketing problem or dig down deeper into a current customer base. A niche market is a smaller market within the whole buying market that focuses on something specific, including needs, price or quality. The more specific the niche, the fewer competitors there are in the market. It shows that you truly understand your customers and can increase loyalty.

Even companies that think of themselves as mainstream can get into the niche arena. The [Kauffman Foundation](#) tells us of two such companies. [Creative Catering and Café](#) in Wichita, Kan., started adding tables and chairs just outside its front doors to attract customers walking with their dogs to and from the dog park next door and even added a frozen treat called "Frosty

Paws” to the menu for the pets. Understanding that their area of town was full of “empty nesters” and DINK (double income, no kids) individuals who treat their pets like family, Creative Catering and Café gained loyal customers by showing it understood its customer base and cared about their desires. [Virginia Barbeque](#) in Fredericksburg ensures busy Friday nights by hosting the Fredericksburg Classic and Muscle Car Club in its parking lot every week. This appealed to the attendees, who quickly became loyal customers. An added bonus is that the club is a nonprofit that raises money to adopt families at Christmas, so the Barbeque restaurant is also supporting a local charity.

HOW TO GET NEW CUSTOMERS

In any business, just as important as the returning customers are new customers. Building your database is what will take your business into the future. A few of the options for increasing your customer base include:

- Request for proposals (RFPs) are invitations for providers of a product or service to bid on the right to supply that product or service to the requester. Many sites are available to find out what RFPs are available.
 - [Federal, state, and local government](#)
 - [Federal only](#)
 - [All sectors of the economy](#)
 - [For government, commercial and residential construction projects](#)

Applying for RFPs can be very time-consuming and tedious, but well worth the effort. While the exact rules and guidelines for each RFP will differ, there are a few basic guidelines to follow when applying:

- Focus on RFPs that are realistic with the resources needed to respond.
- Delegate your RFP team— this will typically be the responsibility of a business owner, but since these proposals have many sections and take a lot of time if staff is available, you will want more than one person working on RFPs.
- Understand what the RFP is all about and what the project deliverables are.

- Draft an outline, work out problem areas and define a budget.
 - Proofread, edit and prepare the presentation.
 - Follow up after the RFP is submitted.
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- Many different applications are available online to help businesses gain new customers. Whitepapers are also available on this topic, with more detail on social media specific to small businesses. Social media, including blogs, Twitter and Facebook, are great starting points for most companies. A blog is a type of website, usually maintained by an individual, with regular entries of commentary, descriptions of events or other material such as graphics or video.
 - [Twitter](#) is a free social networking and microblogging service that allows users to send and read other users' updated information. For small-business owners, Twitter allows you to stay in touch and connect with thousands and thousands of people instantly. It can help drive brands and communicate with customers in a way that has never been available before.
 - [Facebook](#) is a social networking website with a mission to give people the power to share and make the world more open and connected. Millions of people use Facebook every day to keep up with friends, upload photos, share links and videos, and learn more about the people they meet. Businesses can use Facebook to make their profiles more than just about their industry and offer what bigger companies cannot—a local perspective. Your profile page can be used to offer special discounts or promotions to followers.
 - [LinkedIn](#) is a business-focused social networking site. Users stay in touch and connect with other business professionals. New business opportunities and relationships can be created through the recommendation of new users and connections, and networks of industry experts are available to share advice. As of 8 April 2010, more than 65 million people were registered with LinkedIn in more than 200 countries

- Your business website should be easy to find online and accessible from all of your social media applications. Developing internal expertise in online marketing and online technologies gives you an advantage. Other tips include shifting more of your marketing budget online and getting outside help when needed for consulting and analytics to understand what is working and what is not. A few basic tips for increasing website traffic include:
 - Offer free, original and quality content on your site.
 - Never copy and paste from another website.
 - Be sure to proof your pages.
 - Improve your search engine ranking by focusing your content on keywords related to your topic.
 - Advertise and direct people to your site.
 - Increase your presence on the web using social media.
 - Incorporate your social media into your website with links and icons to your Facebook or Twitter pages.
- Depending on what you sell or offer as a company, online sales may be an option. There is no one-size-fits-all answer, though e-commerce experts tend to agree it is worth listing on multiple sites. [Bloomberg Businessweek](#) tells us that the e-commerce market is huge, with \$60 billion worth of goods traded on eBay alone in 2007. More than 85,000 businesses primarily operated as electronic or mail-order retailers in 2006, according to the latest U.S. Census data, and 77,000 of them had no employees. Finding the best platforms for your company depends on what you sell. You also need to consider how today's Internet has changed since the early days of e-commerce. It is much more social. Setting up a storefront alone and listing on marketplaces may not be the most effective way to generate sales. Instead, Amy Joyner, a former eBay seller and author of [The Online Millionaire](#), an e-commerce guide, suggests that those serious about selling online should write blogs and comment on others, join social networks and participate in online communities. "If you're out there and you're delivering content and interesting information, there's no way it can hurt," Joyner says.

- There are many simple advertising tools that a small business can use and have great success with; in fact, most work better for a small business than a large one. Guerilla marketing is a way to showcase your business or product in an unconventional way. These ideas often cost little-to-no money and can be very cost effective and entertaining while driving attention and sales to your business. Smart companies take their guerrilla marketing tactics to the streets, bathrooms, floors or escalators. An example from [TrendHunter](#) includes the tactic used by DKNY. The company parked several neon orange bicycles around New York City with [DKNY.com](#) painted on them in a stylish guerrilla marketing attempt to promote the new Chanel bicycle. This was very popular and grabbed attention with their electric coloring.
- Grassroots marketing is a simple way to market your company, organization, products or services on a local and personal level and really reach your customers. This shows that you know your customers and helps you get to know them better. A successful grassroots campaign makes people feel good and motivates them where they have a passion. Grassroots is about permeating a community with layers of communication and building relationships locally on many levels so the buzz grows. Through multiple and frequent messages the effort stays fresh, including kick-off announcements, multiple sampling events, assorted interview opportunities, a presentation at a town meeting and more. One of the best ways to get people excited about your product is to have them taste, feel or use it. Sampling free products builds desired word-of-mouth advertising. Food companies, have the advantage here, but remember, your product must deliver. You cannot fool consumers with a product that is tasteless, frustrating to open or just plain boring.
- Direct mail programs are a very targeted and flexible form of advertising. These printed pieces can be personalized to a town, area or specific customer. They are also measurable and can be done in a very cost-effective way by doing them in-house. Most computers come equipped with software and templates to design flyers, letters, envelopes and more. Clip art and stock photography can be used and are inexpensive ways to add color and

character to your piece. The [U.S. Postal Service](#) is a great source for tips on constructing a mailing list, creating a direct mail campaign, mailing the pieces and more. There are also links to three online companies where you can create direct mail pieces that are guaranteed to be USPS compliant: [Click2Mail.com](#), [PremiumPostcard.com](#) and [CardStore.com](#). Other postcard and direct mail service websites are available online:

- [Postcardmania.com](#)
 - [Easypostcardmarketing.com](#)
 - [Cactusmailing.com](#)
 - [Postcardsmart.com](#)
 - [Custompostcards.com](#)
 - [Overnightprints.com](#)
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- Advocacy by word-of-mouth campaigns result when consumers talk about your product, share their experiences and sell for you in the course of their everyday conversations. This is a very effective way to advertise, with 91 percent of consumers saying they are likely to buy from a recommendation and 92 percent preferring a word-of-mouth recommendation, says [Smallbizbee.com](#). Successful world-of-mouth campaigns have to start with good products, services or delivery methods that people want to talk about. The experience has to be shareable, and it is perfectly acceptable to ask your customers to help spread the word by recommending your business and rewarding those who do.

 - Loyalty programs are a great incentive for current loyal customers, as well as a great way to get new loyal customers, with more than 1.8 billion customers belonging to loyalty programs nation-wide. The [Chief Marketing Officer Council](#) also adds that the average household is enrolled in 14.1 loyalty and rewards programs. These programs show customers they are valued and encourage them to return to the business through discounts and premiums. Advantages for the business range from gathering customer information to low-cost advertising.

People learn about loyalty programs most often through social media, point-of-sale materials, websites and word-of-mouth advertising. These programs can be easy to set up, with many websites offering tips and ideas. [Intuit Small Business](#) offers these:

- Allow people to opt-in.
- Keep it elite or limited to customers who spend the most.
- Issue membership cards or numbers.
- Send regular communications via email.
- Offer incentives—buy so many and get one free, most often used for food or beverage shops.
- Offer discounts—give a percentage off, based on the order amount.
- Offer rewards for paying up front—give incentives to pay ahead.
- Hold contests for reviews written for products or services, or have a drawing for those customers who spend so much each month.

After you've employed all of your tactics to keep existing customers and get new ones, it is time to get to know them. Keep track of what they buy, when they buy it and their contact information and use this when you send them anything about your business. Sending them useful information can increase your sales with existing customers. Sending them information they don't need or want can ruin a great relationship. E-marketing, including newsletters and e-blasts, is an inexpensive way to reach out to customers with this information. A few simple tips that will help deliver your messages to the intended recipient include:

- Avoid certain words to avoid spam filters.
- Maximize click-through rates with links to interesting additional information.
- Make the information personal.
- One-click unsubscribe and sign-up confirmation.
- Send on a prime day such as Tuesday or Wednesday.
- On time, every time—make sure your weekly emails are sent weekly.
- Half-a-second subject line—get people interested right away.
- Preview pane—ensure that your basic information is readable in the typical preview pane.

- Link-click testing–double-check everything before it is sent.
- Consistency is the key.
- Always sign off and say good-bye.

While it may take a little effort to figure out what is the best way to market your business or what makes your business stand out among all others, it is well worth the effort when the benefits come through in increased sales, customer database development and loyalty. With limited budgets and resources, doing homework beforehand helps small-business owners determine what their businesses are doing well and in what area they need to focus.