

# 20 Business-Building Practices

By Terry H. Hill

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**You have nurtured your idea, created a business plan, and secured financing.** Now for the make-it or break-it question: How do you continue to grow your business year-after-year?

**Building a better "mousetrap" doesn't guarantee that the world will beat a path to your door.** And, contrary to the inspiring message in the movie, "Field of Dreams," there are no assurances that, "If you build it, they will come." Increasing demand for your products/services and growing your business is realized by the creation and [implementation of well-defined strategies](#).

**Two major factors of marketing are the recruitment of new customers (acquisition) and the retention and expansion of relationships with existing customers (customer relationship management).** Once you have converted the prospective buyer, customer relationship management (CRM) takes over. The process for CRM shifts from that of being the marketer, to that of being a builder of relationships. Building customer relationships involves nurturing the links between you and your customer, enhancing the benefits that sold your customer in the first place, and continuously improving the product/service in order to protect your business from competitive advancements.

**The marketplace is ever changing; therefore, a marketing strategy that works today does not necessarily mean that the same strategy will work in the future.** These changing environments necessitate the need to continually analyze and measure the results of each and every one of your promotional efforts. A system that tracks and monitors incoming sales inquiries, by the lead source, is imperative.

**The basis of your business development strategy is the recognition of the concept that marketing is a process and not an event.** Building a business is, in fact, building a brand. Building your brand is a process that consistently broadcasts your message through a number of different channels to a targeted audience. The trap in event marketing is that it creates the effect of start and stop marketing and produces gaps in the frequency of your promotional efforts.

**The need for a written marketing plan is critical.** The American Marketing Association (AMA) states, "Marketing is the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational objectives". Your marketing plan is your road map that guides you through the marketing process.

**There is a variety of ways to generate greater demand for your business.** Whether you are starting a new business or jumpstarting an existing one, you need to identify at what stage of the business life-cycle your company is currently in. This information will impact your choice of strategies. Here are twenty (20) effective business-building practices:

- **Review your unique selling proposition:** The Unique Selling Proposition (USP) is your biggest marketing weapon and the key to differentiating your business. What is a USP? In essence, it is a simple statement that sums up the unique features, benefits and value that you provide, that no one else can. You arrive at your USP after you identify the features, benefits, and advantages of your company's products/services. After you apply the same process to each of your competitors' products/services, then compare and isolate the elements that distinguish you from your competition.
- **Establish a marketing communication budget:** Determining and allocating a specific amount of money to fund your marketing strategy cannot be overstated. Whether you use the affordability method, percentage-of-sales method, competitive-parity method, or objective-and-task method to determine the amount of your marketing budget, you must pre-establish an amount of money that you will spend on marketing activities to achieve your sales/revenue projections.
- **Incorporate integrated marketing communications:** A management concept that is designed to make all aspects of marketing communication such as advertising, sales promotion, public relations, and direct marketing must work together as a unified force. In practice, the goal of IMC is to create and sustain a single look and message in all elements of your marketing campaign.
- **Utilize indirect marketing:** Needless to say, putting more "boots-on-the-ground" in your sales and marketing activities can pay huge dividends. Some of the more popular indirect marketing methods are

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networking, strategic alliances, independent sales representatives, affiliate marketers, and dealers/distributors.

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- **Ask for referrals:** You know the importance of referrals. But, if you do not continually ask for referrals, you will not generate them. It makes good business sense to always ask for referrals. Just ask your customer if they may know of other companies that could utilize your products/ services. You may be pleasantly surprised by their reply.
- **Explore different markets:** If your products/services are presently being sold to one or two different markets, then it is time to explore the opportunities that may be available to you in other markets. A little brainstorming with your staff about this often produces a good "hit list". As they say, "think outside the box".
- **Consider additional channels of distribution:** There are number channels of distribution that may work for you. For example, selling direct, such as via mail order, Internet and telephone sales. Companies also use sales agents who sell on their behalf and/or distributors (also called wholesalers) who sell their products to retailers. And finally, there may be possibilities of selling direct to retailers and end users.
- **Expand your geographic reach:** Additional channels of distribution are often needed for you to expand geographically. You may want to consider the possibility of franchising or licensing others to promote and sell your products?
- **Increase product/service offerings:** This is a very common method to increase sales/revenues. Important considerations when evaluating a new product/service offering are: Can the new product/service be sold to your existing customer base? Does the new product/service complement your existing products/services?
- **Differentiate your business:** Differentiating your business means that you define your company in relationship to the competition and that you communicate to your customers the value added benefits of doing business with you, versus doing business with your competition. Differentiating your business also means that you continuously make improvements to sustain a leadership position.
- **Identify your customers' competitors:** A great source for new prospective customers is your customers' competition. In most cases, these competing companies have the same or similar needs as that of your existing customers.
- **Survey your customers:** In order to effectively differentiate your business, you need to look at your business from your customers/prospects' perspectives. A customer survey is a great avenue for your customers to express their opinions, to air their complaints, and to voice their satisfaction with your business. The information collected from a customer survey provides the foundation for your marketing strategy.
- **Profile your competitors:** A competitive analysis lists your leading competitors. It summarizes their products and services, promotional strategies, distribution methods, strengths and weaknesses, locations, offerings, prices, and branding. A competitive analysis also outlines strategies for gaining an edge and defines a course of action to take in order to keep competitors out of your market. The analysis helps you expose the competitor's weaknesses and areas of vulnerability. With this information, you are better equipped to craft competitive and [marketing strategies](#) that you may choose to fine tune your brand and your messaging.
- **Acquire new customers:** This is a given...your business cannot sustain itself without the addition of new customers. New customer acquisition is a process that combines market data with direct marketing tools to identify and reach high-potential prospects and convert those prospects into customers.
- **Mining your existing customers:** It is far less expensive to generate additional business from your existing customer base than it is to generate new business from new customers. A regular review of your customers' buying history and frequency of purchases can reveal some interesting facts about your customers' buying habits.
- **Create customer loyalty programs:** As the marketplace continues to be more competitive, more and more businesses are offering loyalty programs. These programs help to transform first-time customers into repeat customers by rewarding them with incentives, coupons, certificates or discounts.

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- **Up-sell:** Capitalize on the untapped value of your existing customers by promoting related or more expensive products/services. As an example, your customer who regularly buys golf balls is a strong candidate to purchase golf clubs, apparel and other golf accessories. Make a routine practice of recommending additional items that can be added to your customer's order.
- **Merge or acquire a competitor:** The benefit of combining your company with another company creates an immediate sales growth opportunity simply from the acquisition of their existing customer base. And everything else being equal, the new "combination business" should have the potential to become even more profitable than the two businesses operating independently. This potential for increased profitability comes as a direct result of both sales increases and operational efficiencies (opportunities to reduce total costs) that accrue from combining the two businesses.
- **Use SWOT analysis:** SWOT is an acronym for Strengths, Weaknesses, Opportunities and Threats. It is an assessment technique that paints an accurate picture of how your business stacks up based on those four factors. SWOT can identify your venture's pros and cons, so that you can align internal strengths and weaknesses with external opportunities and threats. This exercise is essential to sound strategic planning. With SWOT, you can identify and prioritize the issues that will accelerate success.
- **Revisit lost customers:** According to the research in the book, *Customer Winback. How to Recapture Lost Customers and Keep Them Loyal*, written by Jill Griffin and Michael Lowenstein, a firm has a 60% to 70% chance of successfully repeat-selling to an active customer. A 20% to 40% chance of successfully repeat-selling to a lost customer and only a 5% to 20% chance of successfully closing the sale on a brand new customer. These statistics suggest that a key opportunity exists for businesses to increase or maintain a customer base by mining and evaluating their database of defected customers. Bernd Stauss and Christian Friege make this argument even more convincing in a case study entitled, *Regaining Service Customers*. Their findings show that the net return on investment from a new customer obtained from an external list is 23% compared with a 214% return on investment from the reinstatement of a customer who has defected.
- **Dead prospect files:** Dig out your old prospect files and make a "hit list" comprised of all of the old prospects that you think may still have life. Contact each one of them. Express your wish to discuss their present-day wants and needs, as well as, the opportunity to explore the possibility of you servicing their needs.

Which of the above business-building practices have you, can you, or will you implement in your [business development strategy](#)?

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