

Avoiding red flags may prevent your raising white flag

By Gil Gerretsen

According to a Dun & Bradstreet report a few years ago, only 37 percent of all businesses with fewer than 20 employees will survive four years, and only 9 percent will last 10 years. But surprisingly, only 10 percent of the businesses closing do so involuntarily. The rest shut down because it was too much effort for the income they were producing.



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suffered from "change fatigue" and heavy expenses, and only 17.6 percent faced financial issues, neglect, fraud and disaster.

If you look at these numbers closely, you'll see most businesses had a core problem with marketing. To help you avoid the same fate, here are some red flags that may indicate trouble in your future.

Red Flag #1 — Lack of marketplace clarity

If you hear your prospects or customers saying, "I didn't know you did that," too often, it is usually a clear indication your marketing message has failed to be understood.

Red Flag #2 — Not identifying "pain"

You must do more than provide a product or service which fills a customer need. People will not change their existing behavior until they experience some kind of

Upon further investigation, it was found 54.6 percent had inadequate sales, 15.8 percent had a vital competitive weakness, 12.0 percent

BUSINESS STRATEGIES

discomfort with their current situation. Don't assume you know the answers. Put your ego aside and genuinely listen to what customers have to say.

Red Flag #3 — No promise of pre-eminence

most important tool available to measure the effectiveness of your marketing programs. Without good feedback, you'll never know what is and isn't working.

Red Flag #6 — Making people work hard

It is amazing to see how often a business makes it hard for customers to do business with it. For example, do people complain about your phone system? Do they have trouble finding things in your store? If you keep hearing a similar complaint over and over, do something about it immediately! The price will always be less than the cost of lost goodwill and lost customers.

Red Flag #7 — Failing to test

You must consistently test new headlines, prices, messages and other marketing components. Otherwise, you will just be guessing! You will not know what the market wants and what captivates its interest. And you won't know what it will pay. This can be very costly. Follow this rule of thumb: Develop one marketing system as your "control" and then keep testing different messages to see whether you can beat this control on a consistent basis. If you can, make this your new control and then begin testing again.

Red Flag #8 — Perpetual sales gimmicks

No matter what you sell, your business must create a special and compelling identity that focuses on the distinctive and advantageous results you offer to your prospects and customers.

Red Flag #4 — Failing to narrow the focus

Always direct your sales message only to the group of people who need your product or

service. Ignore people who are not prospects. Avoid sending messages that are too abstract — be clear and to the point! Finally, don't ask people's opinions about your marketing message unless they are actually potential users of your offer.

Red Flag #5 — No customer database

No business can succeed at

marketing today without detailed, up-to-date information about its customers and prospects. But amazingly, many small-business owners have no customer records or maintain a simple mailing list with no further information about buying activity. Your database is the

See **FLAGS** on page 5

If your business spouts a steady stream of gimmicks to increase sales, then eventually, those gimmicks become the expected norm. Customers will hold off buying until the next gimmick or sale rolls around. Too often, they buy nothing but the specials. This spells disaster for your profitability. Similarly, some business owners are always trying a new "plan of the month" based on some book or article they just read. Constant change creates customer confusion. As mentioned earlier, it is important to test, but be careful about changing too often and too fast. You will be tossed to and fro while your competitors sail straight to your customers.

Red Flag #9 — Letting price drive the sale

Deep discounting or always making special concessions is a primary indicator your customers have come to see your product or service as a commodity. This means you have failed to provide your prospects and customers with any real sense of

unique value and benefit. Go back and find out how you can differentiate yourself through superior value.

Red Flag #10 — Giving up too soon

Many small-business owners get tired of their marketing message long before their prospects and customers do. Often, your people are just starting to "get it" after you have grown weary of it. Many of the most successful marketers have not made significant changes in their basic message for decades (e.g., the Maytag repairman).

Red Flag #11 — Failing to educate people

It is up to you to tell customers about the advantageous results you offer. Tell your message and the story behind it. People are more likely to do business with you when your message is plausible and believable. It is also a good idea to explain *how* you do what you do. Many things you take for granted might surprise your prospects and customers and increase their

interest in your specific offer. Even if your competitors all do the same thing, the first one to tell the story gains the most benefits. Anyone else becomes a "me too" type of company.

Red Flag #12 — Running institutional ads

Ads that do not direct the customer to a specific action are a complete waste of money. Image-building ads seldom impact sales. You can achieve the same effects with well-written marketing messages that answer all major questions and provide specific instructions for action.

If you see your business here, begin making some changes as soon as you can.

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