



Marketing your way through and out of tough times

Marketing is the principle way a business makes sustainable profit. The only other is effective cash flow and day to day management of the cash account. Many may find some of the following do's and don'ts not traditionally associated with marketing related activity, but here at Thomas Winter Associates we believe marketing is all about the management of perceptions and when the going gets tough this one revelation could save your business.

If you can grasp all the following do's and don'ts and learn nothing then that's fantastic and you can be assured that you will survive anything that comes your way. If you find anything you need help with, then get some help. Soon.

10 Do's and 10 Don'ts that just might make a difference

Do make the effort to value your business. Many business owners can tell you lots of things about their companies but few can accurately value what they have created and nurtured. You need to know because the valuation process will make you realise what is having a positive and negative effect on the value. Work hard to enhance the positives and reduce the negatives and then not only will your hard work create better value, but you will know what you are working for.

Don't start each day without being in a position to answer the 3 most important financial questions that every owner must be able to answer before the second cup of coffee:

1. How much is in the bank, all accounts?
2. How much do I owe?
3. How much am I owed?

Do spend some minutes every day with key employees. That is everyone. If it's only a brief meeting in the corridor or a chance meeting in the

lift that's fine, but make sure you eyeball everyone. Two things happen - you gauge their confidence and commitment, and they see that you are committed. If you can't or won't then when the going gets tough it will be a hell of a lot harder when your good staff leave and help your competitors, because they have made up their own minds what they think of you and your business.

Don't ever talk about the numbers. Talk about the opportunities and if you have to let people know when new business arrives, talk about the impact rather than the actual numbers if possible. Make sure the actual financials stay out of the office. No statements, no charts, no end of month P&L nothing. You and all the owners need to know. If you talk openly you are opening the business up for misunderstandings and misinterpretations.

Do start to think about productivity. Most businesses are poorly productive. Ask yourself how productive are you. Stop the jollies taking you away from business during the day. Make sure that everybody is aware that productivity is important. Try getting your mind around 50% more for 50% less. Reduce waste in all the processes and make sure that all staff have an input into how they could increase their

productivity.

Don't go home late and don't come in too early. When the going gets harder set the standard that means everybody gets time away from the coalface. When people are working relentless long hours after a time they get worn down, ill, and become a liability. The business may only need one bad choice or set of circumstances that create a chain of events that could be fatal. You and your staff need to be awake.

Do understand the correct relationship with your business. It has a separate identity of its own. If you think you own it, all you have done is create a job for yourself. To be successful you have to get your ego under control. You will have to make difficult decisions for the good of the business which will mean having to work with and create circumstances which may cut across your own value set. Tough. If you impose on your business only your values then your business will fail – guaranteed, and it's during times of difficult economic trading conditions that will bring you into conflict with yourself quicker than you think.

Don't employ cheap staff. Not ever. If you cannot afford the best then do something else or use freelancers. Employing low quality staff is the kiss of death when the going gets tough, because they have nothing more to give and will hang on like a millstone, and then if you do try to remove them they are the quickest into the employment tribunal.

Do keep your office clean and tidy. If you have a public area make sure it is painted every 6 to 12 months, carpets are kept clean, water is available, walls and signs are in good repair, and make sure staff and public conveniences are always immaculate. If you set high standards of cleanliness it will create a positive attitude and force your staff to look and smell nice!. Also if you are seen to be caring for the business it sends out messages far and wide to customers and competitors that you are confident.

Don't stop communicating. Review the effectiveness of the different media you use to communicate internally and externally before you cut it out to save money. Start this process now whilst there is still plenty of business to be had. If you have always taken space in an annual publication for example but need to stop this, when you cancel don't tell them you are cutting back, say that you are hoping to take

over another business in the next 6 months and will return to the publication next year. You have no idea what the impact of a positive approach to change can have. Instead of that contact telling everybody you are going bust, they are aware that you are confident, and other people will hear that.

Do invest in the basics. Countless businesses run unlicensed software. Get those licences and get them fast. If you want to remove your competitors from your market simply phone the licensing authorities, who are only too happy to oblige with a visit usually within 10 days, and 9 times out of ten score a direct hit. Could your business cope with an unexpected £10,000 hit, right in the middle of a downturn? Think about it. Make sure that before it gets tough you have all the required insurances, licences, etc. Is that part of marketing? Of course it is. Marketing is about having credibility and being in a position to create a stable foundation to promote your product or service.

Don't start to pay suppliers late. Suppliers will turn off credit, demand part payment up front and let everybody know you are in trouble the moment they feel they are being chiselled. You look cheap and are missing out on the ability to reduce costs. If your supplier gives you 30 days, ask him for a 10% discount if you pay within 15. If you have the cash and the going gets tough that 10% could become 15% or 20%. Also if you always pay on time and are known for it, if the situation gets difficult a supplier will be understanding if you have created a positive relationship with each other. One thing that some people do not appreciate is what a bad payer reputation costs. You might hang on to the cash for just a few more days, but your business and perhaps your personal reputation will always be negative.

Do start to encourage your customers to pay on time. Build into your costings now a 5% increase in costs and then offer your customers a 7% reduction off the invoice if payments are received via BACS on a certain date. This is especially important when you get a new customer because once the payment pattern has been established it is difficult to change. New customers can set up the payment schedule from day one.

Don't let your key suppliers take you out for lunch. Pre-empt this by getting in first, enjoy a reasonable meal get to find out what they are doing and explain your plans. Pay for the lunch. It will be harder for your supplier to hit you with an unplanned price

hike, you get a positive reputation in that company, and you might get some referrals – if you ask.

Do start a simple newsletter. Send it out to all your employees' HOMES. Promote your workplace to your employees' family and friends. Send it to the local business editor, local MP, local everything, all your suppliers, all your customers. Fill it with things you do, all the services or products, and all the other things that make your business different. Quarterly is fine, but do it. Include it with all your invoices and payments.

Do start to think about your business website as an employee. When you have an employee you expect certain things certain outputs or results. What do you expect from your website? If you don't know then you're in trouble. Treat the site like a full time employee, set it goals and invest in it so that it can achieve those goals. The joy of treating your website as an employee is that it never turns up late, never takes a holiday, never needs a coffee, is seldom sick and can be selling quite happily when you are asleep.

Don't stop developing new ideas or checking on how well the original idea you came up with is working. Just because it worked well when the economy was growing at 4% will it work if it's running on empty? It might be just a minor change to the proposition, a slight shift in the product or service offer, but it could mean the difference between you getting to quote or not.

Don't overlook the concept of customer profitability. Many businesses have all the right processes for creating a final cost of a product or service, but over the years customers are adept at creating individual discount and pricing agreements which, as they become larger and more demanding, can ultimately lead to the situation that your biggest client actually makes you no money. Check on a regular basis just how profitable your main customers are. Build into the model, payment history, discounts, delivery, account handling time, and put a value on general aggravation that they might think they have a right to give you and your staff.

Do consider marketing as more than just brochures, advertising, etc. Marketing is all about managing perceptions. If you want to discuss that concept then give Thomas Winter Associates a call on 01264 355 846.

And finally:

Don't think that tough times get better overnight. There is a view that at the time of writing we are just into the downturn and will be deep in the mire during the back end of 2009 and 2010, with the survivors going to their breakfast club networking events with a smile on their faces by 2011.

We hope that this survival list of Do's and Don'ts gives you something to think about.

For more information on how we could change your perceptions call Chris Crossland on 01264 355 846.

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