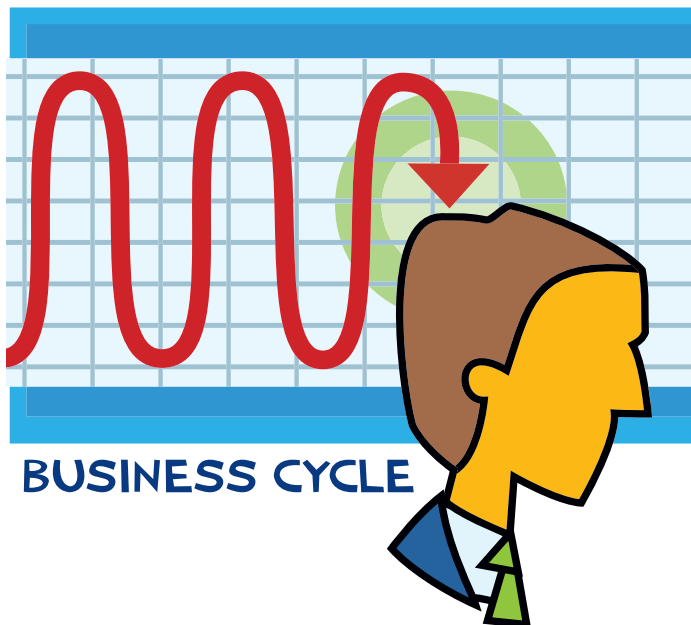


Grow your business

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Don't Get Run Down By A Cycle

Every economy has cycles of expansion and contraction, or boom and bust as they're often called. The expansive stage is a time of growing and accelerating economic activity that reaches a peak, and then yields to a contraction where production, sales, and incomes decline. Cycles vary in their lengths and strengths, but neither good times nor bad times can last forever. The turning points in the periods of expansion are the 'peaks' and in the period of contraction are 'troughs'.

Economic downturns can have a tremendous impact on people and businesses. Yet many businesses have managed to grow and prosper during times when others were going under. There are obviously ways to survive in even the worst depths of a recession. Here are some things that can strengthen your business and help ward off the worst in times of a business slowdown.

Strengthen relationships with customers

It costs money to attract new customers and money is what businesses usually run short of in the lower part of a cycle. Market heavily to your existing customer base and do all you can to bring their next purchase forward to maintain cash flow. Present them with special offers and extra attention – if they've bought from you before, they can be encouraged to do it again.

Keep an eye on what the competition is doing

If anyone's likely to find a way out of a trough it will be one of your competitors. Keep in touch with others in your line of business and be alert for any signs of success. Get active in your industry association or chamber of commerce to keep up with other businesses in your community. Contact leaders in your industry around the country and share information.

Negotiate a better deal with suppliers

If times are tough for you, they're tough for others as well, and that includes your suppliers. This gives you the opportunity to negotiate better deals on everything you purchase, from office supplies to raw materials. You can achieve discounts by agreeing to pay by a specific date instead of waiting until the end of the month, or by centralizing your purchasing with one supplier.

Consider new products or services

The bottom of economic cycles can be an excellent time to introduce new products. The costs of labor and materials can be low compared to better times and customers will be looking for simpler products that cost less than 'expensive' versions, but still meet the same needs. Products with higher margins can be repositioned and sold into new market segments at lower prices.

Carry out maintenance

When business is booming it's often hard to find enough time to maintain business premises and equipment. It can be difficult to schedule repairs when equipment is running at peak capacity. A slowdown presents the opportunity to look after the condition of your business assets and get them ready for the next upturn.

Look for production cost savings

Keep an eye on your finances. You might not have had the time or the incentive before to really look at ways to reduce costs; now you must. Review all expenditures and see where costs can be reduced, or eliminated altogether. A lot of expenditure becomes habitual and is done without much regard to the value returned from it. Do some comparison shopping for everything you need to purchase and you may be pleasantly surprised at the savings that are possible.

Control credit

Be firm with the application of your business' credit policy. Talk with your major customers and explain that you need their payments on time each month so you can continue supplying them with the goods or services they need and still meet your own commitments. Don't let accounts become overdue; contact customers the day an account is due for payment. Offer to collect payments from local customers. The worst thing a business can do during an economic contraction is to ignore their cash flow.

Turn Your Business Name Into A Brand

Many small businesses are named after their principals or owners. 'Bob's Real Estate' is one example of millions – it's a tradition that goes back centuries. But in this era of mass marketing, franchises and chains of retail outlets, what chance does Bob's Real Estate have of getting noticed against its better known rivals? Not a very good one, and there's a reason for this.

Bob's larger competitors, firms like Century 21 and Prudential Real Estate have leveraged their position over the years through advertising and promotions and turned their names into brands with connotations of strength and national, or even global, reach.

But even if the owners of Bob's Real Estate don't aspire to being known worldwide, it's possible for the firm's name to become a brand in its own trading area.

Let's say that Bob's Real Estate is located in Midtown and handles mostly sales of houses.

Their goal is to grow their business by expanding the geographic area they service and by acquiring more clients in the rental property market. To do this they feel they need to become better known. They've established themselves in Midtown but want to widen their client base to the entire northwest of the state.

The first choice they have to make is whether to stay Bob's Real Estate or adopt an entirely new name. Since they've been in business for several years they decide to stay with their name but add something to it that will help them stand out from other real estate agents in their area. They finally agree on renaming themselves Bob's Northwestern Real Estate. This has the dual benefits of retaining the familiarity of the firm's established name along with announcing the scope of their expanded territory.

If, in time, the firm becomes successful and establishes branch offices throughout the Northwest, it may be decided to simplify the name to Northwest Real Estate. If you're going to make any kind of a shift to a name that includes reference to locality or expertise though, be sure it's not going to be too restrictive if the business focus changes.

The next question is; how should the business name be represented? Should it be words only, words with a logo, or a logo only? This is a good time to call in a professional graphic designer to help in making the choice of typography and color, if any. Smaller professional services firms are generally best to stay with a well designed words-only representation of their name, but even then some professional advice is useful.

The name should be used consistently wherever it appears. Establish guidelines for all possible uses that describe, in detail, just how it is to be used. For example, when the name is used on a sign it might be specified that it appear in white on a pale green background, in two lines, with letters no more than 30% of the height of the sign. To be effective as a brand the name's usage must be as consistent as it is well presented.

Once the firm has an attractive representation of its name it's time to put it on everything in the business; every item of stationery, the sign at the front of the building, any advertising or promotional work, Christmas cards and the website. Extend this to include the way your telephone is answered: *"Good morning, Bob's Northwestern Real Estate; this is ..."*, is how the new greeting should go.

Launch the new brand in the firm's trading area. Tell all the firm's existing customers about the new name and the reasons behind it. Send a press release to the local media



showing the new presentation of the name; it may not make the front page but it might wind up in print. A photograph of the owners standing alongside the new sign at the front of the building would help its chances.

This is also a good opportunity to prospect for new business. Bob could purchase or create a mailing list of all the major rental property owners in the Northwest that aren't clients of his and send them a letter telling them about the new name and the reasons behind it so as to position himself as a specialist in this market. If he's smart, he'll follow up with a phone call a week or two later.

By this time Bob's Real Estate is well on its way to becoming recognized as Bob's Northwestern Real Estate. Even if a prospective client has never heard of the former name, this new one tells them a lot more about the firm and its activities. The name of the firm has transitioned from being a business name to being a brand.

Expand Your Thinking And Your Market

A business that stops growing is really going backwards; it makes an enterprise vulnerable to serious harm from an aggressive competitor or an event like the loss of a major customer. Growth is desirable, but knowing where to grow is often difficult to decide. Will it be cost effective to expand within your existing market; or are there better opportunities in entering a

totally new market? Any move to expand your market needs a lot of thought and analysis before going ahead.

Grow where you are...or get moving

Carefully examine your present situation. Some businesses are overlooking the potential that's literally knocking on their doors simply because their facilities are inadequate to generate additional trade. If you're losing customers because your showroom is too small, you might be able to grow your business just by making it physically larger.

It might also be beneficial to move to a new location. Retail and service businesses are especially sensitive to changes in the composition of their customer base and traffic can gradually decline as population shifts occur. It will almost certainly cost more in rent for a location that gives you more passing trade, but it is often worth the extra expense.

Growing by the numbers

If you can replicate your business in another location without cannibalizing your present revenues, expansion through opening new outlets could be the way to go. Use your present income and expense figures as the basis for your calculations and see how it looks on paper. Be aware that expansion can lead to market saturation. There may be enough customers in an area to support three outlets but a new outlet would just take business from the other three without gaining a worthwhile overall share.

If you're confident your business model is a good one you might also consider franchising. Getting a new franchise underway can be expensive and take a lot of hard work, but it offers the potential of excellent returns from people you help into business. An interesting possibility for manufacturers with patents on their products or processes is to license other companies to use them in return for a royalty fee. Some manufacturers inject themselves into these arrangements by selling their licensees raw materials or management expertise as well. Just be sure you don't give away your rights to someone who's going to compete with you for customers.

Purchase the source of your products

A retailer or manufacturer often finds that the costs of goods and materials they purchase rises more quickly than the price at which they can sell their products. This means they have to either find alternative sources of supply or become their own supplier.

Fast food chains, for example, often find it cost effective to purchase and operate their

How To Make The Most Of Your Newsletter

Be sure to read each article with the mindset "How could this apply to our business?" Thinking of it that way will guarantee that you get value. Better yet, take notes as you read and commit to having the ideas implemented by the time the next edition arrives. Also, make copies for each team member.

To really make sure something positive happens, work with your business development specialist to talk your team through the ideas and how to set a schedule for getting them implemented. We're here to help you get started.

Memorable Quotation

"Your most unhappy customers are your greatest source of learning"

- Bill Gates (1955 -) in Business @
The Speed of Thought

An Important Message

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