

# BUSINESS INTELLIGENCE

## REPORT

Provided for members of the  
Greater Maryville  
Chamber of Commerce

Strategies and Trends for the Successful Business

May 2011

### IDEAwatch

Tips for Growing Your Business

■ **Showcase the hard work of your employees through social media.** This no-cost tactic shows your appreciation to employees that deserve credit, while showing your fans and their friends that you have a positive work environment. Take a photo of the employee-of-the-month and post it on your website and Facebook, explaining what they do at your company and why they won employee-of-the-month. Then, encourage customers and co-workers to make comments, perhaps sharing stories about why they enjoy working with the person or offering their congratulations.

Source: [www.businessdonenow.com](http://www.businessdonenow.com)

■ **Is your company “committed to excellence”** with “a tradition of quality service”? Are you “proactive” and “cost-effective”? These are the standards for all businesses. Ditch the clichés and develop unique and memorable ways of describing your company.

Source: *Selling the Invisible* by Harry Beckwith

■ **When should you quote your price in a negotiation?** Most people try to get the other person to reveal their budget first, but Mike Michalowicz, author of *The Toilet Paper Entrepreneur*, thinks that’s a big mistake. If you set the price first, you set the starting point for the discussion. For example, if you quote \$8,000 to complete a project, your prospective client may want to negotiate the price or other parameters of the deal, but all negotiations will start at \$8,000. You may come down a bit in price, or agree to different payment or delivery terms, but if she hires you, you’ll get a number close to \$8,000. On the other hand, if you wait for her to tell you she expects to pay \$2,000 for a project, you may be able to negotiate an extra thousand or two, but you’re never going to get the \$8,000 you feel you deserve.

Source: [www.wsj.com](http://www.wsj.com)

### MARKETING

## Better Make It Real

by Jill J. Morin

FAKE IT — or make it. Today, it’s my mantra. As a CEO, I am passionate about organizational authenticity — how companies live out their promises to stakeholders — and I have a message for executives and entrepreneurs rebooting their businesses on the heels of the Great Recession: Better make it real.

For the first time in recent history, trust and transparency are more important to corporate reputation in the United States than the quality of products and services, according to the 2010 Edelman Trust Barometer, an annual survey on trust and credibility conducted by PR giant Edelman. And while trust in business is up modestly in the U.S. — after plunging 20 percent in 2009 — the rise is tenuous, the survey reveals. CEOs rank next to last on the list of trusted spokespersons, and nearly 70 percent of people worldwide say that companies will revert to “business as usual” after the economy recovers. Additionally, U.S. job satisfaction is at a 22-year low, according to a 2010 Conference Board report, and by most every measure, the consumer outlook is bleak.

Organizational authenticity isn’t a goal but an outcome. It’s the result of providing, consistently and over time, an authentic “total experience” to your stakeholders: employees, customers, vendors, suppliers and other key business partners.

In short, authenticity isn’t a destination — it’s a journey. And, step by step, your journey must focus on defining and expressing authenticity through stakeholder experiences that are, at once, authentic, intentional and wholly integrated. Why? Because people don’t want to hear your intentions — who you say you are and what you say you do. They want to experience them.

Because “experience” is essential to organizational authenticity, how can you, as a leader, leverage it as a differentiating factor for your business? Start by learn-

ing, and living by, nine universal truths:

**1. Every organization is experiential.** Experience isn’t just for high-concept companies — it’s for every company. Walk into any commonplace business — a local convenience store, for instance — and you

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**Develop loyal customers by creating an experience that is authentic, intentional and wholly integrated.**

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are entering a world of experiences, from the smell of the coffee (good or bad) to a search for the restroom. Every encounter, whether intentionally designed or left to chance, holds a multitude of sensory and behavioral cues that tell a significant story about the business.

**2. An experience can be designed — and authentic.** You might think that truly authentic experiences just happen, occurring organically or by a stroke of luck. But an intentionally designed experience, built from beginning to end, can also be authentic. Authenticity stems from knowing who you are, what you believe in and what you want to be to your marketplace. If that requires designing your deliverables down to minute details, so much the better. Your offerings will be clear, and you will attract your ideal customers.

**3. Total experiences are not “theater.”** In their book *The Experience Economy: Work Is Theatre & Every Business a Stage*, authors Joseph Pine and James Gilmore assert, “Business performances must rival those featured on Broadway and in ballparks.” But if the very nature of theater is to deliver an illusion of reality, where does authenticity come in? Fact is, it doesn’t. Your organization is wiser to provide truly authentic experiences. That way, no one will need a script to live out the brand promise.

**4. Everyone has a role in designing and delivering the experience.** Most companies are tempted to toss the

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■ **Double the impact of marketing messages** by considering the two ways you make a difference for clients. The two ways are: rationally, where it's possible to calculate the financial impact, and emotionally, where you boost the buyer's happiness, confidence, freedom, safety or other good feelings, according to the authors of the new book *Rainmaking Conversations*. Have you described both kinds of improvements in your marketing pitches? Have you documented both types of impact in customer testimonials or case studies? To do this, ask "How are you better off now because you bought X from us?" Remember to probe for emotional betterment if the client mentions only bottom-line growth and vice versa.

For marketing pitches, envision not only all the meaningful ways in which clients save money or make more by hiring you, but also a broad range of ways in which they feel better afterwards, such as less worry, conflict or stress, more free time, etc.

Source: [www.yudkin.com](http://www.yudkin.com)

■ **One interview question can weed out rotten apples:** "Tell me about the last time you made a mistake." Watch for answers that signal a victim mentality, e.g. freezing up and unable to think of a recent mistake, shifting blame (even partial) or offering a "safe" benign answer. You need people who are willing to own up to mistakes, learn from them and get on with their jobs.

Source: [www.bnet.com](http://www.bnet.com)

■ **Could convertible notes be your key to raising capital?** Convertible notes (known as converts in the investing community) are loans that turn into stock in the event of an acquisition or significant funding event. Converts are typically used for companies that need quick cash, are hard to value early on or require a small round of financing (usually no more than \$500,000). Widely regarded as entrepreneur-friendly structures, converts don't place an immediate interest burden on cash flow — coupon payments to note holders are accrued, instead of paid out in intervals. Converts have even gained in popularity with angel investors. In a 2010 survey, 14% of angels consider convertible notes to be their generally preferred deal type.

Source: [www.businessweek.com](http://www.businessweek.com)

## Secrets to a successful Facebook Page post

Ever wondered when to post on Facebook Pages and what gets the most attention? A new report by Buddy Media offers some clues.

First, it was found that concise posts, those with 80 characters or less, created 27% more engagement. And despite the popularity of URL shorteners, full-length URLs show three times the engagement.

While the best day to post was found to vary by industry (i.e., interest in finance brands peaks midweek while for car brands Sunday has the best engagements rates), posts that were made on Thursday or Friday garnered around 18% more engagement.

Posts shared outside of normal work

hours had engagement rates 20% above average, even though 60% of brands in the study posted on Facebook between the hours of 10 a.m. and 4 p.m.

Buddy Media suggests that fans follow instructions well. To this end, brands should use "action keywords," such as "take," "submit" and "watch." However, avoid sales-oriented words, such as "shop," "buy" and "order."

Consumers appear to treat the "Like" button as a "Yes" button and so comments posing "would" or "should" questions, which can be answered with a simple yes or no, are more likely to drive engagement than interrogative questions asking "why," "how" or "what."

Source: [BizReport.com](http://BizReport.com), April 8, 2011

## Better Make it Real continued from page 1

"experiences thing" over to marketing, advertising or PR. Those groups are essential to the process, absolutely. They can't, however, carry the torch alone. Everyone inside your organization must be involved. Countless, critical touchpoints — between your enterprise and its many stakeholders — need to be addressed, and that requires every team to be an active participant.

**5. Employees deserve the same experience as customers.** The behind-the-scenes feel of an authentic organization isn't that different from the customers' experience. Translation: Your employees deserve the same kinds of considerations that your customers do. The break room, for example, should provide a natural transition from "on the floor" to "off the floor" — clean, comfortable and organized, and designed with similar themes, furnishings and finishes. Luxury isn't the key here; just avoid harsh or drastic changes between the customer and employee experience.

**6. A commitment to experience makes it easier to satisfy stakeholders.** When your organization commits to providing authentic, total experiences to stakeholders, the vision for your business will become readily apparent, and you will appeal to customers, employees and others who want what you have to offer them. Stakeholders will know exactly what to expect from you — down to the last detail — and you will know how to give it to them so that they are genuinely satisfied. In this way, they will also become steadfast partners in your success.

**7. Experience gaps are glaring — and damaging.** Marketing consultants

call them brand gaps — those instances when the message and the experience don't add up. As a customer, you've surely experienced them yourself — a surly salesperson at a "service-driven" department store or a posh hotel without hot running water. Truth is, just because an organization says something is so, doesn't make it so. In fact, the more you say something is so, the more glaring the gaps are to stakeholders. They recognize the disconnect and can feel confused, disappointed or even ripped off.

**8. A bad experience can be fixed.** No organization is perfect, and no business can deliver a perfect total experience. That doesn't mean, however, that you can't strive for perfection, or more importantly, that when an experience does go badly, that you can't strive to do everything possible to recover quickly and completely.

**9. There is no such thing as an indifferent experience.** Customers who engage with a business once and never return can become invisible to an organization. But, unless they were making a once-in-a-lifetime transaction, such as buying their dream home, odds are, something went wrong. You may find that some one-time customers aren't the right fit for you. Others, however, were attracted to you for a reason, and it's important to figure out why they didn't return. Their indifference should matter to you.

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■ **Random acts of appreciation make a strong impact** on customers. According to research by Robert W. Palmatier, associate professor of marketing at the University of Washington, incremental and unexpected efforts result in feelings of gratitude that, in turn, positively impact purchase intentions. When performing random acts of appreciation, keep three rules in mind:

1) It must come out of the blue — the element of surprise creates impact. 2) It's about them, not you — a discount or free item is always appreciated, but it should be something your customers really want, not something you need to promote or unload. 3) Focus only on your best customers. If the surprise is a product discount and there's little to no cost for you to distribute it, you may be inclined to make it available to every customer. In this case, resist the urge. If everyone is special, then no one is.

Source: [www.emarketingandcommerce.com](http://www.emarketingandcommerce.com)

■ **Don't lose control of your receivables.** Writing off a bad debt can be even more harmful to your bottom line than you might think. For example, if your company has a 10% profit margin, a \$1,000 receivable write-off is equivalent to \$10,000 in lost sales (\$1,000 write-off divided by .10). It pays to monitor your receivables closely.

Source: [www.thebusinessowner.com](http://www.thebusinessowner.com)

■ **When selling to a group with several decision-makers,** don't be afraid to ask for some inside information from your primary contact. Ask about the group's backgrounds, interests, etc. Ask whether any of them already has a preferred vendor and why. Sell your contact as much as you can before the presentation and ask if they will be in your corner. While you're at it, plant some questions in your contact's mind that he/she should ask the other vendors. Of course, these will be areas in which you are strong. This way, it ensures the competitors must reveal their weaknesses, or at least present in areas that aren't as strong as yours.

Source: [www.businessbyphone.com](http://www.businessbyphone.com)

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## Loyal customers more likely to badmouth you

More than one-quarter of U.S. consumers (26%) say they are more likely to tell family, friends and co-workers about a bad experience with a product or service than a good one, according to Loyalty-One's COLLOQUY report.

Surprisingly, loyal customers are even more likely than the average customer to bash a brand: 31% of "Champion" consumers who are active promoters for the brands they love, say they are more likely to share a bad experience with a brand than a good one.

"One lesson is clear, hell hath no fury like a Champion scorned," said COLLOQUY Managing Partner Kelly Hlavinka.

"Since 'Madvocacy' is an attitude that nearly one-third of all Champions share and are willing to act upon, loyalty marketers must accept their responsibility for the impact their programs can have on generating both positive and negative word of mouth."

The study also indicated that social media isn't a major accelerator of brand conversations: 84% of adults communicate about products and services via face-to-face conversations, whereas 35% do so via social media channels. Most adults also use email (58%) and landlines (53%) to share WOM information.

Source: [Colloquy.com](http://Colloquy.com), March 8, 2011

## Does nagging motivate employees?

Do you find yourself reminding employees over and over to do something? While you may think such nagging is wasting your time, research shows that redundant communication, coupled with an escalating sense of urgency, is integral to communicating because it gets the job done.

In a paper forthcoming in *Organization Science*, professor Tsedal B. Neeley and co-authors delve into why many managers tend to send the same message, over and over, via multiple media to team members. For example, a manager may speak to an employee face-to-face, then send an email and later a text message about the same thing. The researchers found that this redundant communication moves projects forward more quickly and smoothly.

Power, it turns out, plays a big role

in how managers communicate with employees when they are under pressure. Those without power, such as team leaders, were nearly twice as likely to use redundant communication in multiple media compared to managers with power.

This does not mean that managers with power didn't nag because it wasn't necessary — they only assumed they didn't need to. While both sets of managers ultimately got the job done, the managers without power moved the team faster. Managers with power spent more time on damage control after assuming an employee had finished the work. That said, the results didn't show that either group was more successful with deadlines or meeting budget requirements.

Source: *HBS Working Knowledge*, April 18, 2011

## Small businesses get burned by Google updates

Google's recent changes to its search algorithms have hurt rankings for many websites. The "Farmer" and "Panda" updates were designed to filter out low quality and duplicate content. But many legitimate websites have lost significant traffic. And stories are surfacing that original content is ranking lower than duplicate content stolen by "scraper" sites.

Google says the modifications to its algorithms impact about 14% of U.S.-based search queries. A spokesman for the company acknowledges that legitimate businesses might have inadvertently

suffered from the changes.

The algorithm updates seem to have actually helped large businesses such as Walmart, Target and Buy.com.

A website that uses manufacturer's descriptions on product pages is one example of the type of site that got hit. Suggestions for adapting to the updates include writing original descriptions, adding canonical tags to distinguish original from duplicate content and displaying customer's product reviews.

Sources: *Wall Street Journal*, April 21, 2011; [Seomoz.org](http://Seomoz.org), April 20, 2011