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**Deadly**

**Small Business**

**Marketing  
Mistakes**

# Six Deadly Small Business Marketing Mistakes (and how to fix 'em)

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## INTRODUCTION

"I find the harder I work, the more luck I seem to have."

Thomas Jefferson

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Welcome to the "Six Deadly Small Business Marketing Mistakes!" This book is dedicated to you small business and home-based business people who wake every morning raring to go to work.

You are a select few, a rare breed. Studies have shown that 70% of all working adults dream of owning their own business but only one in every seven actually do.

Unfortunately, only two out of every five small business owners make it past their five-year mark. Instead of selling the product they love or giving the service their passionate about, they end up spending all their time trying to find customers to pay the bills.

In this book I'll talk about six marketing mistakes that small business people commonly make and how to not only avoid them, but implement strategies to fix each one.

If you find this book helpful, please pass it on to someone you know that may also find it beneficial.

A handwritten signature in black ink that reads "David Frey".

David Frey

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# MISTAKE NUMBER ONE

## Not Having A Marketing Plan

In my small business consulting experience I have noticed a similar attribute that is common in most entrepreneurs and business owners. Most are "do'ers" rather than "planners."

In reality, being a do'er is perhaps the ultimate mark of a successful person. It's what makes entrepreneurs a rare breed. Rather than thinking or wishing, they get out there and make something happen.

But I have encountered many small business owners who get into trouble "doing" the wrong marketing activities the right way or "doing" the right marketing activities the wrong way. If you want to "do" the right marketing activities the right way you must start with a marketing plan.

You don't have to kill a tree to create an effective marketing plan. In fact, you can create a successful plan for your small business in just one day. To begin, don't worry about writing style or making your plan fancy. Just go get a pencil and paper and let's get started.

### **Step 1 - Understand Your Market and Competition**

A big mistake that many small business owners make is to latch on to a cool product or service without first understanding the market and what it wants (not what it needs). If you try to sell something that people don't want, they won't buy it.

It's that simple.

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A profitable market consists of people who have dire wants that are being unmet, so much so that they will jump to buy your solution (product or service). A profitable market can be compared to a lake with thousands of starving fish. All you need to do is throw in the bate and it turns into a feeding frenzy.

To get an understanding of your market you should ask yourself questions like:

- Are there segments in my market that are being underserved?
- Are the segments of my market for my product or service big enough to make money?
- How much share of that market do I need to capture, to just break even?
- Is there too much competition in the segment of my market to be competitive?
- What are the weaknesses in my competition's offering that I can capitalize on?
- Does my market want or value my unique competitive offering?

### Step 2 - Understand Your Customer

Knowing your customer intimately is the first step to easy sales. Until you know (1) who your customers are, (2) what they want, and (3) what motivates them to buy, you can't prepare an effective marketing plan.

#### **\*\* Sidebar \*\***

Don't confuse "wants" with "needs." People don't necessarily buy what they need, buy they'll most always buy what they want. For instance, have you ever known someone that went to the store to buy a pair of pants that they needed and came back with a new shirt, sweater, and shoes? Or how about the everyday shopper who goes into the supermarket to buy some

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milk and eggs and comes out with a frozen pizza, cheese cake, and other goodies.

People will buy what they want (even if they don't have the money!), not what they need. And yes, this even applies to those "sophisticated" corporate honchos (I used to be one, I should know).

**\*\* Sidebar End \*\***

To really get to know your customers you'll need to ask yourself questions such as:

- How does my potential customer normally buy similar products (i.e. in a store, on the web, door-to-door)?
- Who is the primary buyer and the primary buying influencer in the purchasing process (i.e. husband or wife, purchasing agent, project leader, secretary)?
- What kind of habits does my customer have? For instance, where do they get their information (i.e. television, newspapers, magazines)?
- What are my target customer's primary motivations for buying (i.e. look good, avoid pain, get rich, be healthy, be popular etc.)

### **Step 3 - Pick a Niche**

If you say that your target customer is "everybody" then nobody will be your customer. The marketplace is jam packed with competition. You'll have more success jumping up and down in a small puddle than a big ocean. Carve out a specific niche and dominate that niche, then you might consider moving on to a second niche (but not before you've dominated the first one!).

You could be a "lawyer that specializes in child accident liability" or a "C.P.A. for used car dealers" or a "dry cleaner for the Heritage Park subdivision in West Oaks, CA." You get the picture. Make sure to choose a

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niche that interests you and that is easy to contact. I can't stress this point enough.

There's nothing more destructive than to pick a niche that you can't communicate with or that costs you a ton of money to contact.

### **Step 4 - Develop Your Marketing Message**

Your marketing message not only tells your prospect what you do, but persuades them to become your customer. You should develop two types of marketing messages. Your first marketing message should be short and to the point. Some may call this your elevator speech or your audio logo. It's your response to someone who asks you, "So, what do you do?"

The second type is your complete marketing message that will be included in all your marketing materials and promotions. To make your marketing message compelling and persuasive it should include the following elements:

- An explanation of your target prospect's problem
- Proof that the problem is so important that it should be solved now, without delay
- An explanation about why you are the only person/business that can solve your prospects problem
- An explanation of the benefits people will receive from using your solution
- Examples and testimonials from customers you have helped with similar problems
- An explanation about prices, fees, and payment terms
- Your unconditional guarantee.

### Step 5 - Determine Your Marketing Medium(s)

Remember, when I said that it's critical to choose a niche that you can easily contact? When you go to choose your marketing medium(s) you'll understand why that was sound advice.

Your marketing medium is the communication vehicle you use to deliver your marketing message. It's important to choose a marketing medium that gives you the highest return on your marketing dollar (ROMD). This means that you want to choose the medium that delivers your marketing message to the most niche prospects at the lowest possible cost.

The following is a smattering of tools you have at your disposal to get your message out:

- Newspaper ads
- Posters
- Contests
- Card decks
- Seminars
  
- Television ads
- Signs
- Sweepstakes
- Door-to-door
- Teleclasses
  
- Radio ads
- Banners
- Trade shows
- Yellow pages
- Articles
  
- Classified ads
- Newsletter
- Charity events

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- Networking
- Infomercials
  
- Billboards
- Take-one box
- Telemarketing
- Magazine ads
- Special events
  
- Sales letters
- Flyers
- Email
- Movie ads
- Ezine ads
  
- Postcards
- Door hangers
- Agents
- Media releases
- Fax broadcasts
  
- Brochures
- Gift Certificates
- Word-of-mouth
- Website
- Sign picketing
  
- Business cards
- Catalogs
- Air Blimps
- Public speaking
- Window display

The trick is to match your message to your market using the right medium. It would do you no good to advertise your retirement community using a fast

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paced, loud radio spot on a hip-hop radio station. This is a complete mismatch of the market, message, and medium.

Success will come when there is a good match of these three elements.

### **Step 6 - Set Sales and Marketing Goals**

Goals are critical to your success. A "wish" is a goal that hasn't been written down. If you haven't written your goals, you're still just wishing for success. When creating your goals use the SMART formula. Ensure that your goals are, (1) Sensible, (2) Measurable, (3) Achievable, (4) Realistic, and (5) Time specific.

Your goals should include financial elements such as annual sales revenue, gross profit, sales per sales person etc. However, they should also include non-financial elements such as units sold, contracts signed, clients acquired, articles published etc.

Once you've set your goals, implement processes to internalize them with all team members such as reviewing them in sales meetings, displaying thermometer posters, awarding achievement prizes etc.

### **Step 7 - Develop Your Marketing Budget**

Your marketing budget can be developed several ways depending on whether you want to be more exact or develop just a quick-and-dirty number. It's good to start out with a quick-and-dirty calculation and then to support it with further details.

First, if you have been in business for over a year and tracked your marketing related expenditures you could easily calculate your "cost to acquire one customer" or "cost to sell one product" by dividing your annual sales and marketing costs by the number of units (or customers acquired) sold.

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The next step is to take your cost to sell one unit or acquire one customer and simply multiply it by your unit sales or customer acquisition goal. The result of this simple computation will give you a rough estimate of what you need to invest to meet your sales goals for the next year.

### Conclusion

There you have it, The Seven-Step, One-Day Marketing Plan. It's simple really. Of course you'll need to study up a bit more about your marketing medium(s) of choice, their appropriateness for your message, and their associated costs. But try not to make the development of your plan a laborious, drawn-out task. Remember the 8020 rule. 80% of your results will come from 20% of your effort.

My final word of advice is to make sure you set aside uninterrupted time to develop your marketing plan. It could very well be the most important document to which you and your team members will ever refer.

## MISTAKE NUMBER TWO

### Not Differentiating Your Business From Your Competition

Avis Rent a Car "We're number two. We try harder."

Federal Express "When it absolutely, positively has to be there."

Dominos Pizza "Fresh, hot pizza in 30 minutes or less"

What do all three of these slogans have in common? They are powerful statements of uniqueness that helped to propel their respective companies to success.

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Avis Car Rental knew that Hertz, the number one car rental company, was so much bigger than them that they couldn't compete head on so they positioned themselves as the number two car company that worked harder for the customer.

Federal Express based their slogan on a promise of delivery reliability. Dominos based their slogan on the fact that most pizza eaters don't care how much stuff is on it but that it was hot, fresh, and delivered fast.

### Your Unique Selling Proposition

Each of these slogans is their respective company's unique selling proposition (USP). A USP is something that differentiates you from all your competitors both local and industry-wide. It's what makes you so unique that people will choose to do business with you over any of your competitors. Your USP states your distinct advantage.

One of the deadliest mistakes small businesses make is not being unique. Now more than ever you must differentiate your small business. Today there is an explosion of choices for consumers. During slow times the same amount of small businesses will be vying for a diminishing amount of prospects. When this happens the competitive landscape gets tougher and choices for consumers gets more difficult.

If you want to survive during the slow economy you must differentiate yourself in the eyes of your prospect. Your USP is what states to the world why you are different.

\*Factoid\*: The origin of USP comes from a man named Rosser Reeves who was considered the "high priest of hard sell." He was an advertising agency chairman back in the 60's. He wrote a book titled, "Reality in Advertising" that became very popular. It was translated into 28 languages. He introduced and defined the concept called Unique Selling Proposition.

### Why is Your USP so Important

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To be successful in small business you don't have to be the best, you just have to be unique. Identifying, developing, and incorporating your USP into everything you do is challenging. But the reward is worth every effort. It will differentiate you, distinguish you, and give you advantage over everyone in your marketplace.

"Me to" businesses rarely survive. They usually end up in price wars because they don't have anything unique about them to establish value in the minds of their prospects. They are left with only one weapon with which to compete, price. And unless you have a significant cost advantage over your other small business competitors, you will lose.

### **Make Your USP Crystal Clear**

The more clearly you announce your USP, the more often they'll choose you over your competition. You must use your USP to dominate your local market. When a consumer thinks of a spa or a pool your name must be the first one that pops into their mind.

Your USP must create a real and perceived advantage in your prospect's mind. For example, Dominos made a very bold guarantee that if they didn't deliver your pizza within 30 minutes of ordering, it would be free of charge. Dominos put their USP into action.

### **Be Specific**

How many small businesses do you hear saying, "The Best Selection in Town" or "Service with a Smile." I have to tell you that these phrases are worn-out, tired renditions of a "me too" business. Be specific with your USP. When Domino's stated that your pizza would be, (1) fresh, (2) hot, and (3) delivered within 30 minutes, it was specific and measurable. "Buy it today and install it tonight," that's specific and measurable.

### **How to Identify and Develop Your USP**

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You shouldn't rush or hurry the decision of your USP. You will spend thousands of dollars on advertising and promoting your USP. Once you've made your impression and then decide to change it you begin to confuse your prospect and it will cost you even more money to re-implement a different USP.

If your USP is a promise or guaranteed you must make sure that you can fulfill your USP promise. Domino's had a very bold USP. To get a pizza to anyone's house in their marketplace within 30 minutes was sometimes a difficult feat to consistently accomplish. But the rewards were fantastic.

How do you pick a USP? You need to first identify which needs are going unfulfilled within either your industry or your local market. These are called "performance gaps." Many businesses that base their USP on industry performance gaps are successful.

Here are some examples in different small business industries:

### Example #1 - Auto Repair Industry

**Performance Gap (problem)** = Auto repair establishments have a reputation of being dishonest.

**Potential USP (solution)** = "If It Ain't Broke, We Won't Fix It!"

### Example #2 - Dental Industry

**Performance Gap (problem)** = No one likes to go to the dentist because its such a painful experience.

**Potential USP (solution)** = "Sedation Dentistry, The Safe, Pain Free Way to Healthy Teeth"

### Example #3 - Real Estate Industry

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**Performance Gap (problem)** = People are wary of letting real estate agents sell their homes because they don't believe they will aggressively try to sell them fast enough.

**Potential USP (solution)** = "Our 20 Point Power Marketing Plan Gets Your House Sold in 30 Days or Less"

You can see how a performance gap can lead to a powerful USP. You can also have local performance gaps that will give you a great USP as well. For instance, if you are an electronics outlet and you have more inventory than anyone else in town you might your USP could be,

"We Have 10 Times the Selection than Any Store In Town. Go Visit the Rest, Then Come Shop at the Best."

### Your USP Doesn't Have to be Unique

Although a USP is a statement of your uniqueness it doesn't always have to be something that is only unique to you...if you proclaim it first!

For instance, if you were a furniture retailer and you proclaimed your USP to be "Buy today, we'll deliver it tonight." Most other competitors can do that too, but because you were the first to proclaim it, it is yours exclusively.

This is sometimes called "preemptive marketing." You can preempt your competitors if you take a strong benefit, whether or not its unique, and put your stamp on it first. All others who come after you will just be strengthening an advantage that you have already placed in the minds of your prospects.

### Live Up To Your USP

Be bold when developing your USP but be careful to ensure that you can live up to your USP. Your USP should have promises, guarantees, policies

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and procedures, employee evaluations and other reinforcing processes to make each USP come alive.

Having a strong USP can make your business super successful; on the other hand, having a USP that you can't live up to is suicide. I'm sure that Domino's had to eat the cost of a lot of pizzas when they didn't arrive within 30 minutes, but they developed a system that allowed them to deliver on their promise consistently.

### **Integrate Your USP into Everything You Do**

Once you have put some careful thought to your USP and have developed it, you need to integrate it into everything you do. Your USP should be found somewhere in your headlines, body copy of ads, direct-mail, and yellow pages. You should repeat clearly and consistently in every one of your radio and television commercials.

You should include it in your sales presentation, on the walls of your business and even on your business card. You can't over do or wear out your USP, especially if it's powerful.

The nation's most successful furniture dealer is based here in Houston, Texas. You can't turn on a radio or television without hearing the furniture store's USP, "Saves You Money!" across the airwaves. It's everywhere.

If you stopped someone on the street here in Houston and said two words, "Gallery Furniture" and asked them to finish the sentence, nine out of ten people would say, "Saves You Money!" That's why it's the most successful furniture store in the United States.

## **MISTAKE NUMBER THREE**

## Not Having a Systematic Referral Generating Program

If you don't have a systematic referral program you are missing out on one of the simplest, lowest cost, ways to generate your highest quality customers. Referrals are the lifeblood of small business and if you haven't yet institutionalized a referral program, you're making a huge mistake.

### **Why are Referrals so Powerful?**

The reason referrals are so powerful is because they come from a credible third-party that has experienced first hand the benefits of doing business with you.

They are even more powerful when they come from a friend because you know that a friend has no ulterior motivations but to do what's in your best interest. You can believe what you friend is saying versus hearing a commercial from a salesperson whose sole purpose is to make money from you.

Referrals are also valuable because most of the time they are completely free. How would you like to receive the benefits of the most compelling sales advertisement on earth for absolutely nothing? You can through referrals.

Research shows the importance of referrals. According to Paul and Sarah Edwards (authors of Getting Business to Come to You), up to 45% of most service businesses are chosen by customers based on the recommendations of others.

A recent Dun and Bradstreet survey found referrals to be one of the two most popular small-business marketing methods (the other one is advertising).

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Lastly, and I think this is the most powerful reason of all, customers that give referrals become more loyal to you and your business. Once someone stands up and makes a public statement about you, psychologically they will become more loyal to you and your business.

### **Customer Service Doesn't Always Equate to Lots of Referrals**

Customer service is critical to the success of your referral program. It is the foundation of the referral process. But just because you give good customer service, it doesn't mean that you will get a lot of referrals. Receiving referrals on an ongoing basis is as much a function of deliberate planning as it is great customer service.

Many small business owners assume that referrals will happen by themselves if you give good customer service. This isn't true. If you are not deliberate and proactive in creating referrals, the chances of you receiving as many referrals as you want are slim.

And your best customers are ready and willing to give you referrals as was shown in the statistics above, you just need to show them how.

### **Word of Mouth Advertising and Referrals are Not the Same**

Word of Mouth advertising happens when one of your customers or friends mentions your small business in a casual conversation. It's not intentional or planned. It's just something that came out of their mouth.

A referral system is a methodically process that you have put in place to capture qualified prospects through your association with other people. A "system" by its definition is a "process that products predictable results. "A system can be turned on and off like a light switch at will. Your business needs word of mouth advertising but don't mistake that with developing a methodical system for referral prospecting.

### **Making it Rain Referrals Starts with Your Attitude!**

Time and again the same question keeps coming to me, "How do I get more referrals?" My answer is always the same, "You must ask for them." In reality, most small business owners know that they have to ask for referrals to get more referrals but it's the fear of asking that impedes them from moving forward.

This fear of asking is rooted in your attitude. If your attitude is one that believes that you are asking that person to go out on a limb for you by asking them to give you referrals then you will always be battling with fear.

### **People Want to Give Your Referrals**

If you truly believe that it will be helping them if you ask them to give you referrals your fear would fade quickly. Your customers want to give you referrals. It makes them feel good that they found a great small business that they had a good experience with and they want to share their "little secret" (you) with their friends.

They will be seen as a hero, or someone "in the know." And when their friend receives great service from you as well, your referring customer will feel as though he was able to do their friends a great favor.

When you ask for a referral, and you have treated that person right, you are actually doing them a special favor.

### **How to Ask for a Referral**

Has someone ever asked you for a referral? Did it go something like this: "Hey John, by chance would you know someone who could benefit from my services?" John starts to ponder and think about it and eventually says, "Well, not off the top of my head, but I'll keep thinking about it."

This is how 90% of all referral questions are asked and unfortunately, you might as well not ask the question. Rarely, if every, will you get a positive

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response. Why? Because you didn't ask the question right. "know anyone who..." questions are too broad for people to think about.

People need a frame of reference to help them narrow down the playing field of potential referral candidates. For instance, imagine that you are talking to one of your good clients who is pleased with your services.

You ask her, "Mary, you're a member of the Women's Financial Planning Association here in Chicago right?" Mary responds, "Yes, I am." You ask, "Do you go to their meetings on a regular basis?" "Yes, most of the time." Mary says. "Is there anyone in your association that you believe could benefit from my services? Maybe one or two people you've known in the group for awhile or sit next to regularly?"

Did you see the difference? You gave Mary a narrow frame of reference from which to think about. It allowed her to "see" the potential referrals in her mind. This may be limiting the number of potential people that your associates might know, but it is far more effective than opening up the ocean of people that Mary may know, but can't remember.

Your request will also stay in Mary's mind long after you've asked it because she visualized your services with much greater intensity.

### **Two Types of Referral Programs**

Basically, there are two sources for referrals, your current customers (people who have done business with you) and other influential people. You should have an active referral system for both types of people.

Your customers are perhaps your most enthusiastic referrers because they have experienced your product. But, you may in fact, get more referrals from other influential people who have never tried your product.

Develop a system for obtaining referrals first from your customers and second from other influential people or "Centers of Influence."

### Customer Referral Program

Receiving referrals from customers starts with giving great customer service. Without going into much detail about the ins and outs of customer service I'd like to share with you eight "Moments of Truth" that provide opportunities for you create a loyal customer for life.

Pay close attention to watch out for these seven moments of truth and if you go the extra mile at the right time, bang, you have a lifetime customer.

**Moment of Truth # 1:** The moment your customer complains.

**Moment of Truth # 2:** The moment one of your new customers comes back to place a second order.

**Moment of Truth # 3:** The moment a customer has thanked you.

**Moment of Truth # 4:** The moment one of your customers has been through a hard time because of a foul up on your (or their) part.

**Moment of Truth # 5:** The moment a customer needs a favor from you.

**Moment of Truth # 6:** The moment you see your customer in public.

**Moment of Truth # 7:** The moment your customer brings in a referral.

Perhaps the simplest way to harvest referrals from your customers is to write a simple letter asking them for their help.

### Centers of Influence and the 80/20 Rule

Your best referrers are your customers. The people who have experience with you and can vouch first hand for your product and service. However, there are many other people and organizations that you must include in your referral prospecting system.

These individuals are people who know and mingle with many other influential people. These people are often known as, "Centers of

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Influence." Centers of Influence can multiply your marketing efforts ten-fold. They turn your marketing efforts from one-to-one to one-to-many. They are the heavy hitters that can have a profound multiplying effect on your business.

A smart small business owner will spend the majority of his referral prospecting time with the 20% of their Centers of Influence that will produce 80% of the results.

### **Tier 1 and Tier 2 Centers of Influence**

Your Tier 1 Centers of Influence are people that are directly related in some way to your industry or profession. Tier 1 Centers of influence have a connection to your industry because they provide complimentary products and services. Referrals coming from your Tier 1 Centers of Influence can be very powerful.

For example, suppose you are a chiropractor. Tier 1 Centers of Influence for you would be orthopedic doctors, massage therapists, physical therapists, family physicians, local gym owners and managers, outpatient placement coordinators etc. All these occupations deal with people who may be in need of chiropractics.

### **What is Your Goal with Tier 1 Referral Givers?**

Your goal with Tier 1 referral givers is to be the first person on their minds when someone asks them about purchasing a spa or pool. With this in mind, you should sit down with your staff and come up with ideas about how to be the first person standing in line in the minds of your Tier 1 referrers.

Here are a few ideas to start you off:

1. Be their number one referrer: Make sure that you also have a referral mindset. Before you get you must give, which means that in order to

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get lots of referrals from these people you must be giving them referrals.

2. Sponsor networking events or social gatherings for them. Make sure you try not to invite competitors. Have a good cross section. You might hold several of these parties throughout the year so that you can invite several different potential referrers from the same industry.
3. Put each one of them on your newsletter list. Give them helpful information that they can use to make their sales go up. Give them marketing advice and information on new developments in your industry in which they should be aware.
4. Invite them to an all-expense paid marketing association luncheon that has a great speaker. Rent a limo to pick them up, serve them wine or fine drinks, and treat them like stars. (I know a mortgage broker that does this with real estate agents and makes a fortune in referrals)
5. Purchase an information product about marketing in their business and give it to them as a free gift. They will thank you for your interest in wanting to help them grow their business.
6. If it's a big potential referrer, send them a Harry and David ([www.harryanddavid.com](http://www.harryanddavid.com)) year round gift that they will receive every month. This will keep you in their minds all year long. Not long ago someone did this for me and my wife and I glow when we receive our fruit basket each month.

If you don't have the time or inclination to develop a relationship with your Tier 1 Centers of Influence then don't even try. If you're a chiropractor, it's better to choose only one local family physician and become close friends with him then trying to be friends with 10 physicians haphazardly.

## Educate Your Tier 1 Centers of Influence with Special Reports

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Arm your Tier 1 Centers of Influence with tools to help them to help their customers (and your prospects). You may consider giving your Tier 1 Center of Influence a supply of special reports that you have developed.

Again, if you're a chiropractor and someone inquires about chiropractics to your Center of Influence they can give them a special report that will answer some of their questions. This will make your Center of Influence look good and it will also be an effective method of referring you.

Another idea is to purchase a best selling book-on-tape that you think they might be interested in and give it to them as a gift to let them know you were thinking about them. Information products about that teach your Center of Influence how to grow their business are always welcome and will let them know that you are interested in growing your business.

### **Tier 2 Centers of Influence**

Tier 2 Centers of Influence are people whom you come in contact with on a regular basis in your personal life but aren't connected to your industry. These are people who come in contact with a large number of other people. They too can multiply your marketing efforts.

Your Tier two Centers of Influence include but are not limited to the following:

1. Neighbors
2. Friends
3. Clergy
4. Small business owners
5. Corporate business executives
6. Accountants
7. Financial planners
8. Lawyers
9. Pest control people
10. Etc.

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Your Tier 2 Centers of Influence are people that may have no idea what it is that you do. Take the time to clearly explain to them not only what it is you do but the importance of referrals for your business.

Go one step farther by inviting them to after-hours socials. Tell them stories about some results that your customer's have experienced as a result of your product or service. Get them excited about what you do. Get to know what they do by asking them questions. Now each of you can get excited when you give valuable referrals, which in turn will be transferred to the new prospect.

### **The Power of Cross-Promotions**

Perhaps the single most powerful referral program is a cross-promotion using endorsements from other well-respected people. It's a simple idea, an associate sends an endorsement letter about you and your product or service to their customer list and you, in turn, do the same to your customer list. It's a win-win.

The reason endorsement letters are so powerful is because people will buy from people they know and respect. How many times have you asked a personal friend, "Do you know a good place to buy \_\_\_\_\_?" Or "Do you a good \_\_\_\_\_ that I can go to see about getting \_\_\_\_\_ done?" You trust their opinion so you feel comfortable buying from them.

You can make it a one-way cross-promotion in which you have someone send out a letter to their customer list and you give them a referral fee for those people who buy your service. Or you can make it a two-way cross-promotion in which both of your send letters to your customers about each other's products and services.

There are some examples of complimentary products or services businesses that can take advantage of this powerful strategy:

- Pizza place and video rental store

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- Accountant and financial planner
- Toy store and fast food restaurant
- Dry cleaner and clothing store
- Paint store and tile business
- Jewelry store and wedding supply

The possibilities are endless. Brainstorm with people in your network to come up with potential promotions that you can do together. The payoff can be tremendous.

### **Ten Questions to Help You Become a Networking Pro**

In my earlier years when I was naive I thought that my success would increase in proportion to the number of business cards I handed out. I handed them out in droves. But I couldn't figure out why I wasn't getting any business. After a few years of experience under my belt I realized that it wasn't the numbers that count, but the quality of relationships that I nurtured.

To be a great networker you must become "you" centered rather than "me" centered. Recognize that people want to talk about themselves more than anything. They are their own favorite subjects. Take advantage of that and learn these 10 questions that will make people feel warm, appreciated, and important.

Zig Ziglar, the famous sales trainer once said, "You can get everything in life you want if you just help enough other people get what they want." This is so true. Thanks Mr. Ziglar.

The following are ten questions that Bob Burg, author of the book, "Endless Referrals" gives to help you get to know potential referrers and leave a lasting positive impression.

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### 1. **How did you get your start in the widget business?**

People like to be the movie of the week in someone else's mind. Let them share their story with you while you actively listen.

### 2. **What do you enjoy most about your profession?**

This question elicits a positive response and good feelings.

### 3. **What separates you and your company from the competition?**

This question gives them permission to brag about their business.

### 4. **What advice would you give someone just starting in the widget business?**

This question makes them feel superior and allows them to do some mentoring.

### 5. **What on thing would you do with your business if you knew you could not fail?**

This question allows your friend to fantasize and they will be thankful that you cared enough to ask.

### 6. **What significant changes have you seen take place in your profession through the years?**

Asking people who are a little bit more mature in years can be perfect because it allows them to reminiscing about the good ole days.

### 7. **What do you see as the coming trends in the widget business?**

This is a speculation question and positions them as an expert in their industry which make them feel important.

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### **8. What was the strangest or funniest incident you've experienced in your business?**

People love to share war stories but usually get a chance to tell anyone about their experiences.

### **9. What ways have you found to be the most effective for promoting your business?**

This question, again, elicits a positive reaction and also gives you an opportunity to see how they think.

### **10. What one sentence would you like people to use in describing the way you do business?**

You are allowing them to give themselves a compliment. Who doesn't like compliments?

You'll notice something in common with each of these questions. They all center around the person you are talking to and allows them an opportunity to talk about themselves. Don't expect to ask your Center of Influence each of these questions, but do have a few ready when you talk to others.

### **Start (or join) a Referral Group**

Choose ten people that you think would be good members of your referral group. They may or may not be your Centers of Influence. Let them know that you are establishing a referral group and that they were one of the first people to enter their mind because of their great reputation.

Ask them to educate you on exactly what they do. Tit for tat. No favors, no begging, no debt, no smiley-facing. Just a clean, fair, intriguing and powerful approach.

Have monthly lunches when your group can get together and then perhaps visit one of the group member's businesses to allow them to explain what

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they do. Find ways to serve your group members and educated them on how to grow their own businesses.

You can begin to grow your network slowly and invite other people who you or other members would feel good about recommending. It's just a matter of expanding your network to tap into the network of other professionals. Simple, doable, easy. No selling required. Just honesty.

Here are the steps to maximizing your referrals and revenue:

1. Appoint yourself as the host of this network In other words, be their leader. (No need to tell them, however.)
2. So, now that you are the leader, ask yourself, "What do my constituents need most that I can provide for them at a very small cost to myself?"
3. The answer? Training in how to build their businesses via referrals.
4. Send a monthly note and update your group about each others businesses. You need to be consistent with this mailing (or emailing) each month. In effect, the monthly list/email also works as an effective reminder that you are there!

I have a friend in the financial services industry who sponsors a monthly luncheon. Members pay a quarterly fee which covers the cost of the lunch. He gets 50 to a 100 people at his meetings and has literally stopped his advertising efforts all together.

### **A Caution About Giving Referral Fees**

Use a referral fee as your last ditch strategy. Money has never bred loyalty. Friendship, trust, and a positive relationship are what drive loyalty to you and your business. If you give referral fees you will undoubtedly run into a situation in which the referrer claims he gave you a referral and you disagree.

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Or one of your competitors starts giving referral fees and you feel the need to continually match them causing a referral fee war (I've seen it happen). Another embarrassing situation is when your customer finds out that a referral fee changed hands which breaks the trust and confidence the relationship.

It just seems that whenever money enters into the equation and there is no surefire way to track it, trouble is on its way. I've seen too many good relationships go sour because of a referral fee dispute. It breeds everything you don't want in a trusting relationship.

### Conclusion

Establishing a referral program with your customers and other influential people is absolutely critical. Many small business people make the mistake of not institutionalizing a systematic program for referrals. They confuse word of mouth advertising with a referral system and, hence, overlook the single most effective advertising for a small business.

Don't make the same mistake. Develop your networking skills and referral programs today and start receiving an endless stream of new customers.

## MISTAKE NUMBER FOUR

### Neglecting to Communicate and Market to Your Current Customers

Not long ago I was speaking with a client in the spa and pool industry who expressed concern that his sales had grown stagnant. He mentioned that he was still actively advertising and working his lead generation process but his new customers had slowed to a trickle.

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I asked him, “As a percentage of his marketing efforts, how much was devoted to new customer acquisition and how much was devoted to current customer sales.”

He glanced at me with a look of confusion and said, “What do you mean current customer sales?” He continued, “Once we sell a spa to a customer, that’s it. They’re not going to come back and buy another spa one a week later.

A lot of our customers come in to buy chemicals and some accessories, but that’s it. All of our efforts are focused on finding people who want to buy a new spa or pool.”

### **There’s Gold in Your Customer Base Waiting to be Mined**

Unfortunately, my client didn’t understand the value of his customer base. There is gold in your customer base waiting to be mined. You see, many retailers focus on the first sale or the “front end” sale and spend a disproportionate amount of time looking for new customers when the real goldmine lies in the “back end” sales or continuing stream of sales.

You’ve probably spent a lot of money acquiring your customers. Not only do you miss out on lost revenue when you ignore them, but you also flush your return on investment from acquiring your customers right down the tube.

If you have convinced a person to do business with you it means that they have already given you a vote of confidence. If you’ve provided good service and met (or exceeded) their expectations, it’s very likely that they would be willing to give you a second vote of confidence or third or fourth. If you’re good you may even get their lifetime vote of confidence.

### **To Get to the Pot of Gold, You Have to Know Where to Mine**

You must be able to contact your customers in order to market to them. That’s why one of the first pieces of advice I give to my clients is to capture

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your customer's contact information at the point of sale. This process is done automatically in some businesses, but in others you must ask for your customer's contact information.

If you have ever purchased an item at Radio Shack you know that the clerk always asks for your name, address, and phone number. They don't even give you a reason, they just ask for it. They just assume you will give it to them, and you know what...98% of Radio Shack customers do give it, without any question. The process is so automatic that you feel that giving your contact information is just part of the purchasing process.

Every small business in America should be doing the same thing as Radio Shack. But to go one step further, you should be capturing your customer's email address as well (assuming they have one). Capturing your customer's email address is the **"holy grail"** of marketing because you can market to your customer again and again at no cost.

If your customer is reluctant to give you their email address, give them a bribe such as a coupon for their next visit or something else of value. The effort to obtain your customer's email address will be re-paid many times over.

### Focus On Your Best Customers

Most businesses lose between 15 to 20 percent of their customers each year. Retailers lose even higher percentages. Depending on your business, a large majority of your customers lie dormant having only transacted business with you once or twice. Your remaining customers are those that are loyal to you from whom your profits can be significant.

The old 80/20 rule certainly applies to your customer base; 20 percent of your customers bring you 80 percent of your revenues. These 20 percent are your loyal customers that come back to do business with you time and again.

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Some are even “hyper-responsive” customers that pull out their wallet any time you make them an offer. These are the customers that you should be focusing your time and energy on.

Several benefits result from concentrating on servicing these customers:

- Your marketing costs go down because you do not have to blast your marketing message to the world. This is called “spray-and-pray” and is a waste of your marketing dollars.
- Your marketing efforts become more efficient because you are dealing with responsive customers, which increase your conversion rate (the number of shoppers that become buyers) dramatically.
- It rewards customers because they receive your personal attention and periodic special offers that other customers may not receive.
- Reduces your customer acquisition cost by investing your savings (from not mass advertising) on customer retention and loyalty building programs.

It's important to categorize your customer base to identify your top 20% customers. However, to do this you must first be able to uniquely identify all your customers and the amount that they have spent with you over a defined time period (last 12 months). If you don't have this data, start compiling it right now.

### **“Business Goes Where Business Is Invited” – A Case Study**

It sounds simple but inviting your customers to do business with you is an effective strategy for significantly improving current sales. Take it from Max Grassfield, owner of Grassfield's an upscale men's clothing store in Denver. Max founded the store 35 years ago, and is still running the business.

Max has become so skilled at inviting his customers to do business that he developed a trademarked system called, “Invitational Marketing<sup>TM</sup>.” Max

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issues personal invitations to his store to a carefully selected group of individuals in the Denver area. His method works.

Several years ago, Max Grassfield asked himself, “What can we do to make Grassfield’s unique (which is a question all small business owners need to ask themselves).” The answer, which he evolved after much study, research, and effort was to develop methods to know his customers “better than the other stores know their customer.”

For the last ten years, Grassfield’s has been collecting a database of information on its customers, who voluntarily provide it. Originally, the data included name, address, telephone numbers, sizes, birthdays, and the wife’s name. (He discovered that wives are often heavily involved in their husband’s clothing purchases.)

He regularly writes customers on a one-to-one basis that use the customer’s first name or nickname (as the customer prefers), their sizes, wife’s name, product preferences, and references to what they bought in the previous season.

Most communications are programmed to include messages designed only for the particular customer addressed: “I’ve been keeping my eyes on the 44 long suits...” Every letter is personally signed by the customer’s salesman who he met while visiting the store.

Recently, he sent a wave of three different oversized postcards in one month intervals, to 4,100 regular customers. Each card greeted the customer by name, and was signed by his salesman. There were 117 respondents (a 2.85% response rate) with an average sale of \$451. It was an outstanding success. The final cost per piece mailed was just 48 cents including postage. For a \$1,9868 investment, he brought in \$52,767 in sales. (Compare that with the cost of full page ads!)

A couple of months later, Max selected eight suit sizes that were overstocked. Using the database, he drafted a special note to each customer whose size fit one of these eight groups. The incentive was \$100

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off any suit in that inventory, and \$200 off the high-end Hickey Freeman suits. He mailed 1,164 invitations at a cost of \$558 and sold 56 suits in 39 transactions. The average sale was \$1,110 with a total volume of \$43,307!

This case study is a great example of the power of marketing to your current customer base. Max knows who his good customers are and he takes advantage of that by personally inviting them to do business with him, again and again. It also demonstrates the power and importance of collecting information about your customer and how it can be used to make you a lot of money.

### The Prodigal Customer – The Lost 20%

The average number of customers that stop doing business with you is about 20 percent annually. To achieve just a 10 percent increase in sales you have to add 30 percent more customers! These statistics are startling considering the average business spends six times more to attract new customers than it does to keep old ones. What is your customer attrition costing your business?

#### **Factoid:**

A survey on “Why customers quit” found that of the 20% that stop doing business with you...

- 3 percent move away
- 5 percent develop other friendships
- 9 percent leave for competitive reasons
- 14 percent are dissatisfied with the product or service
- 68 percent quit because of an attitude of indifference toward the customer by the owner, manager, or some employee.

This means that 82 percent of your customers that stop doing business with you are unhappy. Unfortunately, unhappy customers don't usually complain about their feelings. A study from the Research Institute of America says

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that the average business will hear nothing from 96 percent of unhappy clients who experience rude or discourteous treatment.

Not only is having unhappy customers not doing business with you driving up the cost of customer acquisition but it is costing you potential lost sales. The same study found that unhappy customers will tell their experience to at least nine other people, thus, jeopardizing further potential sales.

So, what do you do to get all these people buying from your business again? You assume the statistics are right and that you did something to offend them in one of your business transactions. What do you do to make your spouse start talking to you again after you have offended them? That's right, you humble yourself and apologize and ask for forgiveness.

Tell them the truth – that they haven't been buying products or services from your firm for quite a while and you sense something is wrong. Make sure that you communicate this in a way that absolutely conveys your genuine concern for their well-being.

After you caringly express concern for the lack of contact and business that your company has had with them ask the question, "Is anything wrong?" Follow that up before your customer responds by adding, "Have we done something wrong or did we offend you? If we did, it certainly wasn't intentional. Is everything all right with your business, job, family, health etc.?"

Believe it or not, this simple approach has a magical affect on your inactive customers (just like it does on your spouse).

Don't underestimate this strategy. Even big companies use it. When Continental Airlines was about to go under in 1994, Greg Brenneman, a former consultant suggested to Gordon Bethune, CEO of Continental, that they win back their customers by calling them and personally asking for forgiveness and for a second chance.

Greg Brenneman, who later became Continental's Chief Operating Officer, and Gordon Bethune both got on the phones with their executive staff and

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started to call their best, inactive customers one-by-one. It worked like gangbusters. Inactive customers who were dissatisfied with Continental were impressed by the personal phone call and came back in droves. Since then its stock has risen 1,700%.

### **Be a Full-Service Provider Without All the Hassle**

Let's go back to my client in the spa and pool industry who mentioned that he didn't know what more to sell his customer because they had just purchased a spa, a one-time item purchase. He did have a valid point. He personally couldn't sell his customer much more than chemicals and accessories, BUT, he could be a full-service provider by offering complimentary products and services in which his customer might be interested.

How? I advised my client to meet with the owners of other businesses that provide complimentary products and services that his customer might be interested in and strike up a commission or referral deal. This way he could still benefit economically from his relationships with his customers and continue to provide his customers other products and services.

To maximize this strategy you might consider asking your customers what they are lacking and then find out how to solve it. As the sayings go...

Find a need and fill it. Find a hurt and heal it. Find an itch and scratch it.

Virtually every successful small businessperson you ask will tell you that finding and meeting unmet wants is the name of the game when it comes to winning customers. The better you do this, the more customers' you'll win.

### **Conclusion**

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Don't make one of the biggest mistakes in the book by ignoring your customers. You paid a lot to get them. You'll pay a lot if you offend them. Why not make a lot by delighting them.

## MISTAKE NUMBER FIVE

### “Make Money with OPC (Other People’s Customers)”

Recently, I developed a marketing manual for a niche industry that I service. After reviewing the chapter in the manual about producing television spots I admitted to myself that it wasn’t as strong as most other sections. Knowing a media consultant that serviced the same industry, I contacted him and inquired as to whether he might want to beef up the chapter on television production and in return I would recommend his services to business owners in the industry.

Sadly, he declined because he considered me to be his competition and he didn’t think it would be “smart” for him to collaborate with me. I kindly smiled and offered my thanks. As I walked away I thought to myself how foolish and short-sighted this fellow was for not taking me up on my offer. He just turned down thousands of dollars in business. I was not only offering him the opportunity to have full access to my customer base, but an endorsed promotion to my customers!

Too many small businesses make the mistake of not looking beyond the walls of their own business to see the vast opportunities of business waiting for them through “joint venture marketing.” Joint venture (JV) marketing is the process of marketing to the customers of complimentary businesses.

I’m not talking about ruthlessly going after your competition’s customers. Not at all. I’m talking about gaining access to new

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prospects with the express permission and cooperation of the business that acquired those customers in the first place.

The “common customer” is the center of the joint venture marketing concept. Your customers are also customers of other businesses that sell related products. For instance, suppose that you are a personal sports trainer. You help your customers get and stay healthy. Most likely your customers also purchase products and services from...

- Athletic shoe stores
- Athletic apparel stores
- Athletic equipment providers
- Fitness centers
- Health-related mail order catalogs
- Health-related magazines and books
- Health food and nutrition stores
- Sports events
- Health-related television providers

All these businesses market to more or less the same customers. As a personal sports trainer do you have something of value to offer the customers of these other companies? Joint venture marketing is about developing a special offer and getting the company with the related product or service to present the offer to their customers that results in a win-win for both of you.

### **Your Only Limitation is Your Imagination**

To demonstrate what I'm talking about allow me to share with you some great examples of smart joint venture marketing.

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**Example #1** - If you own a wallpapering business or deck building business you could offer to provide wallpapering and deck building classes at local do-it-yourself stores in trade for referrals and exposure.

**Example #2** - If you sell men's apparel you could approach local dry cleaners to display your store coupons while you offer dry cleaning coupons to your store visitors.

**Example #3** - If you are a hair salon owner you might consider giving away free perms by allowing local nail salons to give them away as a premium. This way the nail salon benefits by offering their customers a valuable freebie and the hair salon benefits by gaining free exposure and new customers.

**Example #4** - If your an transmission repair facility you could assemble a card deck with local tire companies, brake repair shops, lube and oil change businesses, collision repair facilities etc. Charge each participant a production fee for the card deck. Once the card deck is assembled, have each business send a deck to their customer list with a letter endorsing the other related businesses.

**Example #5** - As a lawyer you may want to approach your C.P.A. and ask if he would be willing to do an "endorsed mailing" to his customers and you would do the same for the C.P.A. An endorsed mailing would include a simple letter endorsing the services of someone else and perhaps even including a free consultation. This works very well for professionals.

**Example #6** - If you're a chiropractor you may consider approaching local massage therapists and persuade them to give away free massage gift certificates to friends and associates. Once the customer comes in for their free massage the therapist will endorse your services and refer the customer to you. If the customer comes to you

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for a free screening you could pay the massage therapist a fee for the free massage that the customer received.

You get the idea. There is no limit to the types of joint ventures you profitably set up with other related businesses. Actually, you can even do joint ventures with unrelated businesses as well. Recently, on a vacation to Mexico, my wife and I were laying out by the pool. Suddenly we heard an announcement about a fashion show that would be taking place at pool side (right in front of us). The fashion began and we were introduced to a wonderful line of Caribbean fashions custom designed by a talented lady named Regina Roberts.

The models walked around the pool and allowed all the vacationers to get a good look at some beautiful clothing that was very reasonable priced. After the show the pool side guests were invited to shop right there (she brought her whole line with her to the pool). Ladies rushed to get first dibs on the popular pieces.

It turns out that Regina has a joint venture agreement with the hotels to provide fun fashion shows to the hotel's guests while she gets to sell her clothing line. [Click here to see Regina and her clothing line.](#)

### **How to Approach Your Soon-to-be Venture Partner**

The trick to getting potential JV partners is to “show them the money.” Your approach should be a simple proposition, “Mr(s). business owner, would you like to instantly make \$10,000 to \$20,000 or more without any effort, risk, or investment on your part?”

What sane businessperson could say no to that proposition. As a matter of fact, they'll probably be more skeptical than excited. Whatever their reaction is, they most assuredly will be curious.

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Once you have their attention you need to calm their fears about the JV being a too-good-to-be-true proposition. Ensure that you address the following points:

- Your product or service is absolutely noncompetitive to their product or service. In fact, your product is complimentary to theirs and will be perceived as a caring gesture by the customer.
- The JV will not harm or take away any profits that they might ordinarily realize.
- They won't have to do any additional work or spend additional money to roll-out the venture (you are prepared to absorb all production costs).
- You will indemnify and hold them harmless and you'll include an unconditional guarantee for all your products sold through them.
- You will have all the orders routed through them for verification and auditing purposes.

These statements will calm any fears that your related company may have. You've just made it a completely risk-free venture. Unfortunately, many companies still won't understand the concept and how it will benefit them. It's good to have proven marketing materials and processes that will help you quantify the revenue they can expect from the venture.

For instance, if you had a proven sales letter that you have already tested. The sales letter has a proven respectable response rate. You can almost guarantee the amount of money your potential JV partner will make. This is a powerful tool that you can use to persuade your potential partner to say yes.

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**Hint:** You should provide a discount or incentive as a unique, customer-only private offer. This will make your partner's customers feel as though partner is doing them a favor by arranging a special promotion just for them.

### Handling Potential Objections

**Objection #1** - "I don't feel comfortable having you interface with my customers. I don't like having someone else control the relationship with my customers."

**Response** - "That's fine. As a matter of fact, it would be better if you interfaced directly with your customers on our behalf. We are more than willing to do all the leg work, which will take the burden off of you. We can have a JV meeting periodically to review how everything's going and to make sure that your comfortable with the process."

**Objection #2** - "How can I be assured that I will get paid my share of the revenues?"

**Response** - "No problem. You can control all the money. You can pay me periodically. I trust that you'll handle the proceeds from our JV fairly and properly. If you would like we could set up an independent account and a third-party bank with escrow instructions. This way there's no risk for either of us."

**Note:** Be completely honest, open, and trusting. Your ultimate goal is to establish an ongoing synergistic relationship with your partner. This will only happen with a win-win relationship based on honesty and trust.

**Objection #3** - "How do I know your proposal is going to make me money?"

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**Response** - “We’ll start off the project with a limited pilot test with a small group of your customers. After the results come in we can review our revenue targets and feedback from your customers. If you are comfortable with the results we’ll move forward.”

**Note:** When negotiating your joint venture deal always try to get an agreement to extend your relationship. For instance, get agreement at the start that if the test goes well, the joint venture will last for the next 12 months. You don’t want your partner company stealing your good idea and playing you against your competitors. (Yes, unfortunately there are some unscrupulous business owners out there that would do this.)

### Take These Steps to Get Your Joint Venture Going

**Step 1** - Understand your numbers. You’ll need these to demonstrate how much money your partner could make. For instance, if you’re a health club owner, know what your response rate is for a typical direct mail campaign and the dollar value of each new customer.

**Step 2** - Make a list of potential complimentary or related products and services. Don’t leave out products or services that aren’t necessarily related in which your customer might still be interested.

**Step 3** - Make a list of the businesses that sell those products and services. Specifically note those companies in which you know the owner or have contacts. Then send a letter to those people up and propose an meeting to explain your strategy further. Always start by introducing yourself and if they would be interested in making money (use a specific amount) with little to no effort. Make a follow-up phone call to set up the appointment.

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**Step 4** - Present a compelling fact-based case for a joint venture. You might even mention that you have a call in to one (or two) of their competitors to present the potential venture to them as well.

**Step 5** - Deliver on what you promise with integrity, honesty, ethics and enthusiasm.

### **Potential Joint Ventures Are All Around You - Take Your Blinders Off!**

As a small business owner you should always be thinking about establishing joint ventures, even if its just a lead generation joint venture. A chiropractor friend of mine has “drop boxes” in various business locations offering a free back massage and screening, in addition to, a drawing to win a free service or product offered by the business hosting the drop box.

It took him less than a week to pull this off and the businesses were more than happy to help him. He gets lots of referrals without any effort through this simple JV.

Unfortunately, as small business owners we are taught to fight our competitors to win over their customers. In Joint Venture Marketing you partner with your competitors to win new customers. Potential JV's are all around you waiting for you to take advantage of them. Stop thinking competitor and start thinking opportunity!

## **MISTAKE NUMBER SIX**

### **Not Realizing You Are In the Business of MARKETING Your Product or Service?**

A couple of weeks ago I was visiting with a marketing executive friend of mine. I was excitedly telling him all about the new marketing course that I had just developed and how awesome it was. He patiently sat and listened to me.

He could see that I was really enthused about what I had just created. After I had finished my boasting and gloating he got up, and as he started to walk away he said, "That's great David, now the real trick will be getting people to buy it."

#### **What is the Principle Objective of Your Small Business?**

My first reaction to his comment was, "What do you mean. Of course people are going to buy it. It's the best work I've done to date." But as I pondered for a moment about his comment I realized that I had fallen into the age-old deadly small business mistake that most entrepreneurs fall prey to; forgetting the principle objective of my business.

My marketing friend subtly reminded me that my principal occupation is NOT marketing consulting; it's the MARKETING of consulting services.

### **“Any Fool Can Make Soap, It Takes a Clever Man to Sell It”**

There is an old advertising quote that says, “Any fool can make soap, it takes a clever man to sell it.” This is as true today as when it was first uttered many years ago. Any Tom, Dick, and Harry can make a bar of soap. In fact, Harry might make a soap so advanced that it is even self-rinsing! (By the way, there is a self-rinsing soap called the “Hand Sanitizer” made by Purell...it’s fantastic)

Even if it’s the most advanced soap on the planet earth, it won’t matter if no one buys it. I hate to think of my masterful marketing course as just another piece of soap, but that’s exactly what it is. There’s a thousand great marketing courses out there...

...but it takes a clever man (or woman) to sell it!

Failing to understand (or accept) this principle is so poisonous that it can kill any small business fast. You see, to make a small business successful you need cash flow. To get cash flow you need customers. To get customers you must sell your product or service.

You might be a plumbing wizard or a crack electrician, but so are the fifty other plumbers and electricians whose ad sits right next to yours in the yellow pages. No matter how great your technical skills are or how innovate your product is, your business will wither away and die like 80% of all small businesses if you can’t sell it.

**\*\* How Would You Do Things Differently If... \*\***

Let’s suppose for a moment that you truly did internalize this critical principle. Suppose that you sincerely believed that your most important function was the marketing of your products and services. What would you do differently tomorrow morning?

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- Would the contents of your daily to-do list change?
- Would you allocate and prioritize your time differently?
- Would you consider changing your role in the organization?
- Would you change the criteria and process with which you screen new employees?
- Would your personal training agenda and employee training change?

I would suggest that if you really believed deep down that your primary business objective (and number one goal) is to \*market\* your products and services, your to-do list, the way you allocate your time, your role in your company, the hiring process, and your personal and employee training would be radically different than it is today.

### High Value Activities

Now that you know what your primary business objective is you should be what are you going to do about it?

In my prior life as a big-time corporate consultant I sometimes felt uncomfortable about how much my company billed by clients for my time. I often asked myself, “Am I adding value right now equal to the price my client is paying?” It helped me to prioritize my activities.

I suggest that you make a habit of asking yourself that same question everyday. Allow me to list out a few activities that I (and you should) consider “high value.”

- Creating (or developing) something unique in your product or service.

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- Attending direct response marketing conferences / workshops / bootcamps.
- Meeting with your mastermind marketing group.
- Building your personal marketing swipe file.
- Finding low cost targeted advertising opportunities.
- Studying the marketing strategies of your competitors and other businesses outside of your industry.
- Networking with other owners and representatives of businesses that target your same market.
- Testing your advertising and marketing to improve your current response rates.
- Writing articles for trade journals, local newspapers, magazines, industry newsletters etc.
- Writing sales letters and managing your direct mail marketing campaigns.
- Training employees on current offers and how to present them to customers.

Okay, that's enough. Do you get the idea? Normally, your Director of Marketing would perform those activities. You must become the Director of Marketing! That should be your new role in your business. Why leave the absolute most critical part of your business to someone else?

I can hear you saying right now, "But I'm already doing all those things." And my response is, "How much time are you devoting to those "high value" activities?" Do you need to hire a manager or assistant to relieve you of all your other duties so that you can focus exclusively on those activities that have the most impact on your business?

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Brian Tracey, a famous author and speaker has said that, “To be really successful, you should stop doing any activity that wouldn’t normally pay you what your worth.” For example, if you think you’re worth \$50 an hour, why would you be filing papers when someone else can do it for \$8 an hour?

### **Becoming a Master of Direct Response Advertising**

If you were to ask me, “David, I only have \$1,000 to market my product. Where should I spend this money to get the highest return on my investment?” My response would be to invest it on your personal education. Nothing will bring you a greater return on your marketing dollar than your personal investment in becoming a master of direct response marketing.

I regularly spend thousands of dollars every year investing in books, tapes, CD’s, workshops, conferences, videos and every other form of educational medium. In fact, as I have interviewed many successful business people I have consistently found one common trait. Each person had a passion and insatiable desire to learn and invest heavily in their own private education.

### **What Do Bill Gates and Oprah Have In Common**

What do Bill Gates and Oprah have in common other than their own personal Fort Knox? An insatiable desire to learn. Did you know that every year Bill Gates goes away for a week with a suitcase full of books just to read. If Bill can find time to do it so can you.

Oprah is famous for her “book of the month club.” Do you have a reading list and if so what is on it? If you want your business to

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succeed, let me recommend a few books that should consider having on your reading list.

“Getting Everything You Can Out of All You Got” – [Jay Abraham](#)

“The Ultimate Marketing Plan” – [Dan Kennedy](#)

“An Entrepreneurs Guide to Commonsense Marketing” – [Brad Antin](#)

“Positioning: The Battle for Your Mind” – [Al Reis](#)

“The 22 Immutable Laws of Marketing” – [Jack Trout](#), [Al Reis](#)

“Endless Referrals” – [Bob Burg](#)

“Influence: The Psychology of Persuasion” – [Robert Cialdini](#)

“How to Promote Any Product for Under \$500” – [Jeff Slutsky](#)

This list is only a start, but it will give you a good solid education about the fundamentals of direct response marketing.

Note: Al Reis and Jack Trout are not direct response marketers, but marketing strategists. You won't learn any brass knuckle how-to's from them but they are the masters of the discipline called marketing and your library would be incomplete without their writings.

## Conclusion

One of the worst mistakes you can make as a small business owner is to be fooled into thinking that you are in the business of producing and delivering products and services. Wrong! You're in the business of \*marketing\* products and services. The faster you realize this, the faster the cash will flow.

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I've always said, good marketing can make up for a bundle of operational sins (just ask Microsoft). Marketing IS your business, not just part of it.

Become an expert in direct response marketing by investing heavily in your own education. Reevaluate how you are managing your business by asking yourself some of the questions that I've mentioned.

What I've shared with you may require a new paradigm shift. But if you want to not only survive, but also be a super-success, you must make the shift.

## Six Deadly Small Business Marketing Mistakes (and how to fix 'em)

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Dear Friend:

Thank you for reading the Six Deadly Small Business Marketing Mistakes. I hoped that it helped you think through some of your current business practices and possibly avoid some of common mistakes that hinder the success of many small businesses.

If you found this ebook useful, please do me a small favor and pass it on to your friends. Here are a few people that perhaps, may be in the sphere of your influence that might find it beneficial...

- Chamber of Commerce members
- Referral group members
- Clubs and associations (Lion's, Toastmasters, Rotary ect.)
- Valued customers
- CPA's or Lawyers
- Suppliers
- Church members

...or a just a few of your valued friends. They will thank you for it.

If you have a newsletter (and you should) feel free to use any of my articles on my Marketing Best Practices site for content. All I ask is that you include my tag line and domain (MarketingBestPractices.com).

Again, thank you for taking time to read this book and if you have any questions, comments, or feedback feel free to email me at

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David