

# BUSINESS INTELLIGENCE

## REPORT

Provided for members of the  
Greater Maryville  
Chamber of Commerce

Strategies and Trends for the Successful Business

August 2011

### IDEAwatch

Tips for Growing Your Business

■ **Unmotivated? Unfocused?** It could be that what you or your company lacks is an enemy. Why? Healthy competition provides motivation, sparks creativity and innovation, raises performance and helps individuals and teams accomplish goals. If you don't already have an enemy, make one up. For example, it could be a little friendly competition between you and a noncompeting store down the street using foot traffic as the benchmark. What does your enemy do well? Copy some of their ideas and then try to beat them with new innovations. Such an approach will force you and your company to focus. If your enthusiasm dips, just picture your enemy moving ahead and you'll quickly shift back in gear.

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

■ **Make the most of your networking efforts.** If you are thinking of joining or starting a networking group, think early! Studies show that the most successful long-term networking groups are the ones that meet consistently for breakfast once a week.

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

■ **Recapture lost leads and turn them into sales** by applying the principles of nurture marketing. First, identify why each lead was lost. Was it sent to sales too soon? Did it buy from a rival? From there, decide what stage of nurturing is necessary: *Awareness*. (These lost leads still know you're there, but they're not shopping.) Offer them webinars, podcasts and generic industry white papers. *Discovery*. (Although they didn't buy from you the first time around, they might still be interested.) Present focused case studies and reports. *Validation*. (This group is still ready to buy!) Relevant material for this phase includes product and company brochures, comparison sheets and product quick-tours.

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

### STRATEGY

## Brand Evaluation: Would You Invest in You?

by Steve McKee

IN BUSINESS, A BRAND is like a baby: Yours is never ugly. No matter what shape your brand is in, you put your blood, sweat and tears into building it and, despite whatever shortcomings it may have, you're proud of it. As you should be.

Still, it can be helpful to take a step back and try to evaluate the results of your branding efforts from an objective standpoint. There are a number of ways to do it, but I've found one in particular that can be very revealing. I need to warn you in advance, though — it may sting a bit. It requires you to set aside your biases and evaluate your brand through the cold, hard lens of an independent investment analyst.

It's true that the financial sector has received a lot of criticism of late, in many ways deserved. Think about it — it's an analyst's job to pass judgment on which corporations' stock investors should buy, sell or hold, yet no analyst can ever know more about individual companies than those who are immersed in their operations day after day and year after year. No one knows more about my company and its prospects, for example, than I do, yet even I can't predict where we'll be in six months or two years.

That said, analysts do tend to concentrate on broad industry sectors, providing them a unique perch from which to view the goings-on therein, and their training and experience enable them to recognize patterns within companies and across industries that highly focused management teams may miss. Plus, they don't have a dog in the hunt; all they're trying to do is pick the winners and losers based on the available information.

There are a handful of crucial questions an analyst might ask to determine whether a company represents a good investment. Imagine for a moment that you are that analyst, and it's your job

to critically examine your company or brand and subsequently make a buy, sell or hold recommendation. Answer the seven questions below on a scale from one (awful) to 10 (excellent) as objectively as you can. As you do, keep in

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**This exercise might rattle your assumptions about your business, but it will show you where to focus your efforts.**

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mind that it's a rare brand that excels in every area, and if one does, an intensely competitive business landscape will ensure that its advantages won't last.

**1. Is the brand in a growing sector?** This is a measure of your industry as much as it is of your brand. Is it growing? Are economic, demographic or cultural trends working in its favor, or are you witnessing steadily shrinking demand? Is this industry going to be healthy and growing — or for that matter even around — in two, five or 10 years?

**2. Is the brand making consistent share gains?** Regardless of the industry in which you operate, if your brand is healthy you should be taking market share from your rivals, and doing so in a sustainable way (i.e., not by giving away the store).

**3. Does the brand have a dominant competitive position?** Your industry may be growing, your share may be growing, but has your brand achieved a position of dominance? This doesn't have to mean global dominance; if you serve a well-defined geography, for example, it may be enough that you're dominant within it, even if there are bigger competitors across town, across the country or across the world. If they can't horn in on your customers, they may not be relevant.

**4. Is the brand clearly differentiated?** When prospects compare you to the competition, do clear differences

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■ **Don't base your marketing pitch on guesswork.** Get input from your customers. According to Kristin Zhivago in her book *Roadmap to Revenue*, extensive testing shows that the best way to obtain reliable customer input is by telephone — not by email, social media, in person or by a check-off-the-numbers survey online. “People talk most freely when they are on the phone, in their comfort zone, sitting in their home, car or office,” she says. After they've purchased, call and get them talking about the steps in their buying process, their concerns before buying, how they found your product or service, fairness of price, their thoughts about the competition and more. You won't need to conduct many such interviews. Patterns will emerge quickly and by about the fifteenth interview the big issues will be revealed along with ideas for what needs improvement.

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

■ **If you use Google AdWords and don't have a privacy policy,** expect your costs-per-click to go up. Google recently added three new requirements to its Information Harvesting clause for advertisers. Asking for a name or even just an email address on your site without clearly displaying a privacy statement can lower your Quality Score. In addition, the following requirements have been added: 1) Clear, accessible disclosure before any personal information is given. 2) Option to opt out of communications with your business. 3) Secure connection required if visitor is providing personal and financial information. Go to <http://bit.ly/nmAQo7> for more information.

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

■ **Get better results in your recruiting** by interviewing the Southwest Airlines way — design the interview process to make candidates feel as comfortable as possible. This is counter to the way most companies approach interviewing, but you'll get better information this way because candidates will relax and open up. When they arrive for the interview, greet them, tell them what to expect and answer their initial questions.

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

## Purchasing decisions and the sexes

Which information sources best persuade men and women to make a large purchase? A recent study by Kantar Video and Synaptic Digital looked at how “paid media” (e.g., advertising) and “earned media” (news articles, Likes on Facebook and retweets on Twitter) lift brands across the gender divide when buying a car. Based on the study, men want their information from an independent third party, while women want both paid and earned media to help form a decision.

The report says that women seem to have the ability — or the inclination — to piece together messages from a variety of media formats that informs their deci-

sion. Conversely, men are most influenced by editorial coverage and were only marginally influenced by other formats. When exposed to all three formats (brand, earned and paid) men saw no lift whatsoever.

The study of 1,800 men and women found that in general, the combination of brand, earned and paid media led to 61% greater brand awareness. But separated out by gender, men's brand awareness was increased only 32% by the combination versus 45% of women. The study suggests that advertising alone can no longer reach both sexes.

Source: [Paidcontent.org](http://Paidcontent.org), June 21, 2011

## Generation gap in employee recognition

As it turns out, the gap between Generation Y and Baby Boomer workers does not just encompass differing tastes in music and fashion. They also differ in the way each group views the fruits of hard work and extra responsibility. And the gap is a wide one, according to Inspiring Talent, a global survey of employee attitudes by consulting firm Lumesse.

Thirty-eight percent of older workers (ages 56 to 60) said they believe they will always be recognized and rewarded if they work harder or take extra responsibility; only 19% of Gen Y workers (ages 18 to 25) feel the same way.

Younger workers tend to believe they will be rewarded for results, not for hours worked. They expect more immediate rewards and are more inclined to

move on when they don't get it.

Meanwhile, older workers see recognition as reciprocity, believing that if they work extra hard their employer will reward them by keeping them employed and not laying them off.

The lesson? Be flexible and tailor recognition and rewards to tune into individual needs, as opposed to a one-size-fits-all approach. “Individuals will interpret recognition differently,” says Jennifer Rosenzweig, research director of The Forum, a research center affiliated with Northwestern University in Evanston, Ill. “Some people will see it as a reward for performance of the day, and others will see it related to longevity and loyalty for the long haul.”

Source: Human Resource Executive, June 2, 2011

## Is manufacturing coming home?

It may soon be easier to find the phrase “Made in America” on products. A recent report by the Boston Consulting Group predicts rising wages in China — along with a host of other factors, including an appreciating yuan and the logistical problems of doing business in China — will usher in a “manufacturing renaissance” in the U.S. over the next five years.

The shift has already begun. Caterpillar has moved manufacturing of its excavators back to Texas. NCR recently returned production of its ATM machines to Georgia. Wham-O pulled up stakes in China and Mexico and now makes Frisbees and Hula-hoops in the U.S.

And it's not only major manufacturers that are moving production back to

the U.S. Many small businesses that dipped their toes offshore have decided that, with costs rising overseas, the headaches just aren't worth it anymore. For example, Mike Schwarz, founder of T-shirt maker RibbedTee.com, recently shifted all its production back to the U.S. because the drawbacks of manufacturing in China, such as language barriers and quality and control problems, are no longer justified by the savings.

It also helps that American consumers are coming back to American products. According to one study, just one year ago 8% of consumers considered country of origin one of the top three factors in purchasing decisions. That number has now jumped to 14%.

Source: [Allbusiness.com](http://Allbusiness.com), July 5, 2011

■ **In a turnaround, put culture first.** Faced with failing businesses, most leaders tighten the purse strings, take strict control over the organization and put strategy first. However, in the famous words of Peter Drucker, “Culture eats strategy for breakfast.” To right an organization headed for trouble, you need to build a culture that supports strategy implementation. Give employees a reason to care about your customers, their colleagues and about how to do business right in a world that rewards cutting corners and compromising values. During a turnaround, don’t focus exclusively on distinguishing yourself from the competition; find what brings you together as a company. It may be values, a vision or a set of shared emotions. Articulate this sense of unity well and the business will follow.

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

■ **When drawing up a contract** with a party in another state, try to stipulate your state of residence as the state whose laws apply. It can be a very big deterrent to the other party’s filing or defending lawsuits because the defendant may need to hire a lawyer in your state to represent him or her.

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

■ **Stumped on solving a problem? Watch a funny TV show.** Research shows that people in a lighthearted mood more often have eureka moments. Northwestern University researchers found that boosting the mood of volunteers by having them watch a comedy special increased their likelihood of having an aha! moment that helped solve a puzzle. The results were compared to those who watched a quantum electronics talk or a scary movie. In the brain, sudden insight is accompanied by increased activity in the brain’s anterior cingulate cortex (ACC) prior to solving each problem. Researchers found that people in a positive mood had more ACC activity going into the task, which probably helped prepare the brain to find novel solutions.

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

## New online tool proves impact of buying local

Next time the coffee at your local deli seems weak, consider it’s working much harder than a Starbucks latte. That’s according to a new online tool that gauges the economic impact on local communities of spending at independently owned small businesses versus national chains.

Launched recently by Independent We Stand, a Virginia-based advocacy group for independent business owners, the tool shows that for every \$10 spent at an independent business, about \$6 is returned to the local community in the form of payroll taxes and other local expenditures. By contrast, only \$4 is returned by national chains. Depending on the size of the city, this could potentially inject millions into a local economy.

As such, spending at local small busi-

nesses “leads to better schools, better roads and more support for other civic necessities such as police departments,” the group says.

The results are based on a study of local retail economics in the Chicago community of Andersonville that found local, independently owned stores contributed more tax dollars to neighborhood development than national chains. The study, co-sponsored by their local chamber of commerce, also found local businesses paid higher wages, used more local goods and services, and contributed more to community charities and fundraisers.

To see how your next cup of coffee may be helping your community, go to <http://bit.ly/nROsEj>

Source: *The Wall Street Journal*, June 21, 2011

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arise or are you basically cut from the same cloth? This factor affects all of the other factors, which is why it’s so critical. One of my favorite pieces of marketing advice is, “Don’t be better. Be different.” If the people with whom you do business can’t clearly articulate your brand’s point of differentiation, an analyst certainly won’t be able to.

**5. Are there high barriers to entry for competitors?** The airline industry has extremely high barriers to entry; it takes a lot of money — to say nothing of the regulatory hurdles — to get a new airline off the ground (pun intended). But it costs very little to launch a catering business or consulting firm. True, depending on the specialty, the expertise required to launch either of the latter two could be considered a barrier to entry, but an objective analyst would ask some pretty tough questions about how high that barrier really is.

**6. Does the brand generate outstanding margins?** There are two ways to answer this question: in absolute terms and relative to your industry competitors. Margins, of course, don’t grow in a vacuum; if you’re clearly differentiated and operating in a thriving industry with high barriers to entry, you’re more likely to be able to maintain healthy margins

than if you’re slugging it out in a commoditized, shrinking sector.

**7. Is the brand creating strong cash flow?** There’s a lot of pressure on public companies to fund shareholder dividends. Just because your company isn’t public doesn’t mean you shouldn’t feel the same pressure. Your investors (that would be you — and any others who have staked their hard-earned capital on you) deserve a regular dividend. That is, unless you choose to reinvest most or all of your profits in growing your brand. But you should be in a position where the option is yours.

Seven questions. Simple to ask; a bit more difficult to answer objectively. If your brand scores well on all seven, congratulations — you’ve got yourself a great investment. If not, don’t despair, because at least you now have an idea of where you should focus your efforts.

But don’t hesitate to get moving. Even if you have no intention to ever take your company public, the better your brand performs as an investment, the better off you — and everybody connected with it — will be.

**Steve McKee** is president of McKee Wallwork Cleveland and author of *When Growth Stalls: How It Happens, Why You’re Stuck, and What to Do About It*. Find him on Twitter and LinkedIn.