

Simple Steps to Greater Growth



ALL THINGS FINANCIAL

Paul Fyfe, an Independent Financial Advisor, Property and Business Broker explores and gives commentary on the above subject.

You've got the right product, at the right price and right time. So why isn't your bottom line going through the ceiling? You could have left one little word out of your business model: marketing.

It all sounds so easy: offer the right product at the right price and you have a successful business. But, there's an unexpressed third requirement: the right customer. And finding this can be as elusive as an honest politician. Marketing is the compass that will help you locate the right customer.

Marketing includes all the activities needed to produce, price, promote and distribute products or services required by an identified target market – at a profit. This implies that:

- no aspect of marketing should be seen in isolation; and
- marketing is not limited to one individual or department – everyone in your company is responsible.

The previous edition of Small Capital introduced you to the basic concepts of marketing and low-cost marketing strategies. This issue looks at marketing in greater detail, and offers some guidelines on how to employ

marketing tactics to generate growth.

Hendrik van Schaik, from Kaizen Business Education Centre, which offers IMM Graduate School of Marketing degrees and diplomas in marketing management, suggests you should first determine whether your business has a “production orientation” or a “marketing orientation”.

- **Production orientation.** You aim to get customers to buy what your business has already produced.

- **Marketing orientation.** You aim to produce what customers need. The latter is the preferred approach as you are filling a specific need and thereby adding value. The chances for increased – and continued – growth are that much stronger.

Once you have identified your target market, determined that you can serve it and that you can adequately fulfill their needs at a profit, your business is ready to grow.

Are you top of mind?

When your clients think of a particular product or service, does your company automatically spring to the top of the list?



That's the best position to be in, and here are some ways to achieve it:

1. Never stop finding out what is important to your most valued customers. Adjust your product/service offering accordingly.
2. Get as much information as you can about your customers so that you can determine what their growth areas are and whether they will best contribute to your long-term growth.

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3. Get the basics right! Exceed customer expectations, and never over-promise and under-deliver. “Delighted” customers are much more likely to remain loyal to companies or brands.

4. Be confident of your abilities and have faith in your company. Your clients will pick up on this self-assurance

5. Be seen as an innovator and always make it visible to your customers. This could take the form of awards, press articles, or pre-launch briefings for special clients.

6. Do a better job than your competitors in identifying and satisfying customers’ needs.

7. Quality will always be important. As long as customers perceive there to be a greater value in your product/service, compared to a rival, you will always be in business.

Keep on growing

A successful business owner not only offers an excellent product or service, but is also continually looking for ways to improve his/her business. Maybe that means looking for new products, or offering your services to a new group of customers. Be creative and always

remain on the lookout for opportunities. You never know what might come your way.

1 + 1 = 11 ...?

When marketing to find new customers, one way to control costs and make them pay off is by running net present value (NPV) analyses of a customer’s worth.

Basically, NPV lets you calculate the value of money over time – that is, how much a project costs in today’s Rands vs how much it will net you in the future.

For example, if each new customer costs R1 000 to acquire, 15 will cost you R15 000. If attending a trade show costs you R15 000, you need to be sure that it will gain you at least 15 new, paying customers. Otherwise, find an alternative way of marketing.

What is your marketing return on investment (ROI)?

Instead of one-size-fits-all marketing to every user of your product, consider targeting heavy, light and occasional users. That way, you can customise messages that are more likely to hit nerves and drive

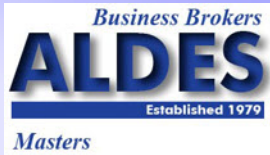


Response.

Take the time to compare the cost of proposed marketing against the profit you expect from it – not sales, but actual profit. Monitor customer response so that you can understand what brought customers through the door, or onto your website. Once you acquired the lead, how much did it cost in time and money to nail the sale? Can you make that more cost-effective? Did customers return or move on? What would help to make them more loyal?

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Use a software program like **Microsoft Word**, **Excel** or **Publisher** to set up a table or grid that captures information about the campaign, and evaluate results. You will need the following information:

- The per-piece cost of your marketing material and distribution.
- A score for the buying action respondents take, such as high, medium or low.
- Some tracking code to categorise customer response via phone, direct mail, email, online or in person.

Now you have a way of figuring out how much it costs to get a customer's attention. You can also put a price tag on what it takes to drive a response and close the deal. Information from the Microsoft Small Business Kit, ISBN 0-7356-2054-7

The cardinal rules for business growth

Read these "cardinal rules for business growth". Write down examples of how your business is, or could be, implementing them:

1. Seek ways of improving what you offer, and replace or update your products and services before someone else makes them obsolete.
2. Ask your clients how you can improve and what more you can provide to meet their needs.
3. Ask your clients how they perceive your business offering and what you should stop, start, or do more of to keep them satisfied.
4. Form partnerships with companies that offer goods or services that will help to deliver a one-stop service to your clients.
5. Talk to your suppliers. They may have unique ideas to grow your business. Remember, their business will grow if your business grows.
6. Don't box yourself in. Think about markets outside of South Africa.
7. Introduce e-commerce and educate your customers about its benefits.
8. Don't get caught up with the herd mentality: just because everyone else is



doing some thing doesn't mean it is right for your business.

9. Record and measure all aspects of your business so as to assess what you should Change.

10. Business growth is not easy. There will be mistakes, surprises and maybe unexpected opportunities.

Use these to learn, adjust and innovate.

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Don't just acquire – RETAIN!

It is around 80% to 100% more profitable to retain an existing client than it is to acquire a new one. In fact, research shows that retaining just 5% more customers can boost profits by 25% to 120%. Your marketing budget should reflect this.

Split your marketing budget between acquisition campaigns and retention tools that will help build client loyalty and closer customer relationships. This should include frequent personal contacts, for example, acknowledgment of seasonal holidays and personal milestones, invitations to special events and sneak previews of new products.

Never underestimate the power of the personal touch, which – thanks to technology – has never been easier. Bulk messaging systems like MWEB Business's Courier allow you to automate personalised email communications that keep you in touch with your clients.

Struggling to stay ahead?

These are the top stumbling blocks to business growth:

Improper cash flow management. Cash is king – never forget it!

Fear and confusion. Plan, prioritise and stay focused.

Lack of capital. Don't start with a bang (and a large salary). Grow slowly.

Not learning from your mistakes. Assess what went wrong, then try again.

Not targeting a particular market. Focus on a particular group, with a specific need.

Choosing the wrong audience. Speak to a market that needs your service/product.

Confusing message. Know who you are talking to and what you're talking about.

Lack of planning. Choose the marketing route you want to take and stick with it.

Laziness or greed. Your business exists to service your customers. Put them first.

Being incompetent or losing focus. Don't be sloppy in your delivery. One



mistake could undermine client confidence, loyalty and trust.

Not enough relationship building. Track your sales and client contacts with tools like Microsoft's Customer Relations Management software.

Connecting with your customers

For many people, email has replaced the telephone and post as the preferred method

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of communication. **MWEB Business**, which offers the Courier bulk messaging system, highlights the following benefits of direct email campaigns:

They're interactive – recipients can respond quickly and easily with a simple “point and click”.

They're cheap – as there are no paper or postage expenses.

They're personal – you can personalise your communication with minimal effort.

They're effective – most consumers who receive email offers have already told marketers what they are interested in. Hence, conversion rates are higher.

They're fast – email goes out instantly and delivers results in minutes.

A good bulk mailing system allows you to manage recipient lists, get detailed delivery reports, monitor actual “click-through” statistics and set up email messages to be sent at a future date and time. Systems like Courier work through an easy-to-use online interface, giving users the ability to

manage and send messages from anywhere in the world.

10 signs that you need a new marketing strategy

1. Customers' awareness levels are dropping.

2. Customers believe that your products/services are no longer relevant to their needs.

3. Customers tell you that your offering is no longer unique.

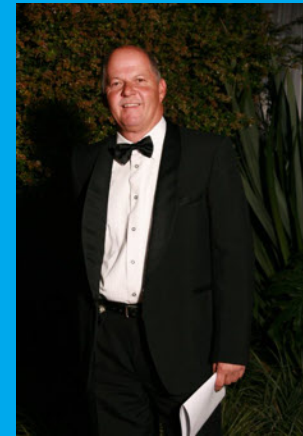
4. Your focus is internal (staff, operations) rather than external (customers).

5. Your marketing strategy lacks ACTION words: what you are going to DO.

6. You have nothing new to offer: no new product or model, service or approach.

7. Your marketing strategy lacks depth. Don't just sell petrol, sell the great performance it offers.

8. Your personality does not come across. A marketing message needs to reflect you/your company's personality.



9. Your message lacks the added-value component. People buy if they perceive the value they receive to be worth the investment.

10. You are following others instead of treading your own path. Be bold, be unique, be yourself.

Paul Fyfe would like to thank Small Capital practical guide for this article.

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