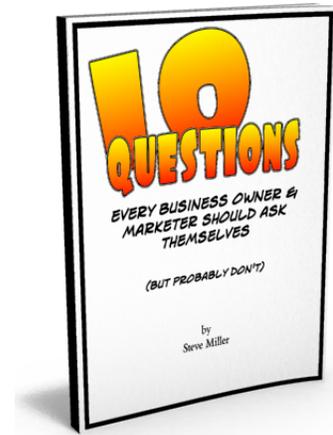


Ten Questions Every Business Owner & Marketer Should Ask Themselves (But Probably Don't)

by Steve Miller

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I've been involved in the business world since 1979. Since then I've worked for more than a few companies and I've started a couple of businesses.

I pride myself in having a thirst for knowledge and working to be a better businessman. I've attended hundreds of seminars, listened to thousands of speakers and audios, and watched countless hours of business videos. I've read probably more than a thousand books on starting a business, building a business, strategy, leadership, marketing, branding, sales, customer service, MBO, MBWA, blue oceans, purple cows, and WOWs.

Why do I point this out? Because in all these years and all this education I've discovered some very important aspects of building a business that are mostly ignored by too many of the business education resources out there.

Consistently we are reminded of those important basics of every successful business -- what are our objectives? Who is our targeted customer? Where can we find them? What need do we fill for them?

These are critical questions to answer, to be sure. But I've learned through the School of Hard Knocks there are other types of questions that are critically important, as well...questions that go deeper...questions that can really help a business, large or small, better understand their customers and themselves.

I could be wrong. As a Strategic Marketing Gunslinger (OK, I'm a consultant, if you insist), I've advised corporations and trade associations for 26 years now, and the vast majority of these organizations have been unable to answer most of these questions. Far too many have been unable to answer ANY of these questions. So maybe they AREN'T important? Nah, I don't think I'm wrong.

So here you go -- *Ten Questions Every Business Owner Should Ask Themselves*. Can you answer these?

1. How do you describe your competition? What makes you better? What makes them better? If you switched sides, what would you attack/avoid?

Think about this. It's pretty common for us to present our products or services in comparison to the competition. But how often do you think about it from the other perspective? How does your competition sell against you? And if you actually worked for them, how would you sell against you?

This can be a true eye-opener for some people. When we put ourselves in the competition's shoes, we might find some real gaps in our offerings. Something to pay attention to and fix.

2. What is your closing rate?

If I gave you one hundred new leads, do you know how many customers your company would generate on average? You don't? Then how can you possibly set annual, realistic, fact-based revenue goals? You can't. Your projections are just WAGs (Wild A-- Guesses).

Unfortunately, you're not alone. I would say that over 95% of my consulting clients were unable to answer that question.

3. Define a whale.

If you're like most businesses, the 80/20 Rule applies. 80% of your business comes from 20% of your customers. Basically, if you're generating \$10 million in revenues from 100 customers, then \$8 million is from 20 of your customers. These are your whales.

Who are these people/companies? How can you analyze them to find some type of commonality between them? Are they in a specific industry or specialty niche? Do they all belong to the same country club? Do they have a common unique challenge? Your objective, naturally, is to be able to look for more of them!

4. What is the long-term value of a whale/an average customer? What factors separate a whale from an average customer?

Most businesspeople see a customer from a transaction perspective. How big was the last order? How big can I make the next order? How many orders can I get from them this year?

It's unusual, however, for businesses to see customers from a lifetime value perspective, but that's exactly how we should see them!

I learned this several years ago from Stew Leonard, owner of Stew Leonard's, an east coast grocery store. Stew told me that he pictured

each of his regular customers with a \$50,000 label on their forehead.

He explained that his average good customer spent \$100 per week at his store. He figured if he took good care of them they would shop once a week for 50 weeks out of the year (two weeks off for vacation).

He then figured if he took VERY good care of them, they would shop at his store for at least ten years. \$100 per week for 50 weeks for ten years equals \$50,000! Stew went on to say that a \$50,000 customer is very different from a \$100!

Figure it out. How much is the lifetime value of a whale? Then figure out the lifetime value of an average customer. How much would you spend (invest) to generate a whale?

5. What is your formal referral marketing strategy? How recommendable are you? How many recommendations have you received in the last three months?

Almost every business owner I've met will tell me their company gets most new customers from referrals. Yet almost every one then admits they don't have a formal referral marketing strategy!

Does this make sense? Our #1 tool for generating new business and we don't give it our highest priority? We don't move heaven and earth learning how to build this strategy and we don't crawl over broken glass to implement one?

Here's a huge tip -- be recommendable first and then help facilitate that recommendation. What's worth talking about GETS talked about ... but you also want to help it along!

6. What marketing tools do you use regularly to fill the funnel? What new tools have you tested in the last three months?

The first question may be easy to answer, but not the second. We ALL develop habits and routines. It's only human nature to get into our comfort zone and want to stay there.

We learned how to use direct mail, so what tool do we use over and over. Direct mail! Do we try other new tools? Sometimes, but we often only give them cursory effort. *Hey, we tried video marketing once, but it didn't work!* So we go back to the comfort zone and use direct mail. It may not always work, but we have confidence in it and are comfortable with it, so we stick with what we know and keep on keeping on.

New communication tools are being developed all the time. And our customers develop their own preferences for being communicated with. Some people like to just get email. Some want phone calls. Some want

face-to-face. Our job isn't to expect customers and prospects to bend to OUR personal preference. Our job is to make it as easy as possible for our customers to hear from us.

7. What business are you in? What business do your customers want you to be in?

Do you make widgets? Who cares? Do you think you're in the widget manufacturing business. No you are not. You are in the customer satisfaction business. They want to be satisfied. They want problems solved, challenges met, and sleep uninterrupted.

You want long-term relationships with your customers, right? What are your special abilities and competencies? How do your customers WANT you to use them?

8. How many new customers did you attract in the last three months? How many customers did you lose?

You might know the answer to the first question, but what about the second? Look, NOBODY keeps all their customers forever. You will lose customers. This is important to track because you must make sure you've got a funnel filled with quality prospects to replace those you lose.

The other reality is that you will also occasionally lose a whale, and that hurts. Whales are tough to quickly replace. Yet most businesses get caught off-guard when this happens. Developing a strategy that takes just such an occasion into account is critical to your long-term success.

9. Are you a transactional supplier or a transformational supplier? How do you know?

Transactional suppliers are focused on the next sale, the next quarter's revenues. Transformational suppliers are focused on helping their customers be more successful as a result of their relationship.

Which brings me to the last and most difficult question.

10. How much new money did your customers earn last year as a result of their relationship with you?

So how'd you do? Were you able to answer all the questions? Most of them? If so, good for you!

I believe they're all important and I'd suggest you take the time to think about every single question you don't have an immediate answer to. Each one of these can help you see your business more clearly, as well as some directions you should take, but haven't considered.

Oh, and I do have one more question:

Can I help you be more successful?

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I'm best known as Kelly's Dad. I am second-best known as an innovative, results-getting marketer for small businesses and trade associations. I've been told by people other than my mother I'm a very good keynote speaker and business advisor.

If I can help, please let me know. My products and services can be found at <http://www.theadventure.com>, or call us at 253-874-9665.

BTW, feel free to share this document. The only requirement is that you include my full name and contact information.

Thanks for reading!

A handwritten signature in black ink that reads "STEVE". The letters are bold and slightly slanted. Below the name, there are two thick, horizontal black lines that serve as an underline.