

How to Start

or fix

Your Business

*“Learn from the **mistakes** of others.
You can’t live long enough to make them all yourself.”*

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Frank Siegler

18580 Egret Way

Farmington, MN 55024

cell: 952 250 5533

blog: www.franksiegler.com

email: fns@franksiegler.com

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To the Reader:

For the past four decades, I have provided consulting services designed to integrate and maximize results from the many elements of the marketing communications effort. Those elements -- advertising, public relations, web sites, sales literature, and more -- must be parts of an integrated corporate discipline just as distinct as the manufacturing or sales distribution functions.

The only mission of the marketing communications effort is to deliver highly qualified sales leads to the sales force so that they can close the sale and take the order.

Nothing happens until someone sells something.

This book is based on experience and knowledge acquired during four decades of active involvement in the marketing communications profession. It includes peer-authorized membership in many organizations such as the American Association of Advertising Agencies and the Public Relations Society of America. The majority of this professional involvement has been business - to - business communications on behalf of high tech products and services.

This book is a cathartic expression of that experience. I hope you gain a better overview of how to make your business successful and avoid my many mistakes.

It's a war of words in your marketplace. The winner is going to be the company that can effectively communicate why their product or service is better than what others may offer.

I'm going to try to convince you that all of your marketing communications efforts should be integrated into a comprehensive plan that is focused on generating leads that turn into sales. The marketing communications plan is the tactical and mechanical bridge between your business plan and your marketing plan.

I will also try to convince you that these three plans should be focused on your company's success and not the owner's ego. Most business owners keep the business plan and marketing plan between their ears.

This book may be useful as you capture the information in a standardized format so that your entire organization can benefit from the information.

I'll also challenge you to forget what you may have been taught on the subject of marketing and clearly cut through the obfuscation most marketing experts use to get access to your operating budget.

This book will take you through 23 sequential steps in four stages of starting a new business.

Existing businesses should review each step and make sure they have been addressed.

Why?

Because I can promise you at least \$10 back in sales for every dollar you spend on marketing. I'll even help you decide whether the word "marketing" is a noun or a verb.

Your business is an entity which, in the eyes of the state and federal legal system, has rights and duties just as any human being.

It's like having a child.

You must help grow and nurture this new entity so it can realize its maximum profitable potential.

Money is the nutrient.

The following 23 steps in four stages can be used to construct or reorganize your company.

Stage One

Who Are You?

The first question any potential customer or investor will ask is: Who Are You?

They don't mean you personally. They want to know what your company is, who runs it, how many of you are there, and dozens of other questions hidden in that simple three word query.

The company must make decisions on structure and organization. To do so, the original founders must determine the size and makeup of the board of directors.

The board of directors is elected by the shareholders to provide organizational structure and ensure compliance with federal and state regulations. The board of directors recruits, hires and empowers the operational officers of the company.

Operational officers run the company.

The board of directors monitors and maintains direction through strategic decisions.

Traditional investment entities (such as venture capitalists) use a weighted ranking for various factors that determine their valuation of your company and its potential for success. Up to 30% of the weight is given to the management structure of the company.

Your business plan will need to develop bios and pictures of all levels of management including an advisory board. The emphasis should be on education, skills and experience.

When someone asks "who are you", they mean the company and everyone involved. They also want to make sure you are a real company...thus the reason for incorporation that allows them to interact with you within the legal framework established by incorporation.

They may not trust you, but they will trust an organization with legal boundaries.

Mistake: I've seen new companies use weird names for the various positions. Chief Guru or High Poobah may be cute, but it doesn't answer the question of who are you?

Potential customers and investors understand the difference between CEO and President. Don't make them guess who they should contact by hiding those contacts behind cute names. More on this later...let's look at structure first:

Step one: select type of corporate structure

First decision: This is pure structure. Like you, I first wondered why I have to get involved in this kind of decision. Then I learned the various nuances of the corporate structure game.

I generally recommend your company become a C Corporation with 10 million shares authorized and then issue the stock shares carefully so that one of the officers of the company maintains a 50+% ownership with a non-dilution clause in the minutes.

Let me give you the rationale behind my recommendation and then you can fight with the lawyers and number crunchers with this goal in mind:

Somebody has to make the strategic decisions.

If you issue stock where nobody has the majority, you wind up with voting blocks that could overrule the founder's vision for the company. A company is not a democracy. It is ruled by the majority stock ownership. If you own more than 50% of the issued stock, you make the strategic decisions. If you don't issue the entire authorized stock, make sure you maintain the 50+...thus the non-dilution clause (*your lawyer will know what this is*) that will protect you in the future.

Your choices for structure are many, e.g. Sole Proprietorship, Limited Liability Corporation, S Corporation and others. I highly recommend working with a tax expert, not necessarily a lawyer, to choose the best structure for you.

There is a small but growing group of private, professional tax practitioners who are federally licensed and empowered by the United States Department of the Treasury to represent you before all administrative levels of the IRS. They are called Enrolled Agents and will have the best advice that will avoid future tax problems.

Remember, the purpose of the structure is to create the new entity and personally protect you and the officers of the company from legal claims filed against the company. The structure will also help protect your hard earned money from the clutches of the IRS. Those clutches are an insidious drain on the economy and small business. The Federal Tax Code table of contents is about 200 pages. The Code itself runs almost 10,000 pages. There are 535 congressional politicians creating new federal tax laws for the Code. The IRS has 100,000 employees who ensure we obey the tax laws in the Code.

Mistake: thinking your friendships within the founder's group will prevent future arguments about who is in charge.

NOW is the time to make the decision and vest the 50+% stock issue in one person. Listen to the advice of others. Seek opinions from outside the group. But remember that strategic decisions are one time events...tactics are many. Once a strategic decision is made, all members of the company MUST support the decision.

Without this firm leadership, backed by a legal majority position, anarchy will reign and you'll destroy the company...and probably the friendships you thought would prevent that very destruction.

Step two: identify the shareholders and number of shares

The shareholders elect the board of directors. The board of directors recruits, hires and empowers the operational officers of the company.

The shares held represent votes when making company decisions. If you have 50+% of the shares, your vote individually maintains control over the structure of the company.

Mistake: confusing the structure with an operational chain of command. The president of the company may also be the major shareholder...but that will be two hats worn. I recommend keeping the role of Chief Executive Officer (elected by the shareholders) separate from the president (hired by the board of directors).

Too often I have seen the founder of the company take on the role of president and try to run the company. Just because you're a great engineer and have come up with a great new idea doesn't make you an expert at running a company.

Put your ego aside and work with your board of directors to select the best person qualified to run the operational aspects of the company. That will also allow you to remain focused on your vision of what the company is...the answer to the question:

Who Are You?

Another tip on how to use the shares of stock authorized:

If you authorize 10 million...issue two million and use the rest just as you would cash. If you retain one million plus one share and divide the rest among the board of directors, you can then issue the remaining eight million as non-voting but equal stock.

You may find consultants willing to work at a reduced rate of their normal fee if stock options are included in their remuneration. I have personally sought this kind of arrangement. Non-voting stock allows me to avoid legal liability while working towards a payoff from sale of that stock when the company gets established and grows.

I would also recommend establishing an ESOP (employee stock option plan) that provides stock options for key employees with an additional hold on vesting the stock unless they remain with the company for a stated period of time. Employees who work for more than salary will always work smarter and harder. They will share your vision and help the company grow so that their stock will increase in value. It will also help keep the people you train.

Yes, this is where the term “vested interest” originates.

Another reason to create the stock structure becomes very important when you look for investors. There will be a section in your business plan called “current capitalization”. This is simply a chart showing who has what stock, what kind of stock, and how much is available. They will want shares in return for their investment. How many shares they want will depend upon the risk to reward ratio.

I'll offer more later on how to negotiate within this risk/reward scenario.

I know...I'm stacking lots of thoughts and they may seem unconnected BUT I hope it will all come together after you've read to the end. I promise you that it WILL make sense once you've gone through all at least once...twice is gooder!

You can anticipate this future step (get funding) by making sure you have covered the subject within step two.

Note also that I have identified two key players: a lawyer and a tax expert. You may be able to negotiate reduced rates for their services through issuance of stock for their services.

Some lawyers may not do this because of insurance issues...conflict of interest issues...or just their company's policy.

Same with the tax expert who may be your accountant with an Enrolled Agent designation earned through a 17 hour exam administered by the IRS.

But, believe me, you don't want to tackle step two alone.

Just make sure everyone speaks plain English and uses common sense.

Tip: begin gathering list of "stuff" you expect from your support staff...it's called a job description.

*Step three: establish **board of directors** and select
operational officers of the company*

Legal authority is vested by the federal and state government in your shareholders who elect a board of directors responsible for long term strategic decisions.

The board of directors hires or contracts with key operational management positions.

Key management positions are assigned by the board of directors via employee or independent contracts to personnel having the education, skills and experience necessary to accomplish the goals established for each of the positions.

Contracts and job descriptions should be developed spelling out exactly what the company expects each to do...milestones can be established to trigger bonus/stock option exercise.

I've color coded the two sides of the structure. The chart on the next page may help in providing an overview of how this works.

Corporate

Operational

Stockholders authorized to vote shares

Simple majority rules unless otherwise noted in corporate minutes book....which is maintained by the board of directors.

Board of Directors

Includes Chief Executive Officer (CEO), Chief Technical Officer (CTO), Chief Financial Officer (CFO) and others appointed by the Stockholders. Remember that their focus should be on strategic direction and not tactical.

President

Primary role is to monitor all tactical support to be consistent with strategic decisions and report to board of directors. Also main fundraiser working with Board to determine amount needed either through investor capital or cash flow.

Chief Operating Officer

Responsible for the daily operational activities and reports to President with special attention to any deviation from business, marketing and marketing communications plans.

Secondary management positions will report to the COO. They will include Sales, Manufacturing, Marketing and Marketing Communications.

All positions are interchangeable. It is not uncommon for startup personnel to wear several "hats" to fill the positions noted above.

The key to success is to realize which "hat" you wear when making decisions!

Step four: create advisory board

Advisory Board members can be recruited from the professional services you will need to run the business. Sources include legal, accounting and banking.

You should also look to professional and community networks for business owners that would cross-pollinate each other's advisory boards.

For example, if you have a lawn care business, the owner of a nursery may well be interested in joining your advisory board...and you would join his advisory board.

This symbiotic relationship would also provide mutual marketing targets and shared customer lists.

You can also find retired business owners that would welcome the opportunity to share their experience with a new company.

Remember step two and allocate stock options for your advisory board members who remain on the board for a certain period of time. This will increase their interest in participating and give you the means of maintaining their interest. The options would vest after a certain period of time they have given to your advisory board activities.

Mistake: thinking you can do everything and that your opinion is correct. You can avoid this mistake by engaging your shareholders, board members, operational officers of the company and your advisory board in discussions BEFORE you make any strategic decision.

Don't believe everything you think!

Step five: gather and edit bios, obtain current photos

This is further help in answering the question: Who Are You?

You've selected shareholders, board members, operational officers and advisory board members based on their education, skills and experience.

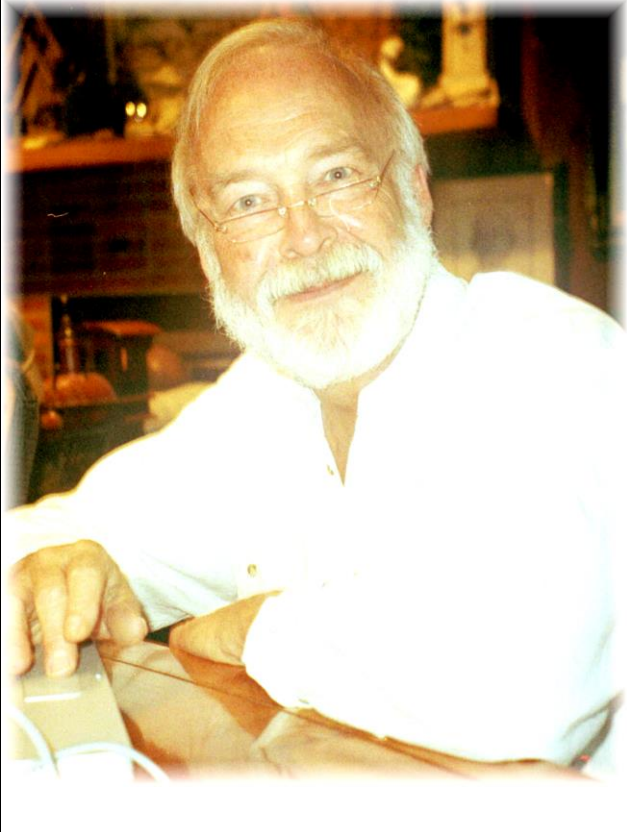
Here is your opportunity to highlight the combined wisdom and show customer and investor that the group is up to the task of making the company successful. Some venture capital firms give a 30% share to this group when rating the chances of success...and the decision to invest.

Use the marketing communications skills of that member of your company to edit the bios and create the pictures to go with those bios. They will have further use of this information beyond the business plan.

The following page will provide an example I provide to my clients for their advisory board.

Frank Siegler

is a pioneer in the use of integrated marketing communications techniques and is the author of a textbook and numerous published articles on the subject. His memberships in The Public Relations Society of America, American Association of Advertising Agencies, International Association of Business Communicators and Investor Relations Society of America span four decades. He has been certified by the Small Business Administration as a SCORE counselor. He taught marketing classes in four school district adult education programs. He was President and CEO of a Midwest advertising agency for ten years, and held key marketing positions with 3M, FUJI and others. He has provided marketing consulting services to numerous high technology startup firms, such as Templex Technology, Best Power Technology, Exide Electronics and CSI of Knoxville. All of these startups eventually went public or were acquired resulting in substantial financial return to the company founders. Frank's B.A. in Mass Communications is from The Creighton University, Omaha, Nebraska.



“After surviving two tours of combat in Vietnam, there is nothing in the business world that scares me...unless they start shooting.”

Step six: establish corporate minutes book and confirm completion of all state and federal registration procedures

The corporate minute book is simply the official diary of strategic decisions made by the board of directors.

I have a concrete rule...”if it ain’t in writing, it don’t exist”.

This is where any contract, share allocation, hiring, etc. is documented. It is a legal document that should be kept by your lawyer. Legal counsel is very familiar with this document.

Again, don’t assume you can learn this...you have more important things to do...unless you’re a lawyer and have the education, skills and experience to handle this job.

Familiar mantra, isn’t it?

Mistake: trying to do everything yourself and ignoring the resources you’ve gathered.

I’m trying to convince you that you should be aware of what has to be done...but that YOU don’t have to do it!

***Step seven: establish periodic meeting dates,
and differentiate between types of meeting,
e.g. are they corporate or operational agenda items***

Establish specific meeting dates to accomplish specific agenda items. Assign specific tasks and gather reports from those assigned. Keep everything in one place...I call it central files...a place where everyone can access the latest information.

It's also an historical (*and sometimes hysterical*) record of decisions made and tasks assigned.

Remember the color chart showing two sides of the company?

Make sure your meetings are divided between the two sides of your company.

If it's corporate stuff...make sure it gets into the minutes book.

If it's operational stuff...keep and maintain files within that department.

Most startups have members who have day jobs. I would advise you to keep your day job until you have the financial resources...*read carefully*...the financial resources as determined by your business plan. For these reasons, you will find your meeting times best before or after the day job and on weekends.

Remember, your day job is feeding you and your family. You owe them your best efforts even though you will have doubled your burden when deciding to start a new business.

Are you ready physically, emotionally and financially?

How about your family?

***Step eight: select a non-disclosure agreement
(NDA) format and policies***

More legal stuff:

Your idea is brilliant...otherwise you wouldn't be thinking about forming a new company. The idea and subsequent intellectual property (IP) may involve patents, trademarks and copyright issues.

The NDA is a form you have someone sign when they will have access to any IP information.

The following is an example but should be customized for your specific IP protection requirements:

Make sure you confer with your lawyer before using this...customize it to protect your ideas.

MUTUAL NONDISCLOSURE AGREEMENT

Each undersigned party (the "Receiving Party") understands that the other party (the "Disclosing Party") has disclosed or may disclose information relating to

_____ or to the Disclosing Party's business (including, without limitation, computer programs, technical drawings, algorithms, know-how, formulas, processes, ideas, inventions (whether patentable or not), schematics and other technical, business, financial, customer and product development plans, forecasts, strategies and information), which to the extent previously, presently, or subsequently disclosed to the Receiving Party is hereinafter referred to as "Proprietary Information" of the Disclosing Party. Notwithstanding the foregoing, nothing will be considered "Proprietary Information" of the Disclosing Party unless either (1) it is or was disclosed in tangible form and is conspicuously marked "Confidential", "Proprietary" or the like, or (2) it is or was disclosed in non-tangible form, identified as confidential at the time of disclosure and summarized in tangible form conspicuously marked "Confidential", "Proprietary" or the like within 30 days of the original disclosure.

In consideration of the parties' discussions and any access of the Receiving Party to Proprietary Information of the Disclosing Party, the Receiving Party hereby agrees as follows:

The Receiving Party agrees to hold the Disclosing Party's Proprietary Information in confidence and to take reasonable precautions to protect such Proprietary Information (including, without limitation, all precautions the Receiving Party employs with respect to its confidential materials) not to divulge any such Proprietary Information or any information derived therefrom to any third person not to make any use whatsoever at any time of such Proprietary Information except to evaluate internally its relationship with the Disclosing Party not to copy or reverse engineer any such Proprietary Information, and not to export or reexport (within the meaning of U.S. or other export control laws or regulations) any such Proprietary Information or product thereof.

Without granting any right or license, the Disclosing Party agrees that the foregoing shall not apply with respect to any information after five years following the disclosure thereof or any information that the Receiving Party can document is or becomes (through no improper action or inaction by the Receiving Party or any affiliate, agent, consultant or employee) generally available to the public, or was in its possession or known by it without restriction prior to receipt from the Disclosing Party, provided the Receiving Party complies with restrictions imposed thereon by third parties, or was rightfully disclosed to it by a third party without restriction, provided the Receiving Party complies with restrictions imposed thereon by third parties, or was independently developed without use of any Proprietary Information of the Disclosing Party by employees of the Receiving Party who have had no access to such information.

MUTUAL NONDISCLOSURE AGREEMENT

Page 2

The Receiving Party may make disclosures required by law or court order provided the Receiving Party uses diligent reasonable efforts to limit disclosure and to obtain confidential treatment or a protective order and has allowed the Disclosing Party to participate in the proceeding.

Immediately upon a request by the Disclosing Party at any time, the Receiving Party will turn over to the Disclosing Party all Proprietary Information of the Disclosing Party and all documents or media containing any such Proprietary Information and any and all copies or extracts thereof. The Receiving Party understands that nothing herein requires the disclosure of any Proprietary Information of the Disclosing Party, or requires the Disclosing Party to proceed with any transaction or relationship.

This Agreement applies only to disclosures made before the first anniversary of this Agreement. The Receiving Party acknowledges and agrees that due to the unique nature of the Disclosing Party's Proprietary Information, there can be no adequate remedy at law for any breach of its obligations hereunder, which breach may result in irreparable harm to the Disclosing Party, and therefore, that upon any such breach or any threat thereof, the Disclosing Party shall be entitled to appropriate equitable relief, without the requirement of posting a bond, in addition to whatever remedies it might have at law. In the event that any of the provisions of this Agreement shall be held by a court or other tribunal of competent jurisdiction to be illegal, invalid or unenforceable, such provisions shall be limited or eliminated to the minimum extent necessary so that this Agreement shall otherwise remain in full force and effect. This Agreement shall be governed by the law of the State of Minnesota without regard to the conflicts of law provisions thereof. This Agreement supersedes all prior discussions and writings and constitutes the entire agreement between the parties with respect to the subject matter hereof. The prevailing party in any action to enforce this Agreement shall be entitled to costs and attorneys' fees. No waiver or modification of this Agreement will be binding upon a party unless made in writing and signed by a duly authorized representative of such party and no failure or delay in enforcing any right will be deemed a waiver.

Both parties sign and date.

Remember to ALWAYS use your company title when signing documents or checks!

Here's another version:

Nondisclosure and Restricted Use Agreement

Effective Date: _____, 20____

The parties named within wish to preserve the trade secret status of certain information. They agree therefore: **Your Company Name Here** (Discloser) will disclose Proprietary Information to _____ (Recipient) for the sole purpose detailed as follows:

"Proprietary Information" means information given in hard copy form, conspicuously labeled "**Company Name** Proprietary" or with a similar legend such as "confidential". Orally transmitted information is Proprietary Information if it is identified as proprietary when first disclosed and a properly marked hard-copy summary of it is given to Recipient within thirty days.

Proprietary Information loses that status if; (a.) The information becomes publicly available (unless Recipient has breached this agreement); (b.) Recipient receives the Proprietary Information from a third party who had a right to disclose the information without restriction; (c.) Recipient develops the information independently or already knew the information when Discloser gave it or; (d.) Discloser gives the information to anyone else without confidentiality limitations.

This agreement ends _____, 20____. For five years after that date, Recipient will not disclose Proprietary Information to any third party without the Discloser's prior written consent, and will protect the Proprietary Information by using the same degree of care (but no less than a reasonable degree of care) as Recipient uses to protect its own similar proprietary data. Recipient will use the Proprietary Information only for the purposes described in Section 1. On written request from the Discloser, Recipient will return, or have an officer of its organization certify the destruction of all originals and copies of the Proprietary Information.

Recipient may give Proprietary Information to its employees, contractors and consultants if those individuals need to know to assist Recipient to accomplish the purposes described above _____ . Such individuals must first be bound by nondisclosure agreements with Recipient (which may be general in form) limiting their right to use such information to the purposes for which they received it. Recipient will use reasonable commercial efforts to enforce the nondisclosure agreements this section requires.

Discloser warrants it has the rights to disclose the Proprietary Information it gives.

This agreement creates no obligation to purchase, sell, develop research or disclose anything. It grants no license. It creates neither agency nor partnership.

Recipient will not transfer any Proprietary Information without complying fully with applicable laws relating to Export Licensing.

This agreement is governed by Minnesota and U.S. law. Breach of this agreement can be enjoined, as money damages would not cure the harm from such breach. It supersedes all prior nondisclosure or similar agreements between the parties as to Proprietary Information disclosed after the effective date.

To repeat: Both parties sign and date.

Remember to ALWAYS use your company title when signing documents and checks!

Again...be aware of the NDA document but don't try to handle yourself.

Find someone that has the education, skills and experience...said it again, didn't I?

You'll find that some people won't discuss your business unless the NDA is signed and in place.

Others will refuse to sign an NDA.

Most Venture Capital firms will not sign an NDA because of the sheer volume of business plans they review. The record keeping is prohibitive.

I use a rule of thumb...if they would jeopardize their reputation by revealing your company secrets, I would ask for the NDA.

However, if you think they would violate your privacy...why are you dealing with them?

Conundrums galore when starting a business.

Just to make sure you understand the importance and purpose of the NDA, the following page was sent to me (please note the copyright):

FriendDA

This agreement is entered into this ___ day of ___ 20__ by and between _____ (hereinafter "The Advisor") and _____ (hereinafter "The Keeper of the Idea" or "I") regarding information The Keeper of The Idea is choosing to share with The Advisor (hereinafter "The Idea").

WHEREAS I possess a bright idea that I am choosing to disclose to you, The Advisor, with the mutual understanding that you are my friend and that you will not screw me.

Manners of screwing include, but are not limited to:

1. Adapting some or all of The Idea for your own purposes.
2. Choosing to share some or all of The Idea with those who are not bound to this agreement.
3. Failing to do your best to protect The Idea.

This is a "warm blanket" agreement with which, by requesting your agreement to it, I am helping myself sleep at night by placing a small amount of formality on the sharing of The Idea. I believe The Idea will only improve as a result of having solicited your honest and clear feedback.

Term

The term of this agreement shall continue until The Idea is no longer confidential.

Breach

This agreement has absolutely no legal binding. However, upon breach or violation of the agreement, I will feel free to do any of the following:

1. Curse you under my breath.
2. Publicly disclose the manner of your screw-i-tude.
3. Write about your transgressions in ALL CAPS.
4. No longer consider you a person with whom I can share my ideas.

Sharing

Sharing of some or all of The Idea with third parties may occur provided that you have cleared this with me and the third parties agree to the principles of the FriendDA.

Termination

Termination of this FriendDA can be executed by either party, but don't be a douche.

You are acknowledging and agreeing to this disclosure by reading it. If you find any part of this agreement uncomfortable or confusing, don't sweat it. We'll talk about something else.

version .7 -- [\(c\) 2008 Rands](#)

Step nine: keep meeting notes and create followup agendas for all items

Steps six and seven encourage meetings.

Those steps also define the subject matter for the meetings.

This step is distinct in order to emphasize the need to keep good notes for followup. Each meeting will generate action items that should be the agenda for the following (*regularly scheduled*) meeting.

When reviewing the titles established in the corporate structure, you'll find someone has been designated Secretary. We're not talking lipstick and high heels here. We're talking about the responsibility to make sure corporate minutes are kept and signed by the board of directors.

It is a legal requirement with the task assigned to this title.

I would encourage you to approach the meetings notes and agenda with the same gravity. This will make sure hours of discussion are captured along with those brilliant conclusions that need followup...and assigned responsibility.

It will take some time to establish a rhythm to the note taking and agenda building but you'll be glad you did once that rhythm is in place. You'll even find you're creating something called "corporate culture".

Corporate culture is more than a dress code. It's how people interact. If the CEO is open to criticism and questioning, you'll find ideas flow faster and from surprising sources.

We're about at the end of Stage One so please indulge me as I expound further on the subject of corporate culture.

Years ago in adjacent cubicles, a friend/co-worker and I discovered The Rule of Ten. Several libations and discussions later, we developed an article on the subject and found it resonated with several professional journals. It has been published numerous times.

Here's the original article we wrote:

The Rule of Ten A Quest for Power

Government and business are two focal points of power. How much power is determined by how well one controls the other.

Each of these focal points of power uses money as the demonstration of their power. The curmudgeon's point of view describes government as a device to take money from one class and give it to another. Business, on the other hand, is described as an ingenious device for obtaining individual profit without individual responsibility.

In both cases, individual leadership is the key to success. Early leadership of both government and business was the work of giants. Judged on a rule of ten, many were classified as "ten" on a score card that would relegate current government and business leaders to the ranks of a two or less. As government and business matured, we had to settle for less than ten's. Here's why:

Giants in business were judged by their ability to generate profit from new ideas. At the beginning of this century, those giants developed new products from new technology that brought us into an age of comfort and longer life spans. Giants in government gave us legislation that mitigated the potential abuses of business using concepts like the Sherman Antitrust Act and the Interstate Commerce Commission.

The resulting adversarial role between government and business ignored the benefits that both citizen and employee began to enjoy. The masses began investment in business through stock and could now afford to buy the products that just a few years before were denied them, products like automobiles and electricity. The standard of living improved and life expectancy rose dramatically.

The adversarial role between government and business peaked during the great depression. Government and business clashed so violently that neither had the means of controlling the other. As this clash continued, the ability of the giants to work together was judged to be either unlawful or unprofitable. Their basic roles began to reverse in a drive for more power. Government formed a corporation in Delaware called The Internal Revenue Service. Business passed voting laws designed to maintain personal power at boards of directors meetings.

The age of ideas was gone. The age of profit was born.

Profit became the hallmark of business success. Taxes on those profits were the means government used to control that power. As taxes were collected, government programs were devised to spend those taxes. The focus became how dependent they could make the citizen on government. Government leaders judged success on how well they could raise taxes and spend money in their own arena of interest. Today we call them pork barrel projects.

That government business called the IRS began with articles of incorporation #0235720 signed by E. Clifton Barton on December 29, 1933 in the State of Delaware.

Mr. Barton's signature set the stage for one hundred years of The Rule of Ten and higher government spending.

Simply stated, the rule of ten proposes that a ten will not hire or share power with another ten. They will consider a nine or lower so as not to jeopardize their own power and ego. That power is vested in the profitability of the organization -- how well they can control that organization and the prestige of their position -- be it government or business. Nine's higher eight's who hire seven's and so on to bankruptcy.

Here's how it works:

An entrepreneur with a great idea is generally a ten. That ten will hire a vice president at a skill level below him. The vice president, in turn, will hire middle management classified below a nine. These middle managers then hire people at a grade lower than them. It's not always a conscious classification. It is simply a survival tactic that makes insecure people more comfortable around people they can control and who aren't as talented as they are.

The cycle of filling skill levels described above continues until each position is filled. Competency levels are at their lowest because they were filled at the lowest level to begin with. Training and improvement of skill levels are rare. If they do occur, they usually leave the organization and jump to a higher level outside the organization they began with. In most cases, they wind up at a competitive organization.

What happens when the top people begin to retire or leave the organization?

After the ten retires, the nine's take over and fill their previous job with eight's. The well known "Peter Principle" takes over. People rise to levels of incompetency. Middle management begins covering up the incompetency of upper management. The resulting drain on profitability leads to layoffs and downsizing. Low skill management with high political skills hang on and become promoted to positions that hide their low skill levels.

This high-position, low-functioning people are frequently referred to as eagles, ducks or pigeons. Ask any park statue what effect these birds generally have. They will show up at project meetings, make their mark, and fly off leaving a mess for others to clean up.

Business and government leadership passed from one generation to another -- but at lower and lower levels of competency due to the rule of ten. No outgoing leader would tolerate the possibility of someone gaining more power or prestige than they had gained for themselves.

An anomaly of this philosophy generated new businesses that competed with the very organizations that spawned them. The computer industry is filled with successful businesses that would still be owned by IBM had they nurtured the new ideas instead of looking on those new ideas as threats to their own power base.

Management became distrustful of any idea not their own. They unwittingly created their own competition.

The rule of ten continued even into those new businesses. Power was diluted within the ranks of established and successful businesses. Less risk was taken and fewer successes were realized. At the same time, government taxed what little success did take place. Businesses reacted by retreating to the ranks of mediocrity and supported protectionist legislation. Instead of looking for new ideas, they looked to government for help.

The world strategies of Europe and Asia entered the marketplace that the United States had dominated for decades.

The tactics used by Europe and Asia in gaining power are simple. They recognized the ability of the mass populations to determine value as a commodity to be purchased. They sold benefit and not hardware. They took the long road to market share while our business leaders were forced into a short view of quarterly profits to pay ever increasing taxes.

The airline industry is a good example of how the rule of ten will always result in a short-sighted view.

Modern transportation began with the railroads. The giants of that industry fostered our nation's drive west. Had they hired people as gifted as they were, the railroads would have realized that they were in the transportation industry and would own and run the airlines today. Instead, the airlines complain to our government about the unfair subsidies of projects like the European Airbus instead of demanding similar support for projects from our own government. They simply do not understand that those subsidies should be a natural result of a team effort by government and business. It is a long range view that our current adversarial role between business and government cannot visualize.

The airline industry is not unique in their short-sighted view. Technologies originally invented here now find their way to Europe and Asia where a longer view of history is producing results that threaten the markets that we created. These global views include funding the educational systems that train the next generation within manufacturing pilot plants co-sponsored by government and business.

Instead of generating this kind of cooperation here, our government subsidizes research at higher learning centers and allows them to be filled with engineers and scientists that come from -- and go back to -- our competitors in Europe and Asia. A typical result is a migration of ideas like magnetic track trains carrying Japanese and European industry towards new wealth and better living conditions at the expense of American taxes.

As long as our government is focused primarily on raising taxes, business will respond by generating short term profit to overcome those taxes. As long as business remains focused on short term profit, technology will suffer and the rule of ten will continue to dominate and stifle our economic and social growth.

The Federal Government created new tax laws based on class distinctions of lower, middle and rich. It shouldn't be a crime to become rich in America. The great fortunes of yesteryear were based on the sale of great new ideas. Greed and ego drove those "tens" to take risks when they had new ideas. That's why people gave them money for the products and services produced from those new ideas.

In a vacuum of new ideas, we have seen junk bonds, stock market manipulation and commodity markets that produce nothing but paper profits. Even the current boom or bust is fueled by firms with paper worth far more or less than their actual benefit to their customers. They show no profit but continue to drive capitalization up or down.

The rule of ten will continue to drive American business to short term profits and government to long term tax programs until we again reward people for their ideas and for the risks that they take to turn those new ideas into products and services that have made this country the envy of others.

We're getting mixed messages from the government. With the class distinctions of every new tax law, we're also getting lip service for the need of training. It may be the opportunity business needs to turn government into a partner rather than an adversary. It's going to take a tremendous change in attitude within both groups. Without a positive attitude -- and an elimination of the rule of ten -- we're on a road going nowhere.

Our global competitors have taken up government's challenge to produce new technology through new educational methods. There are several technical training programs involving huge cartels of related industries that are turning new technology into immediate products. The Daimler-Benz project in Europe is but one example. It's a classic example of what can happen when government and business co-operate in creating the environment -- involving both positive attitude and resources -- to make things happen. Even buying established American firms like Chrysler.

We shouldn't let our ego get in the way of our own success. We must realize what we're doing wrong as well as what's right. We're going to win if we have the right attitude. Does that attitude come from good skills or does it come from good management?

It's the classic chicken or egg dilemma.

It could also become one of the most important new business evolutions in our future.

Many of our global competitors will see it as long overdue.

Here's a quick test that will let you see how the rule of ten may be affecting you and your business:

| point value | attitude description |
|--------------------|--|
| 15 | You have hired people for job openings that you know are more skilled in certain areas or more highly educated than yourself |
| 10 | You are active in helping employees that you supervise grow on the job by making possible experience, responsibility and cross-training |
| 15 | You have implemented a program for the employees you supervise for skill improvement through seminars, workshops and schools |
| 10 | You actively encourage employees to upgrade their skills |
| 15 | You've sent at least half the people you supervise to some type of skill development workshop, seminar or training |
| 10 | You offer, provide and encourage use of skill development materials such as videos, in-service seminars, audio cassettes, etc. |
| 15 | You have personally attended at least one skill development seminar or workshop in the last six months |
| 10 | You have read, listened to, watched or attended at least one skill development training program in the last six months |
| minus 15 | You have disqualified or not hired people that you viewed as overqualified because their skill level or education was greater than yours |
| minus 15 | You feel uncomfortable around people with equal or more skills and education than you have |

Let's take a look at your score and see how you fit into this new global consciousness:

- 85 points or above: You are definitely ready to take on the world. Your attitude and proven performance appears to be progressive and profitable. Don't let others sway your direction -- they admire and envy you and could try to turn the rule of ten on you.
- 65 to 80 points Better than most but susceptible to the rule of ten. Go that extra step and be mindful of how close you are to even greater success.
- 35 to 60 points Good start but you need a shot of confidence. Put your ego on hold. Realize that you're better than most out there and only your own attitude and the rule of ten will prevent total control.
- 10 to 30 points You need to concentrate on your own skill level and attitude. You are particularly susceptible to the rule of ten.
- less than ten We're surprised you read this far. You may want to consider professional counseling or retirement. Time for some serious soul-searching. The fact that you read this article may indicate a desire to change and feel better about what you're doing to yourself, others and the organization you belong to.

(end of original article)

If you think these are new ideas...this article was written and published in several management trade journals in 1992.

Whiles we're on the subject of attitude, here's another of our articles. It was most recently published in Minnesota Business magazine in 2005. I was not surprised at the reaction it received (*asking permission to send it anonymously to their boss*):

How to Avoid the Small Business Syndrome

Are you an sbo or an sob?

There are small business owners. We call them SBO's.

There are small owners of business. Their employees call them SOB's.

SOB's insist on controlling every facet of their business. These SOB's delegate blame instead of responsibility. What little responsibility they do delegate is typically without the authority needed to be effective. Empowerment is a buzz phrase these SOB's have heard but believe applies to them alone.

There is a fundamental difference between becoming an sbo and an sob. It's an attitude that reflects in your management style and in your basic trust in people being able to do the job you have hired them to do. Too often the sob will equate their own proven ability to invent a new product with an assumed ability to bring that product to the marketplace. The sob will second-guess the skills in the people hired and threaten them instead of inspiring them. The employees become focused on the sob's ego rather than what's good for the company.

There's an old adage that admits that it's hard to remember your objective is to drain the swamp when you're up to your armpits in alligators. If the control syndrome runs rampant in any small business, the owner will suffocate any chance of success by refusing to accept and use the help readily available from the people they hire.

As consultants, we have seen a lot of businesses grow rapidly and then hit that self-imposed ceiling caused by an sob's excessive involvement in every aspect of the day-to-day operation of the business. Ironically, they become victim of the same attitudes that drove them from the company that wouldn't listen to their new ideas.

Here's a quick example of how the control syndrome works:

The sbo will establish a budget for the phone system and provide guidelines involving features they would like included within that budget. They will then delegate responsibility for the new phone system to the office manager responsible for making it work.

The sob, on the other hand, will sit in on all sales pitches from any and all phone company representatives. They will ask business associates they admire what kind of phone system they have (regardless of any similarity of needs) and then dictate to the office manager what to buy, how much to pay for it and when it should be installed.

They will then reprimand the office manager and receptionist every time the new phone system loses an expected call. Any shortcomings of the new phone system will be blamed on the receptionist or the office manager. No thought will be given as to whether the new phone system is what should have been ordered.

The control syndrome can be attributed to ego, fear, greed, ignorance of good management skills or just plain stupidity.

The effects of the control syndrome provide a longer list:

1. qualified people last about a year, then move on to growth environments, generally with the sob's competitor
2. there is a lack of challenges in the daily routine because the sob dictates what should be done by whom and when (never why)
3. there is a lack of training available for employees since the sob considers himself an expert on anything an employee would need to know
4. there are no incentive programs built into doing a good job since the sob considers employees lucky to have their job
5. there is no team effort in place and office politicians play to the sob's ego
6. people work in ruts; if they last five years, they get six month's experience and repeat it ten times
7. the sob dictates every little detail regarding office procedures and then complains about lack of staff because of the resulting inefficiencies
8. hires people with little experience or low skill levels so he can train them his way, right or wrong
9. rejects qualified people because they don't understand his system
10. will sabotage any change if it sheds light on the shortcomings of his system

Attitude is the key to success in any business endeavor. The difference between the sbo (small business owner) and the sob (small owner of business) is generally one of attitude towards the people they hire. The sbo will recognize good skill levels needed to bring the company to higher levels of success. The sob is threatened by anyone with skills or education greater than his own. Team problem solving and any growth plans are replaced with unilateral decisions by the sob.

Training will increase skill levels. Increased skill levels will inspire confidence that will improve attitudes. When you are confident in what you can do, all you need is the chance to prove it. If you approach the problem with a poor attitude, no amount of training will take affect simply because you will reject the very ideas that could bring you to higher skill levels and success because of those skills.

If you still feel that you must personally be actively involved in all aspects of your business, you're probably an sob and we're surprised that you've read this far.

However, if you are serious about avoiding the control syndrome of small business, we invite you to take the following test to see how you score in avoiding the control syndrome.

| point value | attitude description |
|--------------------|---|
| 10 | you have staff you trust and let them handle custom quotes and other custom situations outside company policies |
| 10 | you have segmented your company operations by function and have staff assigned with full responsibility and authority for those functions the staff assigned even the most menial tasks are accountable to profit and growth for the company and not you personally |
| 5 | you have programs in place for staff skill level upgrading including seminars, workshops and other training vehicles that allow them to become more valuable to the company |
| 10 | you view mistakes by staff as a learning experience rather than a reason you must stay active in daily routines |
| 5 | you feel comfortable not being in the office every day |
| 10 | you have adequate time to develop new business strategies or how to expand your market share, penetrate accounts, upgrade products and services and develop the programs to make these things happen |
| 5 | you feel confident in the skill levels of staff responsible for the sales, office administration, manufacturing and other functions required to be effective and successful |
| 10 | you have good financial incentive programs established for all levels of employees that are realistic and are supported by programs needed to make them succeed |
| 5 | you feel comfortable going on vacation and leaving your staff in charge of running the business |
| 5 | qualified, high skill people stay with your company for more than 18 months |
| 10 | you have staff that routinely handles difficult situations and customers without involving you |

How You Scored:

| | |
|------------------|---|
| 80 to 100 points | You're definitely a successful sbo (small business owner) and should have the total support of your employees on your fast track to success. This article will fine tune the excellent attitudes you have put in motion |
| 60 to 80 points | Your business is successful but sales growth is probably not up to expectations. Fine tune your attitudes and efforts |
| 40 to 60 points | Your attitudes and behavior patterns are focused in the right direction. You need to double your efforts and make a commitment to excellence before you start pointing fingers at anybody but yourself. You're on dangerous ground -- you need to do something immediately before you're branded an sob! |
| below 40 points | Fire your relatives and get rid of your yes men. You've read this far and taken the test. Now's the time to remember what Sigmund Freud said: "People will get better if they pay for it". Get outside your world for help and be prepared to pay for it. The alternative is a flat sales line at best and a market share that will erode as soon as the competition takes notice of you. |

(end of second article)

I think I mentioned that this book is a cathartic event for me.

Thanks for indulging me.

Now...on to Stage Two:

Stage Two

What Are You Selling?

The company must make product decisions based on available resources. Anything that creates income should be considered. Each item should have its own financial spreadsheet showing potential and forecasted sales versus costs to determine profitability of each item. Sales managers can be hired to track and grow each product line and be accountable for the P&L statements.

I hope you read The Rule of Ten article previously. The following will elaborate on why it's important to the subject of selling.

Please indulge another cathartic vent on selling and then we'll get into the steps:

Nothing happens in business until someone sells something.

If you want to get and keep control of your business, you must focus on the selling effort that ultimately makes any business successful. When a manufacturer delegates responsibility of the selling effort to an independent sales representative company, the relationship between the manufacturer and the selling organization becomes an adversarial struggle for control of both companies.

Here's why:

Business has been sarcastically described as an ingenious device for obtaining individual profit without individual responsibility. That's because the relationship between selling organizations and the manufacturers they represent all too often becomes a finger-pointing exercise. Success in today's business environment is frequently perceived as the result of an ability to claim credit when sales are good and to delegate blame when sales are slow.

The struggle between manufacturers and the sales organizations that represent them is a classic example of individuals not having the skill levels needed to accomplish their role in the team effort that is the hallmark of any sales success. To compound this problem, many individuals, who have low skill levels to do their own job, frequently think they have the skills to do someone else's job.

The perception of who should be doing what and to whom becomes based on the individual's title rather than decisions that logically flow from an overall plan. Most polysyllabic titles frequently embellish an ego that confuses control with success. Decisions are made based on ego and a need for control rather than decisions based on a carefully constructed plan. Only a plan will provide all the team members with clearly understood paths to success.

There are three fundamental plans that must be developed and published within any business organization in order to make possible strategic and tactical decisions. These plans affect all team members. However, only top management of each organization -- in this case, both manufacturer and selling organizations -- will make these overall plan decisions that will provide team directions and goals.

These three plans contain the proprietary strategy and tactics any one member will need to use their own skill levels to achieve individual and team success. A strategy is a selection of a goal. Tactics are the things you use to reach that goal. Each involves a decision.

Simply stated, top management must provide the decision-making skills required to develop and publish the two strategic plans that all other members of this team effort will follow. Those two plans are:

The Business Plan - this plan describes who you are, what products and services you sell and how much profit they will generate.

The Marketing Plan - this plan describes who could buy what you are selling, how many will buy, the sales channels to reach them, and the competition.

Middle management must provide the decision-making skills required to develop and publish a tactical plan that will carry out the decisions made by top management:

The Marketing Communications Plan - this is the plan that provides the tactics that will implement the strategies developed in the first two plans. Those tactics will involve public relations, literature, space advertising, and other lead generating devices. Leads will be generated only after you have developed a perception of benefits and value in the minds of those potential customers described in your marketing plan. The benefits and value you are offering come from the business plan.

Here's where it gets tricky.

When you have two distinct organizations -- manufacturer and independent sales representative -- you have two distinct groups of top management supported by two groups of middle management. The goal is to integrate the efforts of these four groups into one cohesive team effort. Top management at both the manufacturer and the sales organization must work cooperatively in decision-making that will affect members of both organizations and bring them together as a team. The same holds true for the middle management decision making which involves the tactics that must be developed to reach the goals identified by top management.

Now, factor in the reality that many independent sales representative firms carry more than one line. Top management at these independent firms face the problem of integrating their skill levels with the skills of top management at several manufacturing firms.

Remember that egos and titles are often in conflict when you try to assimilate diverse groups of people skills into one cohesive team. Someone has to lead and make decisions. All others must subjugate their own leadership roles and follow that one, clearly defined leader. The mark of that one leader is not the power to control a paycheck or a commission schedule. That's temporary dictatorship and soon results in the best of the team leaving.

The mark of the real leader is one that keeps their eye on the goal -- decision-making skills that provides the team with the goals and directions needed for success.

We have seen that kind of leadership at the independent sales rep level when the manufacturer has not been able to provide it. This leadership -- no matter from where it comes -- must begin to focus on the three plans that will make any organization profitable and successful.

Marketing strategies are nothing more than decisions someone *must* make based on information they have collected about the market.

Tactics are the actions you *must* take to support those decisions.

When the designated leaders do not make strategic decisions -- and communicate those decisions -- the people responsible for tactical decisions begin making their own strategic decisions in the vacuum that results. The struggle -- and gross incompetency we mentioned -- begins to create obstacles to profit.

The finger pointing and incompetency comes from a lack of decision - making skills at the highest level in the organization -- including both manufacturing and sales. Accountability for individual actions is missing. If you are not accountable for what you do, it becomes very easy to do something else and claim credit for other's success or point fingers instead of admitting your own failure.

There must be leaders. Someone has to make the strategic decisions.

There must also be followers. They are more numerous, but just as valuable as the leaders because they make the tactical decisions to support the strategic decisions. There are also those that should get the hell out of the way -- hopefully, your competitors. If you don't recognize your role in your own organization, you will find yourself outside the team effort that must exist if your company is to be successful.

This team effort is surely no strange concept in business. There are hundreds of mis-matched products and sport celebrities in business advertising.

A celebrity is defined as a name that costs more than the service it provides.

Yet business leaders -- who shouldn't be involved in advertising tactical decisions -- hire celebrities as spokespeople. We submit that it's a subconscious desire to create a team effort in their organization. They dive into tactical decision-making without the skills or the information needed to make those decisions. This is a classic example of doing someone else's job -- and then blaming someone else when the celebrity ad campaign bombs. But, give them credit for recognizing the need for team effort.

This need for team effort has been raised to the highest levels within the military establishment. The military is male-dominated. Most males in business today have been subjected to the military theory of team effort through the draft or other compulsory service such as ROTC at government subsidized land grant colleges.

Most women in business do not have this common reference point and often hit their head on the "glass ceiling". They are not incompetent but often violate the chain of command. The military theory of team effort stresses the value of the chain of command and the importance of developing strategies and tactics. Leaders are clearly defined and orders promptly carried out by those in the chain of command. Those orders are structured within a battle plan that provides everyone with the strategies and tactics they need to do their part.

We've already described the battle plans that any business should follow. Those plans clearly define decisions that were made and the skills that are needed in order to succeed. Success becomes a direct relationship between the positive attitude of the leaders and the trust others place in their decisions. If each trusts the competency of the other to do their part in this team effort, a positive attitude will permeate the entire organization and provide the confidence the customer needs to justify buying the product.

Team effort is a recognition and communication of competency that will build and maintain a positive attitude that each member of the team can -- and is doing -- whatever is necessary to meet the customer's need.

If each member of the team becomes excellent at what they do, they will become an indispensable part of the team. As the need to expand the size of the team becomes evident, only the best and most skilled will be recruited.

Unless you run into the Rule of Ten obstacle.

Simply stated, the Rule of Ten proposes that on a skill level rating of one to ten, with ten being the best, a ten will not hire nor share power with another ten. They will consider a nine or lower so as not to jeopardize their own power or ego. Nine's hire eight's who hire seven's and so on to bankruptcy. The Rule of Ten works its way like a cancer throughout the organization. It becomes a survival tactic of insecure people who are more comfortable around people they can control and who aren't as talented as they.

Sales organizations can recognize low skill levels within manufacturing very quickly. The major goal of the manufacturer should be to make and market the best product available to fill the customer's need. Instead, house accounts, key accounts, OEM accounts and other account terms are often invented by the manufacturer to reduce or eliminate commission dollars owed to the sales organization who typically developed and nurtured the original relationship with the customer.

By concentrating on the capture of the customer -- rather than helping the sales organization nurture the relationship with that customer -- the manufacturer sabotages team effort by trying to do the sales organization's job.

On the other side of that coin, the manufacturer can spot incompetency at the sales level just as well. Team effort can be shattered if the sales organization knows the commission structure -- and how to get around it -- better than they know the product or the customer need. If they knew the customer as well as they knew the commission structure, success would be guaranteed.

Beware the number cruncher who concentrates on sales figures rather than customer need. For example, when the marketing function sets sales goals, the focus becomes one of short term profit rather than customer need fulfillment. Stick to the plans. Unless the entire effort is a team effort, you'll lose the checks and balances needed to insure a positive attitude and a flow of critical information all team members need about the market and about the customer.

No one solution will solve this problem. Team effort is a complex mix of skills and personalities. Skills can be acquired and improved. Personalities can be controlled and modified. Competency in any team effort is a direct result of using knowledge to reach identified goals. The sales organization can avoid losing a profitable line by becoming so valuable that the manufacturer couldn't replace them.

The same holds true of the manufacturer who makes and markets a product so well that the sales organization couldn't find another to compete. Even a mediocre product can become the market leader if the customer's needs are met or exceeded. It takes team work to meet those needs. If you learn more about your customer than the customer knows themselves, you'll become an invaluable part of their future.

The major goal of any sales organization is to sell and service the customer. It's unusual to find any sales organization controlling the service department within the manufacturing operation. That shouldn't stop the sales organization from becoming part of that service team effort.

The key to success is communications between the customer and service using the sales organization as the bridge.

We offer a Rule of Three to promote this kind of communication.

The Rule of Three proposes that for every sale made, there are at least nine other sales that could be made if you simply communicate with that customer to see if they are happy with the product.

When you find that happy customer, they will be able to tell you about two or three other departments in their organization that could benefit from the product. Within each of those three additional departments, you'll find at least three additional applications that could lead to new sales of the product. Each application or use of the product has, on the average, three influencers or decision makers.

This rule of three is also known as account penetration and focusing.

There are residual benefits to the use of this Rule of Three. You'll develop a better feeling for your market and why your customers bought the product. Compare those reasons with the benefits and value being used by the manufacturer in their marketing communications tactics (literature, advertising, etc.). You can then help that manufacturer update the information being used. You will increase your skill levels in developing and improving customer relationships. You will also become more valuable to the manufacturer who will use the information to improve existing or develop new products.

The team effort must focus on goals. The manufacturer must increase market share, maintain customer relationships and increase the customer's use of the product. The sales organization must find the products that meet the customer's needs while establishing a lasting and growing relationship with those customers.

Meeting a customer's need is difficult when you realize that many customers have unknown needs. Unless you build a relationship with all departments at that customer site, and with many people in each of those customer departments, you won't be able to use your skills to discover those needs. The same holds true of the relationship that must exist between the manufacturer and the sales organization.

The amount of information needed to discover and fulfill customer needs can be handled by a computer. That information must be analyzed, scrutinized and understood. Then it must be communicated. That communication must confirm competency and prove fulfillment of the customer need. The most valuable information is benefit oriented and structured in the case history format within that customer's peer group.

Those case histories can be quickly identified in the Rule of Three effort. You'll find ways to improve existing product lines and what new products already have a need in the marketplace.

All the market research in the world is useless unless both sales and manufacturer have opened a strong dialog with their current customer base. This dialog can confirm the raw data analysis from market research of why your customers buy your products.

The best way to find new customers is to find out from where the old ones came. This is a function of the marketing communications plan. By using a closed loop system -- where the sales people actually report back on their success with leads -- you can quickly identify from where the good leads are coming. The best source of new leads is an analysis of current accounts and personal contacts at those accounts. Find out why they originally contacted you. If most of them say it was from your public relations articles, close the loop by concentrating your communications efforts on more articles within your public relations efforts.

Public Relations is only one of several major sources of leads. They could also come from space advertising, card decks and trade shows. Each requires a lead fulfillment program. That means a strong sales support literature program. The literature used in the lead fulfillment package should be sent as soon as you receive any request for more information.

A salesperson should contact any lead to make sure the literature was received -- and offer any additional help or information the potential customer needs to make a decision to buy the product or service.

The literature should repeat the benefits and value you identified in the original contact with them. These benefits and value come directly from your business plan and are packaged into a corporate identification program. That means all of your literature looks like it came from the same company. By using a common literature design format and typeface, you can quickly accomplish this corporate identity.

Don't forget to include your company's philosophy. Be careful of what you say or promise. That potential customer may believe you and you will have to deliver on those promises. Many companies pay lip service to platitudes and then lose customers because they didn't back them up with action.

The marketing communications effort answers two basic questions any prospective customer will have:

- Why should they buy the product?
- Why should they buy it from you?

The team effort requires both manufacturer and sales organization to ask themselves what they are doing to get the answers to these two key questions. If anything has to be done to get these answers, do it now and figure out who should pay for the effort later. If you could double sales in six months, would you really care who would have to give up the 5% it would cost? If you establish a real team effort between sales and manufacturing, those costs would be shared in a fair and equitable manner.

Another key point in developing communications is the fact that sales organizations should be asking a lot more questions and listening to their customers. After they have listened, they should talk to the manufacturer. The manufacturer should listen to the sales organization. This is the real chain of command that will bring success. Keep your head out of the details and concentrate on the goal -- customer satisfaction.

That means a structured account management team that includes all members of the team. Each has a level of competency and brings a certain skill level to the need the customer has expressed. No one part of the team will have all of the answers the customer wants to hear before committing to a purchase of the product.

As the communication and skill levels increase in the team effort, it will become easier to make sales and in a shorter cycle. You must concentrate on substance and not symbolism.

An example would be the rep councils many manufacturers have established to listen to their sales people. Most of them concentrate on commission schedules and payment terms. Very few have been established as an overview of what the customer wants and needs from the products, the manufacturer and the salespeople.

If in doubt, put it in writing.

Written communications is a lost art and a source of miscommunications. Instead of positive feedback about good ideas, written communications in the business world has become the CYA memo.

You are an integral part of the team effort. That team effort should be focused on customer need identification and fulfillment. Focus on what you're doing to make your efforts productive for the customer. In the business world chain of command, that customer outranks anybody on the team. Use that customer's rank to get what you need to meet the customer's need.

Sales: Quit looking for the quintessential product line. If you do your job right, it will find you. Job security comes from having the customer buy the product because you are selling it. They trust you and have confidence in your proven abilities to meet their needs. Use third party testimonials to prove it.

Manufacturing: Quit looking for the successful sales organization that you can control. If you meet the customer's needs, more will find you. Concentrate on making your product better than anything else out there. If it's equal, make service the added value that makes the difference. And weave your sales organization into the service difference. They are listening to your customers.

Added value is a term much used and little understood. It can give you up to 15% more sales and frequently increase margins on every sale. There are three ways to add value from the customer's point of view. They will buy your product, if it will:

- **avoid any new cost**
- **reduce any existing cost**
- **enhance revenues from their products or operations**

Only a team effort involving sales, manufacturing and the customer can provide added value to the customer's purchase. The manufacturer provides the basic product -- and product enhancements -- so sales can apply the finished product to the customer's need. The customer buys the product because both the manufacturer and the sales organization are doing their job in a competent and positive manner that reflects the added value of the team's combined skills.

Skill recognition and improvement is the basis for all added value claims made. Skills improvement must be a constant -- not an annual event. Training to improve skills of everyone will provide the confidence levels needed to develop both positive attitude and success.

Ask your customers for help in evaluating your skill levels. Contact the top 20% of your accounts and ask them specifically what you've done right to get their business. Then ask what you can do to continue to improve this relationship that you value. Ask about your competitors and what weakness they displayed that gave you the edge when your customer chose you and the products you sell. Continually ask why you have been able to sell to your customers. Focus on listening and questioning, not telling.

Once you have fully developed an understanding of your skills and what specifically worked with the top 20% of your accounts -- go after the other 80% with vigor. Use the Rule of Three and watch new sales come from established accounts.

An independent sales organization needs to have key plans in place just as the manufacturer does. Strategies, tactics and ongoing training for skill development will enable the sales organization to communicate effectively with their customers and with the manufacturers that they represent.

A marketing communications program within the sales organization will also allow them to identify and communicate the talents, skills and added value that they offer to both customer and manufacturer.

As you develop a good understanding of what skills are working with your customers, don't forget to tell the manufacturer about your success. Tell them what they have done to help you with the selling process. Ask them for additional ideas they may have -- but assumed you knew. Both manufacturer and sales must be focused as a team to fulfill customer needs. Whether sales or manufacturer, your skills will make you successful.

It's an ironic fact of business life that service and warranty programs are traditionally a part of the manufacturer's role. The sales organization must become involved in these service and warranty programs in order to understand their own areas where skills need to be improved.

These programs -- and the happy caller program mentioned previously -- can become the mechanical means to capturing valuable information about you, the products you sell and your customers.

The manufacturer often relies on the sales organization to accomplish most of the sales and marketing. The sales organization often relies on the manufacturer for these same skills. Frequently, neither have adequate skills nor training to accomplish what has to be done to improve sales.

Take charge of your destiny. Improve your skills. Provide training for your people. Work as a team to improve and integrate your skills with those of the manufacturer so that, together, you can meet or exceed the customer's needs.

Trade associations are valuable sources of skill training and improvement programs.

Remember the suggestion of joining trade associations for lists...this is another reason to join.

This is simple stuff. It's not new and it doesn't take a rocket scientist to make it work. However, it means that you may have to change how you do things. Change is difficult, no matter what the politicians are saying. If you don't make more money and increase your enjoyment of what you do -- you aren't following the suggestions in this article.

Here's a test to see where you are now. Use it to not only evaluate where you should be going:

Use it to get and keep control of your business.

The Test

Score **five points** for every **positive answer**, based on what you are doing, not what you think you will do in the future. This test is designed for independent sales organizations to give them an idea of where they are now and what areas can provide opportunities for improvement. It can also be used by manufacturers to see where they can improve their support of this most important element of the team effort.

1. You have reviewed and analyzed your account base and determined the top 20% of sales producing accounts as well as their markets and applications.
2. You have reviewed and analyzed your account base to evaluate geographic strengths, weaknesses and market penetration.
3. You use a computer-based account management program and a variation of the Rule of Three to penetrate the top 20% accounts. You also use the program to increase sales from the other 80% of your accounts. (The Rule of Three proposes that most accounts have three departments that can use your product and each department will have at least three applications and each application has at least three influencers or decision makers for a total of 27 prospects for every sale made.)
4. You have a newsletter, at least quarterly, that is informative, helpful and promotes the added value skills you offer your customers rather than product hype. You include members of your team in your audience (very important for sales to use this with all of the manufacturers they represent).

5. You have developed a corporate backgrounder that outlines the elements of your three plans -- who you are, what you sell and the unique capabilities and added value that is beneficial for both customer and team members. You use this backgrounder to present your corporate image and philosophy.
6. Your account management program provides frequent contact of all prospects and customers by telephone and in person based on knowledge of the customer needs and potential sales levels.
7. You encourage and promote team effort between field and inside sales forces. Channel conflicts are addressed immediately with solutions deemed fair and equitable by participants, not just top management.
8. You request frequent, formal training of your staff that includes product benefits, competition and pricing, delivery, markets served, value added service and warranty programs, capabilities, applications, niche market efforts, strengths, weaknesses, etc.
9. Frequently survey top sales producing accounts to find what their needs are beyond the sales made. You coordinate programs and efforts to fill those new needs and communicate both internally and externally about your efforts.
10. Have your own lead generation and fulfillment programs and share with all manufacturers to incorporate the best of all.
11. You have an independent regional trade show program. You pursue participation in the seminar aspects of the shows.
12. You actively pursue manufacturer's participation and support of your marketing and sales efforts.
13. You have an active program to research, identify and expand your added value services and communicate these new services to both customers and the manufacturers of the lines you carry.
14. You have a company-wide skill improvement program offering a variety of subjects a from a variety of sources such as trade association workshops, local colleges, seminars, videos, audios, etc.
15. You have a serious effort for job and work environment enrichment that helps keep staff turnover to a minimum and encourages skill improvement from staff. This includes active participation in the business and its growth through periodic reviews of the key plans.
16. You have a program that promotes team building through solicitation of help, ideas and sincere involvement of all team members.

17. Have developed and scheduled periodic verbal and written communications with manufacturers about the market and competitive conditions, customer needs, sales/marketing efforts and success, economic forecasts, goal setting, assistance/training needed, etc. (You can use this information for the newsletter mentioned in test element number four.)

18. You actively communicate with and market to both the manufacturer and your customer concerning your organization's expertise, skills, capabilities, value added services and sales success. The tone of communication underscores the fact that the manufacturer could not duplicate your efforts cost effectively. It also communicates that these are the things their customer needs.

19. With all of your employees help, you have thoroughly evaluated -- on a scheduled and managed interval -- your business and administrative processes to streamline and eliminate all wasted effort and costs. The time and money saved is shared with the employees.

20. You make strategic decisions and allow tactical managers to make tactical decisions. You support their decisions by asking only how their decisions support your decisions. To use an analogy, when you ask them what time it is, you don't expect to hear how the watch is made.

Tally your score from these 20 questions using **five points** for every **positive answer**, based on what you are doing, not what you think you will do in the future.

See next page for

How You Scored:

| | |
|------------------|--|
| 80 to 100 points | Business success is evident. This article can fine tune elements of the successful programs you have going. For example, you think you've hired the top talent with the top skills. If you don't keep your skills at their highest level, how do you know you've hired the best and brightest? Complacency could make your success flat. |
| 60 to 75 points | You're on your way to success. Sales will expand dramatically as you implement ideas from this article. Share it with your staff. |
| 40 to 55 points | Better than average but needs immediate attention. Be careful that your zeal to improve doesn't confuse your team. Slow, steady progress based on good communications with your staff will accomplish more in the long run than short term profit gains. |
| 20 to 35 points | You've made initial progress. You're headed in the right direction but this partial attempt will not give you good results. Most of your competitors are at this level. You'll succeed only if you become better. Reread the article. Share ideas with your staff. Start to take control of your destiny before competition outperforms you. |
| below 20 points | The fact that you've read this far may be your only hope for future success. You have a tremendous job ahead of you and your staff may be the only thing that will save you -- If you listen and avoid lip service or hip shooting. Your first task is to realize that you do not have the skills needed to do everything that needs to be done. Get good people who have better skills than you. Then get out of their way and help them do the job you hired them to do. Get back in your office and make sure your plans are correct and complete. Then share the decisions you make in those plans with your staff so that they know where you're going. |

We know and have worked with successful independent sales organizations that score 80 to 100 points. They go by many names ... reps, distributors, VARs, wholesalers, etc. No matter what name you use to describe them, their sales are growing. Their customers are loyal. Good product lines are constantly searching them out for representation.

We've also worked with firms that scored below 20 points and made significant progress because they learned to listen to people who had better skills than they. Ego and the Rule of Ten will destroy any organization when the leadership in those organizations believes they have all the skills necessary to succeed. Only a team effort will provide the means to success.

Main message from this 1993 article:

sales is the most important function in any company

Stage two addresses what you are selling. The people who will have the responsibility for sales must become an integral part of the answer to the Stage Two question:

What Are You Selling?

We begin the process of finding out what you're selling with step ten which is the first step of Stage Two:

Step ten: select appropriate SIC code:

See: <http://www.naics.com/info.htm>

The Standard Industrial Classification (SIC) was originally developed in the 1930's to classify establishments by the type of activity in which they are primarily engaged and to promote the comparability of establishment data describing various facets of the U.S. economy.

The SIC covers the entire field of economic activities by defining industries in accordance with the composition and structure of the economy. Over the years, it was revised periodically to reflect the economy's changing industry composition and organization. The Office of Management and Budget (OMB) last updated the SIC in 1987.

In recent years, rapid changes in both the U.S. and world economies brought the SIC under increasing criticism. The 1991 International Conference on the Classification of Economic Activities provided a forum for exploring the issues and for considering new approaches to classifying economic activity.

In July 1992, the OMB established the Economic Classification Policy Committee chaired by the Bureau of Economic Analysis, U.S. Department of Commerce, with representatives from the Bureau of the Census, U.S. Department of Commerce, and the Bureau of Labor Statistics, U.S. Department of Labor. The OMB charged the ECPC with conducting a "fresh slate" examination of economic classifications for statistical purposes and determining the desirability of developing a new industry classification system for the United States based on a single economic concept. A March 31, 1993, Federal Register notice (pp. 16990-17004) announced OMB's intention to revise the SIC for 1997, the establishment of the Economic Classification Policy Committee, and the process for revising the SIC.

The ECPC and Statistics Canada reviewed the existing structure of detailed "4-digit" industries in the 1987 U.S. SIC and the 1980 Canadian SIC for conformance to economic concepts.

NAICS Structure

NAICS industries are identified by a 6-digit code, in contrast to the 4-digit SIC code. The longer code accommodates the larger number of sectors and allows more flexibility in designating subsectors. It also provides for additional detail not necessarily appropriate for all three NAICS countries. The international NAICS agreement fixes only the first five digits of the code. The sixth digit, where used, identifies subdivisions of NAICS industries that accommodate user needs in individual countries. Thus, 6-digit U.S. codes may differ from counterparts in Canada or Mexico, but at the 5-digit level they are standardized.

The New Hierarchical Structure

| | |
|--------|---|
| XX | Industry Sector (20 broad sectors up from 10 SIC) |
| XXX | Industry Sub sector |
| XXXX | Industry Group |
| XXXXX | Industry |
| XXXXXX | U.S., Canadian, or Mexican National specific |

The following are the 20 broad sectors (up from the 10 divisions of the SIC system):

| Code | NAICS Sectors |
|--------------|--|
| 11 | Agriculture, Forestry, Fishing and Hunting |
| 21 | Mining |
| 22 | Utilities |
| 23 | Construction |
| 31-33 | Manufacturing |
| 42 | Wholesale Trade |
| 44-45 | Retail Trade |
| 48-49 | Transportation and Warehousing |
| 51 | Information |
| 52 | Finance and Insurance |
| 53 | Real Estate and Rental and Leasing |
| 54 | Professional, Scientific, and Technical Services |
| 55 | Management of Companies and Enterprises |
| 56 | Administrative and Support and Waste Management and Remediation Services |
| 61 | Education Services |
| 62 | Health Care and Social Assistance |
| 71 | Arts, Entertainment, and Recreation |
| 72 | Accommodation and Food Services |
| 81 | Other Services (except Public Administration) |
| 92 | Public Administration |

Many of the new sectors reflect recognizable parts of SIC divisions, such as the Utilities and Transportation sectors, broken out from the SIC division Transportation, Communications, and Utilities. Similarly, the SIC division for Service Industries has been subdivided to form several new sectors, as shown in additional charts available on their website.

Other sectors represent combinations of pieces from more than one SIC division. The new Information sector includes major components from Transportation, Communications, and Utilities (broadcasting and telecommunications), Manufacturing (publishing), and Services Industries (software publishing, data processing, information services, motion picture and sound recording). The Accommodation and Foodservices sector puts together hotels and other lodging places from Service Industries and eating and drinking places from Retail Trade.

So...why is this important to you and your sales team?

If you're hunting...you find the woods.

If you're fishing...you find the lakes.

Then you sort through the list history details for the biggest deer or that elusive Musky.

The SIC Code system works like that.

Find your best target customer.

Find their classification code...and then back into one of the largest databases available for an entire list of target customers.

It's one of the best uses I've seen of taxpayer money.

Happy Hunting!

Make sure your sales team has the gun...use your marketing department as the bird dog.

Step eleven: determine list of ingredients of product line

Ingredients, parts, sub-contractors...everything you will need in order to make and deliver your product. This will help you develop the best price and availability for each of the elements.

You can also analyze each and determine whether you buy it or make it. As we travel further through the four stages, you'll find additional use for this list so be as precise as possible and count every nut and bolt.

Your manufacturing manager has the ball on this one and will know what I'm asking for here. If not, find a new manufacturing manager.

It's mind-numbing work but worth every minute spent.

Step twelve: determine suppliers of ingredients

Using your Step eleven list, match that list with a list of possible suppliers.

This will ensure you can get any part at any time.

You can also project sales and negotiate contracts with suppliers for extended periods which should get you a discount on a promise to buy a certain minimum number of parts.

You could also arrange for a line of credit with them or payment beyond the normal 30 days that will avoid bank charges for the same cash.

If you have more than one supplier available, you can have them compete for your business and sweeten the deal with some of the points just made.

OK...now you're ready to put the product together and sell it. I would advise you to confer with your sales staff and make sure you have achieved total quality management so your sales staff won't be promising more than you can deliver.

Here's how Total Management works:

(Yep...another article from the archives!)

Total Quality Management

If It Isn't Total,
It Isn't Management.

Total quality management is the search for and elimination of any wasted time, money or effort in all departments of the organization. To be total, the search should be made by all members of the organization.

The most popular prophet of the total quality management philosophy was W. Edwards Deming. The Deming philosophy was introduced to the Japanese by General MacArthur and embraced by the Japanese business world. The Deming view of total quality management was founded on a basic tenet of capitalism that believes customers want only the highest quality in the products they can afford. Market share became the quantitative measurement with profit an assumed result.

Deming counseled a quantitative approach that measures every facet of the manufacturing cycle to insure quality and empowers employees to control and contribute to their phase of the manufacturing quality cycle. It was a Lemming - like approach that gave direction and managed the ebb and flow of that march to the end product's highest possible quality. The initial effort turned beer cans into toys and eventually captured the electronics industry. The emphasis was on highest quality at the lowest cost.

Japanese capitalism was beating the American version of capitalism by following the advice American business preached but didn't practice. The Japanese even dominated the automotive world until Detroit added quality as "job one". The Japanese responded by forgetting the quality principles that allowed them to beat the American markets at their own system of capitalism. The new global view of quality uses short term profit as the measurement instead of long term market share.

Look again at the automotive example. Quality has become an advertising slogan while the end product offers shorter life cycles and the customer is subjected to a growing list of options that raises the actual price of the typical automobile to rival the cost of some homes. When basic safety features like airbags and anti-lock brakes are listed as options, you know something is very wrong.

Instead of finding out why customers choose one product over the other, both the Japanese and American forms of capitalism are creating price wars that turn quality into an advertising slogan or an option to be bartered. The respective governments are getting into the act by adding tariffs, restrictions and any barrier they can think of to impede the success of the other's products. The automotive market is just the most visible proof of this phenomenon.

The trade wars going on in the agricultural, computer and consumer electronics markets are more complicated -- but are based on the same principle of profit over quality.

The Japanese will not allow American apples (the fruit, not the computer) into their marketplace. The Japanese apple costs the Japanese consumer about \$3.50 *each*. The Japanese government protects the Japanese apple farmer by touting the quality of the hand raised product. They say they are protecting their market from disease and insects that may come from importing the American apple. The same bogus quality control arguments keep American rice from supplementing a shrinking domestic supply of Japanese rice. The result is higher prices for less quality -- or quality that the consumer does not want or need.

To repeat our theme: Total Quality Management is the ability to produce the highest quality product at the lowest possible price. It's a concept easily understood and universally praised by any consumer. Because it's understood by the consumer, businesses flock to its banner and tell their customers that they agree. This lip service is even spreading to the American government as the Clinton administration flocks to the banner.

Vice President Gore hosted something he called the Reinventing Government Summit in Philadelphia on June 28, 1993 inviting 200 businesses for input on how to bring total quality management to the federal bureaucracy. "Some people are skeptical that we can do this," Gore said. "But what if someone had told us that in 1993, the U.S. auto industry would be producing high-quality, competitive cars? If the auto companies can make that transformation, the federal government can do the same."

Let's put this into a consumer perspective. The entire Model T cost was less than the muffler system on a new Ford. This kind of transformation we can do without. At this point some government bureaucrat will rush in and tell you about the value of the Model T dollar versus the value of the dollar today. The consumer didn't devalue that dollar. Government bureaucrats did. Another transformation we could have done without.

The needs and wants of millions of consumers are being controlled by a few people in government and business. The consumer has not realized the benefits of a fifty-year-old philosophy called total quality management.

Here's why:

Total quality management subordinates the need for profit as the primary focus of any business. Top management of any company will maintain their position of power because of their ability to generate profit for the owners of that company. They are being judged by their ability to generate profit, not quality.

Quality is a commodity that top management uses to support that drive for profit. It is not perceived as a concept to be applied to the operational aspects of the company to produce better products.

Politics and money must become the measuring stick for the success of any total quality management program. If it doesn't add profit, it doesn't deserve a place in the pursuit of profit.

Harsh assessment? Yes, but true. If you want a total quality management program in your business, you better be able to prove its worth.

Total quality management works in Japan. You've probably heard of the "quality circles" that have improved manufacturing operations while cutting costs in those same operations. The quality circle plays to the cultural need of harmony. This is in stark contrast to the rugged individualism in America. Unless total quality management stresses the concept of an individual as an agent of change, it will fail. The only way you can get the individual to want to change things is to give that individual an incentive to change something -- an incentive like money.

A food store chain experimented with total quality management. Keystone of the program was the monetary reward of any suggestion that would save the chain money. The manager of that total quality management program didn't expect the kinds of response received. After all, American business experiences less than one suggestion per 1,000 employees per year as an average. In Japan, each employee provides five suggestions per year. Here's what happened:

The evening cleaning crew instructions included responsibility for turning down the air conditioning in order to cut utility costs for the chain. One member of a crew in the southeast suggested that the air conditioning be turned down permanently and that the dairy and meat coolers be turned up. That simple suggestion produced these results:

- dairy and meat products lasted longer and stayed fresher
- customers complimented the store managers on a better environment for comfortable shopping
- total annual energy savings were documented to be \$10,000,000.00

The cleaning crew member was rewarded with a 10% bonus reward from those savings and retired as a millionaire in Florida. Word spread that the total quality management program was real and not just lip service. Additional cost saving ideas poured in and the food chain is positioned today as one of the most profitable.

Simple solution? Not really. Here's what happened in other companies that tried similar programs. The cost saving idea came in. The potential reward was judged to be tremendous -- and threatened the manager of the program. Why pay out that kind of money when you don't have to. Why not just give them a framed letter of thanks from the president and take a bigger bonus at management level? Ego and greed got in the way. Total quality was paid lip service and the verb management was confused with control.

Good TQM programs will stress cost saving or product improvement results. Bad TQM programs will create a methodology that stresses forms, systems and other accretions rather than the goal. Total quality management must focus on the root cause analysis of the problem and not solutions to the symptoms of those problems. Here's another example:

Employees began complaining about the wet paint on a picnic bench that seemed to require painting every other month. The suggestion was to put a sign on the bench every time it was painted to avoid damaging clothes or repainting the bench every time someone sat on the wet paint. The manager found that there was no stock number for a wet paint sign. Focus was on the purchasing system to revamp the stock number system and order wet paint signs. The suggested purchasing system was incompatible with the current computer program. Dozens of meetings later, they decided to replace the wood bench with a metal bench that wouldn't need painting as often. The result was a reduction in the need to paint but it still needed painting every three months and still no wet paint signs existed in the system. The problem went on for over a year and involved dozens of meetings. It would have gone on longer if they hadn't hired a new janitor.

The company was situated next to a golf course. The bench was next to the seventh tee. Golfers would use the bench to rest their cleated shoes while retying the laces. The company's new janitor saw what was happening and moved the bench twenty yards inside the company grounds. The frequent paint job was no longer needed. The wet paint signs are no longer needed. The new purchasing system was no longer needed. The computer program works fine as is. The TQM manager claimed credit.

The janitor never did become part of the TQM program in this true story. But he did get to the root cause of the problem that was costing the company a lot of money. He didn't need a committee to tell him. He didn't have to fill out any forms. He did it because he was responsible for the quality of his own job performance. When we asked, he said he did it because "...I'm the one who has to paint the damn thing".

Five minutes of your time could very easily save your business a lot of money. Concentrate on the things around you. See if they add to the quality of your effort or rob you of efficiency.

For example, how often does your facsimile machine fail to send a document? How much time would you save if you replaced it instead of calling the repairman or continually resent documents because it failed? How often has it failed to receive the purchase order a customer tried to send? What if it was tied to an 800 number that made it easier for your customers to contact you? What if you added that 800 number in your advertising and literature to show people how easy it is to do business with you? Amazing what five minutes of focused attention will produce!

Management must be prepared to give up total power and control if they expect a total quality management program to work. Even their perks would be in jeopardy.

Can you really justify a company car or a leased car if you only use it to drive home and back? What if it was used to make sales calls or for special deliveries to customers?

It's called justification of the cost of doing business. It threatens egos by forcing even top management to justify their existence. Those that provide visible justification of their perks demonstrate something sorely lacking in today's business world.

It's called leadership by example.

Quality is a team effort that will threaten any member of the team that lacks the skills or knowledge of the quality goals. If the managers of the TQM programs lack the skills or knowledge of what the TQM program is designed to achieve, they will subvert the program into a control function that will focus on filling out forms rather than rewarding the content of those forms.

Quality should be a function of the company's culture and not politics or control. It must become a positive attitude and not a weapon in the hands of an incompetent manager. A true quality program will become an ongoing, self-correcting philosophy rather than an emergency management fire brigade.

Total Quality Management program training must include management. How can they manage a program if they do not understand what the program is all about? Egos will often get in the way of any quality program. For example, here comes a 20 year union member making \$28 an hour on the assembly line with an idea for replacing 12 gauge solid wire with less expensive but more effective 14 gauge stranded wire. The boss has his son managing the line during summer months when not pursuing his engineering degree. Attitude, training and skill levels will have a lot to do with how well these two will interact.

Our research shows that 90% of the available savings from a TQM program can be identified by an organization's own employees. An additional 10% of the total TQM savings are available through the use of an outside consultant. The 90% success level from the employees' efforts cannot be achieved unless the TQM program provides substantial incentive for the employee to participate.

Many organizations will frequently use the services of a consultant to identify the majority of the cost savings. The ironic part of the use of the consultant is the fact that the consultant will zero in on employee interviews as the primary modality for cost saving identification.

It may be wise to use a consultant to reach the cost saving levels required to justify the TQM effort. Even though the consultant will identify the majority of cost savings from employee interviews, the identification of an additional 10% of cost saving ideas available will be worth the extra consulting cost. The added value of using a consultant will be the list of impediments to TQM success they will identify in your organization.

We have found these primary impediments to success when evaluating most TQM program success potential:

- goals of the program, if achieved, will bruise the ego and threaten the control (read: *power*) of management.
- lack of management support, at all levels, in order to maintain control (once again, read: *power*) at management level.
- lack of substance in the program -- management hides this fact with complicated forms and procedures designed to maintain management control (uh-huh: *power*).
- lack of real reward for any individual effort in identifying cost savings.
- lack of follow-through when cost saving ideas are presented.
- bad attitudes based on lack of training and skills throughout the organization.

Here's a quick test that will give you a snapshot of how well you may react to a total quality management program:

The test questions have either a positive or a negative value. Your total test score will be derived from the combination. If you're half right and half wrong, you haven't gained a thing. Honest answers will give you a better snapshot of just where you are and where you should be going to make a total quality management program work for you and your company.

The Test:

| point value | question | score |
|-------------|---|-------|
| +10 | You have a formal Total Quality Management training program for all employees. | _____ |
| +10 | You have someone assigned to the responsibility of managing and monitoring the program, efforts and results. | _____ |
| +10 | All employees, including all levels of management, participate in the training and the continual follow-up training. | _____ |
| -20 | You do not have an equitable and fair financial reward incentive program to reward results from employee efforts (Example: reward equal to 10% of cost savings or increase of profits for one year of the improvement). | _____ |
| -20 | Managers at all levels are not actively involved in promoting the program. | _____ |
| -20 | Managers at all levels (including top) have not participated in the TQM training. | _____ |
| -20 | Managers at all levels only pay lip service and do not set good examples. Management waste or perks are obvious but not justified in the eyes of all employees. | _____ |
| -20 | Waste and causes of waste, and the suggestions on how to get rid of the waste are not acted upon regularly. | _____ |
| +20 | TQM efforts and results are a priority in all company goals and plans. | _____ |

+10 Management at all levels, including top, are measured and financially rewarded based on their staff TQM efforts and results. _____

+10 Management at all levels are active in the TQM training of staff and themselves. _____

+10 Management at all levels actively promote TQM and provide personal examples of participation. _____

+10 TQM efforts and results are communicated throughout the company, not only frequently, but in an effective manner such as a newsletter devoted exclusively to the TQM program. _____

+10 TQM efforts and results are viewed by most at all levels as a company culture and way of life. _____

Your Score: _____

Now...take your score and check out the next page for what it means.

Your Personal Scorecard:

- 80 to 100 points: You have an excellent program and results should be obvious. Use this article to confirm your efforts and to refine your direction. We encourage you to share your program with current and potential customers. Ask for their help in improving the program even more. Position yourself as a model for others in your industry to follow. Don't be afraid that your competitors will use this program to improve themselves. You know how hard the program is to realize. They'll never catch you if you keep on with your efforts.
- 50 to 70 points You've worked hard to get this far. Analyze what is holding you back. If it's *who*, get rid of the dead weight and continue to improve the program. Your efforts will begin to pay dividends. Distribute this article to other employees. Have other management levels take the test and compare scores. Analyze where you differ and focus on those areas of improvement possibilities. With a higher score, you can assure the continued and future profitability of your business.
- 20 to 40 points You are spending time and money attempting something good but are coming up short. Beware of the doomsayers who say "It won't work". They are part of the problem and not the solution. Pinpoint problem areas and personnel. Look for ego, greed or lack of skills in personnel or departments that may be holding the program -- and success -- back.
- 10 points or less Don't look back, Your competitors are reading this article and zeroing in on your market share. You need professional help or a new staff. Or are you the problem? It's soul-searching time!

Now that you have everything on paper and made sure you have the highest quality available to back up your sales claims...here's a question:

What does your company have that no other company can duplicate?

We move to step thirteen:

Step thirteen: Determine intellectual property opportunities

Why You Need Patents, Trademarks and Copyrights

I'm going to walk with you on a path of logic to show you why you need to protect your ideas. We begin with the definition of "you" and "your"...

...as an entrepreneur, you have created an entity called a business. This business, in the eyes of the law, is the same as having a child...something to nurture and grow. The "you" refers to the aggregate collection of humans involved with that company who contribute to this growth and nurturing process. Simply stated, even if you started the business, you are an employee...not the business. The business is a separate entity which must be protected from others (both human and other businesses) who might do it harm.

Every business, no matter how large or small, has assets. One of the most important assets is its intellectual property. These assets, known as IP's, include anything that contributes to the product or service the business is selling. An IP could be as simple as your business logo or as complicated as original computer code such as that developed by Bill Gates.

Matching the IP with one of the three protective devices (patent, trademark or copyright) can be confusing and expensive. The more valuable the IP, the higher need there is for legal advice. However, there is a simple business rule that provides what I call "barb wire" protection. That rule is:

If It Ain't In Writing, It Don't Exist

Here's how it works:

If you have a picture, drawing, poem, etc. that is a result of your creativity, it (an IP) belongs to you (remember the definition of “you”). If someone wants to duplicate that result of your creativity (the IP), give that permission, *as an officer of your company*, in writing with a clear understanding that the “borrower” has limited use of the IP. In most cases, the use of a document with your business letterhead to protect that IP will discourage the “borrower” from unauthorized use of the IP when they realize they are asking a company...not an individual...for permission to use it. This also provides you personally an opportunity to politely refuse...not because you personally do not want to help, but because it doesn’t belong to you personally...it belongs to the company and the company policy is to have everything in writing.

This “barb wire” rule will generally discourage unauthorized use of your IP.

But, what if they ignore the rule and use it anyway?

Prevention of unauthorized use can be strengthened by making sure you provide some level of protection. There is a term called “prior use” that establishes a timeline for when your IP was created and by whom. This can be done by simply adding the symbol © on the IP (such as a logo or picture) on “first use”...and include your company name.

I counsel keeping a copy of this “first use” that includes proof of date. Two examples of how to do this: a hard copy that is notarized or a registered letter sent to someone with instructions not to open the envelope.

You do not need to register the copyright, you can use this simple method to stop someone...but you cannot claim damages. However, if the copyright is legally registered, then you can also include damage claims along with demand to stop unauthorized use. Yes, this is where a lawyer comes in but is also an example of where you must decide what value the IP has for your business.

Should you wish to explore the copyright subject further than the simple explanation above, here are three websites that provide more in-depth explanation of the mechanics and details:

<http://www.copyright.gov>

<http://www.templetons.com/brad/copymyths.html>

<http://fairuse.stanford.edu>

You may be reading this after someone has infringed on the IP of your company. It is not too late to establish your claim and get them to stop using your IP without remuneration. If it involves substantial financial gain by the unauthorized use...get a lawyer who would take the case on a contingency basis. The lawyer will explore what kind of “barb wire” or prior use you have established for the IP.

Even a letter from you without a lawyer sent to the offending party can frequently solve the problem. Make sure you explain that your company is the source of the letter and not you personally. This adds weight to the seriousness of the offense committed and will generally discourage them from further use of your IP.

Unauthorized use of IP's is rampant since the popularity of email. How often have you received an email from someone that included a cute picture or provocative poem? If they did not include an identification of the person who created that picture or poem...that is unauthorized use. They send it to appear clever or smart (at least in their eyes) since they are the one sending it to you.

Entrepreneurs are generally people-oriented, helpful and accommodating. There are those out there who take advantage of those positive characteristics. I would counsel with the sage advice from Cervantes in his epic *Don Quixote*:

*If thou hast a mind
To win of idiots approbation;
Lost labor will be thy reward,
Though they'll pretend appreciation.*

Another thought (from Mark Twain) to place the subject of unauthorized use in perspective:

*If you loan a friend money
And never hear from them again,
It might have been worth the cost.*

Simply stated, an IP (intellectual property) is something your company has that no other company has or can duplicate. There is legal protection available for this IP using the following:

Patents are the most familiar.

Next come Trademarks, copyrights and trade secrets.

If these won't work...try personality.

Seriously...think of the following:

The Colonel at KFC, Dave Thomas, Ray Kroc

All three sold food but their names and personalities had more value as an IP than any "secret" sauce or seasoning.

The IP area is another legal kitchen. Don't try cooking there unless you have the education, skills and experience. I'll give you a shortcut here and refer you to several websites where you can study the stuff.

However, remember to be aware but not obsessed.

Just remember that your company's future is stronger when an IP is involved.

It's one of the major questions an investor will ask.

Find a good patent attorney (or agent as explained in the websites) and get out of their way.

Info on patents, trademarks and copyrights:

<http://www.uspto.gov/>

Info on copyrights

<http://www.copyright.gov/>

Difference between patent agent and attorney:

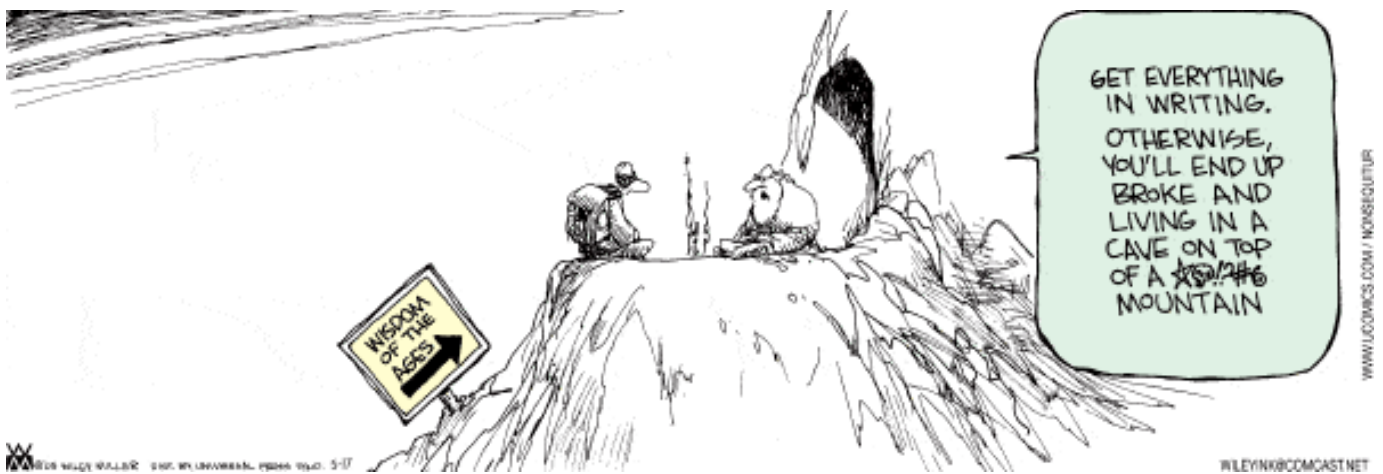
http://inventors.about.com/od/patentattorneys/ht/patent_agent.htm

Personality:

Well...that depends on how you scored on the sbo/sob article!

Below is a reminder I have hanging in my office...complete with attribution to the artist.

It's a strong reminder as we now move on to our next stage...



Stage Three

***How Will You Make
What You Are Selling?***

Step fourteen: select manufacturing process

Factors to be considered here will impact seed capital required.

For example, if you will manufacture products, you will require an experienced manufacturing manager who will determine equipment required, space/offices and knowledge of state and federal regulations that apply to your manufacturing process.

If the manufacturing process is outsourced, strategic partners must be found and contracts developed. This will still require a manager dedicated to monitoring the manufacturing process working with your lawyer and accountant.

Steps ten through twelve will help you navigate this step by providing the tools you will need and use in making the final decisions for the manufacturing process.

Don't forget to look for opportunities to work with your sales staff.

For example, can you private label the end product and sell more that way?

Private label avoids the marketing costs associated with branded products.

If you are selling a service, work through the same process and determine all of the factors involved.

For example, my particular expertise is marketing communications. After almost half a century involved with it, I have identified everything needed before I can do what I do best. Much of my final product involves the client's attitude and willingness to be told to stay out of other people's kitchens when they have responsibility for the menu item. My work involves graphic arts, printing techniques, market research, media research and many other elements I will explain further on in this book.

However, one thing I do tell clients:

I'll tell you what time it is but I charge extra if I have to explain how my watch is made.

Step fifteen: determine capitalization tables for the manufacturing process

Simply stated, how much money will you need to buy or lease the equipment and secure the spaces needed to make the product once the process is selected?

What about life of the equipment and replacement/repair costs?

Can you buy used equipment to get you going until you can afford new?

Any special laws or regulations that apply at the federal and local level such as zoning and permits?

You will need these numbers for the financial projections required as part of your business plan.

Tax law comes into play here as well as tax deductions that apply to purchased equipment versus leased. Remember to make sure your accountant is also an Enrolled Agent.

Please note that Stage Three is brief and contains just two steps.

I mention them to make sure you're aware of these steps and caution you to stay out of the way of the people you hire to handle the process. They will know a lot more about it than you or I could learn in the next few years.

Let's stay focused on what we do best while keeping informed (but not obsessed) with the steps needed.

On to Stage Four where it all comes together...

Stage Four

**Who Will Buy
What You Are Selling?**

Stage four will determine who will buy what you're selling.

Your options of how to sell include wholesale or retail selling or royalty income from your process or licensing of your intellectual property.

Decisions you will have to make will also involve distribution methodology.

The next four steps will provide an overview...and then you'll be ready to start building your business plan...the marketing plan...and your marketing communications plan.

Here's the first step in stage four...and the 16th of 23 you'll be taking:

Step sixteen: select primary and secondary target markets.

In this step, we only have to know you're targeting females.

These primary and secondary target markets will be fine tuned in your marketing plan to the point of identifying blond, blue eyed, left handed females.

Use the SIC codes for this broad stroke.

(That was an unintended pun and not to be considered sexist!)

The new codes give you at least six quantifying numbers to work with. Four would be sufficient for this step. More if you can.

Work with your sales staff and marketing department...but keep the search general and as an overview. If you get too deep into the process, you'll miss opportunities when you create your marketing plan.

Review the section on SIC codes again if this is fuzzy...it will become clearer as we get closer to your marketing plan.

Step seventeen: select ancillary markets

Given a choice in step sixteen of primary and secondary...all the rest go here.

This is where you dig deeper into markets that may not produce as much potential but still represent possible profit.

Goal here is to make a list and then prioritize as to size of market.

Use the largest/easiest markets for step sixteen.

Step sixteen goes for the low hanging fruit.

This step requires a stepladder.

Keep it general and broad...let your marketing plan do the digging.

Step eighteen: establish sales organization

You have several choices here. Among them are In-house, Strategic Partnerships via wholesale and Independent sales organizations.

Time to hire or appoint a sales manager (*or VP if they take the title at manager salary with stock options and hefty bonus for reaching sales targets*).

Remember...this is the most important person in the organization.

Nothing happens until someone sells something...every previous step was designed to support this function.

Pay close attention to how this person will need every bit of information you have been gathering to create the company.

Review the article at the beginning of Stage Two. It was written with an independent sales organization as a focal point.

If you go with an in-house sales organization, keep it separate from the marketing and marketing communications function. I'll elaborate why when I get into a discussion of how sales leads are generated and how the sales force should handle them.

The contract you negotiate with your sales staff should establish territory and commission figures chiseled in stone. That is their guarantee that the relationships they build with the customers will become an annuity for them.

They will work hard at the beginning to establish those relationships and then live a normal life once the ball is rolling.

Mistake: just because the sales guy in the field is making more money than the president is no reason to cut his commission or territory. His commission is probably 15 % if he's making that much. Just remember where the other 85% is going...into the value of the company and the potential price of the stock you own.

True story:

I remember sitting in a board meeting when I noticed a sales guy peeking in the window of the conference room. I stopped the meeting and waved the salesman in. I announced that whatever the salesman needed from me was far more important than anything we were discussing.

The stunned looks on their faces gave me great joy as I was able to pound home the point again...

...nothing happens until someone sells something.

The sales guy only wanted to tell me that the latest bunch of leads were closing at a 50% rate and did I have any more?

Word got around real quick among the sales staff about my priority.

Add the fact that only hot leads were passed to the sales staff with an average 50% close rate and I had the company president shoveling money at me faster than I could provide services.

More on this in step twenty-one.

It takes a special kind of person to be a salesman.

When you realize they take an average nine NO's before they get a YES...I couldn't take that much rejection in my life.

But persistence gets past the nine until the target comes to realize the benefits offered by the salesman and finally says yes.

Step nineteen: match distribution methodology with sales organization decisions

You make the widget in Minnesota.

Guy in California wants to buy it.

How you going to get it there?

Options:

- Company fleet
- Outsourced delivery service
- FEDEX and UPS
- Other

The faster you get it there, the faster you create cash flow. This step involves highest customer service against cost of delivery.

Maybe the answer is all options with absorption of shipping costs rated by size of order.

Work with your sales team to work out the best balance and give them options to eat the shipping cost. They can frequently close the sale if they throw in free shipping.

Don't let someone's opinion of shipping method get in the way of customer service.

Don't forget to factor in this cost when you develop manufacturing or sales costs. Your financial projections should be as clean and accurate as possible.

Step twenty: develop marketing plan

OK...now you're in my kitchen. I promised to help you decide whether the word "marketing" was a noun or a verb. Isn't it strange that this function is riddled with confusion when it's goal is to communicate with your targets?

How To Market confuses a noun with a verb.

Your Market (a noun) is simply a list of exactly WHO would care about your product or service. This is a list of people...not companies. That list of specific people can be identified by your marketing department as follows:

Suspect: someone YOU think would be interested.

Prospect: someone who has indicated some interest in your product or service.

Sales Lead: someone who has been identified as wanting to know more about your product, has the money to buy it and has actually asked you for more information.

If you get too deep into the marketing, you're going to need a translator to cut through the semantics. For example, you may come across the word "demographics".

Demographics...an expensive word used by marketing firms to charge you for what you already know. Originally a name for the person who collects vital statistics such as births, deaths, marriages and various elements of a population.

You already have the demographics...remember the work you did with those SIC codes?

As we say in Minnesota: yah, sure yah betcha there ya be!

Let's dig a bit deeper into those marketing textbooks you'll find in most business schools. They preach the FIVE P's approach:

Product:

What are you selling?
Who needs it?
Who knows they need it?
Who wants it?

Place:

Where is it?
How does the customer get it?
How can it be seen?

Price:

How much does it cost
Who sells for more?
Who sells for less?

Packaging:

Does the package sell the item?
Does the package have value of its own?
Will the package survive until delivery?

Promotion:

Who knows about your product?
How do they know?
Do they know in the best light?
Where and for how much will you advertise?

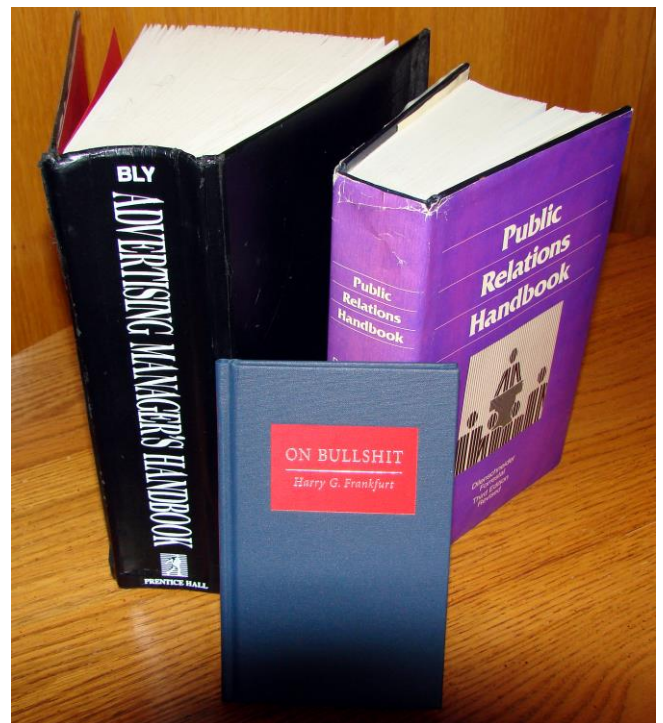
Before I dissect these five P's...allow me to add a sixth: **Poppycock!**

I use Poppycock because **Bullshit** doesn't start with a P.

Sidebar:

The Bullshit book is by Harry G. Frankfurt published by the Princeton University Press where he is Professor of Philosophy Emeritus. Available from Amazon and most bookstores.

Might be helpful to keep things in perspective.



I won't get into great detail here since I have counseled you to be aware but not obsessive. Just remember to maintain an overview and plot your direction and decisions in that frame of mind.

Product

Came from the mind of the founder of the company.

Place

An accounting function determined by overhead cost analysis.

Price

Function of your manufacturing cost with keystone* tactic as minimum

**(retail cost established as twice the manufacturing cost...*

...more if your sales staff can get it).

Packaging

Regulated by the government.

Promotion

Attempt by the marketing guy to get into the advertising guy's kitchen.

Poppycock

A colloquial expression meaning foolish or empty talk.

The function of marketing (the noun) is the gathering of information about who should (suspects), could (prospects) or would (sales lead) buy your product.

When the word marketing is used as a verb, it suggests an action that is the same as another grammatically challenged word...advertising.

The word advertising can also be used as a noun or a verb.

It would be a mistake to do so.

The correct term is marcom (marketing communications). Advertising is one of several ways marcom can generate sales leads (would) from the suspect (should) and prospect (could) lists gathered by the marketing department.

Salesmen should only work with sales leads. Suspects (should) and prospects (could) are the lists marcom uses to get the people (not companies) on that list to the level of sales lead (would).

If your marketing department does anything beyond gathering and analyzing lists, they are wasting time and money and confusing the entire effort. Keep them focused with those SIC codes as a starting point.

Using that list, here are some suggestions on how to expand and refine the lists:

Create an in-depth description of the person you think would buy your product or service.

Now that you have an idea of your demographics...try to find groups of them already developed as lists.

Examples of how to do this:

Lists of members of organizations to which you belong.

Direct mail lists similar to these organizations.

Trade show lists (how to get them without expensive exhibition fees).

Directories found at your local library

(your local librarian is an expert at finding information for you....typically with a master's degree in library science and they get a real sense of satisfaction from their ability to help you).

This is your suspect list...people you THINK should buy your product.

Your goal now is to convert this SUSPECT (should) list to PROSPECT (could) lists.

Remember that there are three levels...suspects (*should*), prospects (*could*) and sales leads (*would*).

Company management often makes the mistake of giving suspect lists to their sales staff thinking they are on the right track of generating sales.

What they are really doing is wasting the most valuable resource they have...a sales person's time.

Remember the advice I gave you on keeping your sales department separate from your marketing and marketing communications department?

Only sales leads should be given to a sales staff.

Suspect and prospect lists should be the responsibility of the marketing effort...not sales.

The marketing function should be separate from the sales function to ensure accountability of what the marketing department accomplished with their budget.

The marketing communications department should be separate to ensure accountability of how many sales leads they were able to generate from the lists provided to them by the marketing department.

The sales department should be separate and accountable for what closure rate they were able to accomplish with the sales leads generated by the marketing communications department.

Each of these separate departments has a specific job to do that creates a synergistic effort to create cash flow at the lowest cost possible.

Combine any of the three into one department and you destroy the synergy and create a situation where you get finger pointing rather than results.

I hope by now you have the overview to make this connection:

Lists = marketing department

Sales leads = marketing communications department

Sales = sales department

Three departments that should remain separate and accountable.

Since we're in Step twenty and the marketing plan...here's how they should work the suspect (should) lists and develop the prospect (could) lists and pass them on the marketing communication to further develop into sales leads (would) lists that can be passed to the sales department to close.

Think of it as a huge filter where large lists are filtered until only the sales leads come out the end effort.

Here are some thoughts on how to do this:

Take the suspect list and start filtering to find the prospects as your next list.

A prospect is someone who has indicated some interest in your product or service.

That “indication” may be as slight as attending the trade show. Or, they may belong to the organization you identified as a source of suspects. These suspects become prospects only after you have qualified them further using your demographics.

For example:

Students attending a trade show may not have the ability to pay for your product or service. However, someone on that trade show list with a title at a company is definitely a prospect...especially if the company will be the entity paying for your product or service.

You can confirm their status as a prospect by comparing them to your SIC and refined demographics lists. Use and refine your demographics as much as possible. Confirm your demographics by comparing actual customer demographics with the demographics you have developed.

The more you know about your customers...and what they expect from you...the better you will be able to find new ones. It’s a concept called...customer service.

The person most responsible for knowing the customer is the salesman.

*Yes, I know the politically correct term is salesperson.
There’s enough confusion in the business world.
If you want to be politically correct...write your own book!*

Now, where was I before we were so rudely interrupted by that PC thought...

...lists starting with suspects...filtering out the prospects and then getting the prospects defined as sales leads.

The salesmen will be able to help with continual upgrading of your demographics. They should also be involved with customer service.

Here’s a program I have used very successfully in the past:

The Happy Caller Program

Do NOT use your salesmen to make the call. Have someone with more time and requiring less pay call a list of your current customers and ask two questions:

1. Are you happy with the last widget you bought from us?
2. Do you know of anyone else that might need the widget?

Now...two good things happen if you do this...the first being a company with a high degree of customer service that even calls to make sure everything is OK with the customer.

The second is a list of people your current customer thinks might be interested in your product.

Follow me carefully here...you now have your salesmen involved in the call to that list and open with:

Mr. So and So suggested I call you and tell you about a product he thinks you might be interested in...

...instant credibility because your customer's name will be familiar to the person being called who has been identified by your current customer as a prospect.

Yes, I know the salesmen should only get sales leads, but this Happy Caller program has been so successful, I have found having a salesman involved in the call shortens the time between the time you get the referral name and the ability to close on the sale to this new potential customer.

I've used the Happy Caller program with clients and have increased sales over the previous year by over 30%. Your customer list could do the same.

Here's another article about a sales program that works for manufacturers who use independent distributors:

How To Blitz Sell

Blitz selling is the term generally describing the specialized selling strategy prevalent in the late 1960's and early 70's. It was designed to concentrate the efforts of the manufacturer and their sales organization during a very short period of time using extraordinary tactics that combined increased awareness of the product line with an almost carnival-like atmosphere.

The technique can be used effectively in today's market, particularly when using prospect lists developed by your marketing department before they are passed to your marketing communications department. However, before you can plan a Blitz campaign, you need to understand how this selling technique works.

EXAMPLE:

Ajax widget manufacturer has a major distributor in the Los Angeles area. The sales manager from Ajax would contact the distributor and arrange to have key Ajax people meet with the distributor's sales force at a local restaurant the evening before Blitz day. A sumptuous meal would be followed by a product briefing complete with instructions on how the Blitz day would be conducted.

A typical scenario would include a theme complete with a point system that would be awarded to the sales people for specific target events during Blitz day. Those events would include actual booked orders, quotes or simply contact with current customers or prospects. Field sales calls would be included in the process with all activity directed at promoting the specific product or service.

A review of key selling points based on the widget benefits would follow with promise of big rewards for the points earned during Blitz. Using the point earning tactics, the distributor sales force would be aided during the Blitz by Ajax personnel at the distributor's offices and in the field with the field people from the distributor. Points would be tallied on the Blitz on a bid board designed to support the general theme. Key technical and service people from Ajax would directly support the distributor sales force during the Blitz day (week, month, etc.).

THE REWARD

Points earned during the Blitz period by the sales force would be converted into cash or other prizes. Variations abound--such as the manufacturer who awarded darts instead of points to the sales force. At the end of the Blitz period, the sales force would take turns throwing their earned darts at balloons that contained cash or receipts for prizes. Others have used catalogs of prizes purchased with the earned points.

Another variation is to have a casino night where the points earned are turned into chips that can be gambled and used to purchase merchandise from the catalog of prizes. The theme of the Blitz day would generally lend itself to the method of redeeming the points earned.

ADDED VALUE

Blitz day generally results in an increased awareness and sales of the manufacturer's product line. The distributor gains additional commissions from the increased sales effort while the afterglow of Blitz day keeps the distributor sales force aware of the product line while increasing their knowledge of the product benefits.

The personal attention of the manufacturer at the distributor's location increases the personal contact of the key manufacturing personnel with the independent sales force. The increased use of Blitz days during the 60s and 70s was a testament to the technique's effectiveness.

SO, WHAT HAPPENED?

The success of Blitz selling was overshadowed by several factors. Over the years, these factors took priority over the basic proof that return on investment of Blitz justified their continued use. Image and fiscal elements became more important than the fact that Blitz selling worked.

Image-- Despite the fun and camaraderie that Blitz selling engendered, many companies thought that they were too sophisticated to have that much fun. They buttoned up their monogrammed white shirts and put on their conservative suits. They replaced smiles with serious frowns more in keeping with their perceived image of what their company was all about.

Fiscal--The IRS hit several sales people with claims for back taxes based on the value of the prizes earned during Blitz days. The owners of the distributor companies told their manufacturers that they would administer the funds normally allocated for Blitz day and usually found ways to weave that extra money into bottom line profits rather than "frivolous" ventures such as darts and balloons. They suggested ways of using the funds for things like holiday parties and door prizes rather than use them for specific sales intensive activities.

Another factor that decreased the use of Blitz selling was the subversion of the product lines. Distributors would hype the Blitzed product over competitive lines or actually switch lines they carried creating an atmosphere that concentrated on the Blitz rather than the purpose for the Blitz. The ultimate downfall of the Blitz concept was pure and simple greed--on the part of the sales organization or on the part of the government through the IRS.

IS IT TOO LATE?

Having fun while making a profit is a trait many countries admire about the American business scene. Too often we have stooped to strategies endemic to other cultures. We ironically now see Japanese business executives on golf courses and American business people reading Samurai philosophy tomes. It may be time to get back to basics and do what we do best.

There's no reason an American business person can't go back to having fun while selling something. Quit trying to define your "corporate culture" and go back to those positive traits that are uniquely American: honesty, integrity and a good sense of humor.

WHERE TO BEGIN

Here's a concrete example of how to Blitz sell using data from your marketing department and a list of things you'll have to do to make it work:

Define your target. It can be an application, vertical market or any other criteria or qualifying indicator. Talk to your best sales force group (distributor, rep or direct sales force) and together pick a specific target in your marketing mix that you can use for a Blitz day. Typical would be to use the marketing department's prospect list to find new, hot prospects for future sales that were not known to the distributor sales force. Points could be based on the potential of the new account including contacts made, quotes, sales, personal sales calls, demonstrations, etc.

Get creative. Develop a theme that will blend with the activities. Make sure it fits with the image that you are projecting both during the Blitz and the rest of the year.

Plan the event. Publicize the event so that the sales force looks forward to the Blitz. A Blitz may combine staff from several offices. The actual day needs to be orchestrated so that trainers, prizes, scoreboard, refreshments, etc. are in the right place at the right time.

You'll be amazed at how much information you can dig out of the marketing department's prospect list once you have the target audience identified.

Be careful. If you aren't careful with your intro, the prospect will be more interested in where you got their name than they will in your message. Unless you're tactful and concentrate on getting the prospect involved, you'll alienate the prospect and blow your chance to develop a good relationship and turn it into a sale down the road.

Develop a script. Your marketing and marketing communications departments can show you how to position yourself over the phone. They can show you how to use the wealth of information on each of the profile sheets they provide on each of the prospects.

Don't rush the close. The excitement over winning Blitz prizes may cause sales reps to lose their sense of timing. The single most important factor in using the marketing department's prospect list for sales lead generation...in any program...Blitz or not, is your approach to the prospect identified by the prospect list data. If you call and try to make a sale on the first contact, you're most likely going to fail.

A soft approach that develops a relationship by exploring the prospect's needs for your products or services is the correct approach. You need to invest your time in your approach to build a relationship and establish the prospect's needs. People love to buy, but they don't want to be sold.

Remember that you are working with a prospect list. You want to refine the list into the identification of sales leads. Actual sales are an added benefit of the Blitz program.

Use the "Rule of Three."

The rule of three is a simple way of setting targets for the sales effort in a niche or vertical market. Each past sale represents an account. Within that account there are at least three departments where your product or service is, or should be used. Each of those departments will involve at least three applications of the product or service. Each of those applications will involve at least three people who have been or will be key influences in the decision to buy the product or service.

The rule of three dictates that for every sale you've made in the niche market, there are at least nine others you have not made. To make those additional nine sales, you should contact at least one of the key influences in each of the departments. Use the tactics of the Happy Caller program when making contact. You have more than a 30% chance of making an additional sale by using the rule of three. Contrast that chance with the cold calls being made on prospects outside of the current customer database.

Using the rule of three, you will find a focus on your vertical and niche markets that will lead to a faster sales cycles and a greater penetration of those vertical markets for greater market share. You can use the rule of three as targets for the Blitz campaign assigning points for every prospect that becomes a sales lead for future closing.

Blitz selling can be used by any organization to concentrate the efforts of an independent sales force or a captive sales force on behalf of a product or service in a general niche market. You must develop a specific, measurable goal for the Blitz. The time period must be clearly defined. The rewards adequately and clearly understood by the participants.

Above all, the Blitz must be creative and fun.

Your marketing department should focus on lists. They should work with the sales team to define the demographics and compare current customer demographics with their ideal...and with the information they have gathered on suspect and prospect lists.

Let's look at one of the key elements of a sales lead...so you can determine whether the person you've identified is a suspect or a prospect.

The marketing communication department generates sales leads.

A sales lead is someone who has asked you for more information about your product.

If you think they should or could ask for more information about your product...that makes them a suspect or a prospect. Your marketing department is responsible for those people and should refine the suspect list until it becomes a prospect list that will produce more sales leads than just spending money generating sales leads from the combination of suspect and prospect lists.

I think I warned you that this is a confusing subject...but easily mastered if you keep it simple.

If they haven't asked for information but you know who they are...that's a list your marketing department should sort through to find the prospects and place the suspects on the back burner and rework for more prospects. First cut produces prospects that your marketing communications department will work to get them to ask for more information.

We're still on Step twenty and your marketing plan so bear with me while I hold off on exploring HOW the marketing communications department will generate sales leads from your prospect lists.

Let's explore a couple of time tested methods of sorting a suspect list to get your prospect lists ready...

How to filter and refine a Suspect List to create a Prospect List

Direct mail and telemarketing are excellent methods of refining and filtering suspect lists. Most companies make the mistake of thinking these methods are advertising techniques.

But then, they can't decide whether the word advertising is either a noun or verb.

Familiar conundrum?

Direct Mail as a Filter

Many companies use direct mail and consider the effort to be a lead generation device. They forget that the mailing list they are using is a suspect list. Direct mail can be very useful in filtering out the prospects...and even sales leads from that suspect list.

The 40/40/20 rule of direct mail

The effectiveness of any direct mail effort is dependent upon three factors called the 40/40/20 rule:

40% dependence on the list used

When was it last used

By whom and with what success

How old is the list

What is the credibility of the list originator

Has the list been updated and when, how often

When it was used, was an address change requested via
postal service and/or recipient

Can the list be used for telemarketing or telesales

Is the telephone number correct

Has the zip code been updated to plus four status

Is the email address included

40% dependence on the offer made

You need to identify the primary benefit that the prospect in the mailing list would get if they responded to your direct mail solicitation. You may have to sweeten the deal by making an additional offer of 15% off if they respond within a given period of time. Perhaps you could offer a free warranty program extension if they purchased within that time frame. Or, perhaps there is a complementary product that would enhance their use of the primary product. An offer of a discount or free complementary product if they purchase the primary product is another enhancement that could be added to boost the offer's appeal.

20% dependence on the graphics used

When your direct mail package arrives at the target's office, you will be competing with literally hundreds of other packages that arrive on the same day. The use of eye catching graphics and text will ensure that the package is opened. Color, odd sized envelopes and personalized messages on the front will do much to make your package stand out in the crowd. This is where the creative juices in the marketing communications department must be used. However, the list and offer you make are twice as important as the graphics treatment you apply to the package.

There are many tips on using direct mail that come from experience. For example, there is a best day to mail. There are cost-saving yet more effective ways to buy postage. There are even ways to get the postal service to help you mail your package -- and track it -- at no additional cost to you.

You may also want to explore the use of co-op programs with complementary businesses. By making a direct mail package available, you can make use of their mailing lists -- after you have discussed the quality of their local lists using the criteria noted earlier.

Test and Measure...*random sampling of the list before roll out.*

Say your list is 2,500 names. Take a random sampling of the list...say 10%...and test your direct mail project. If you can track back and show at least \$10 back in sales for every dollar cost of the project...you then have a reason to spend the time and money on the entire list.

Telemarketing as a filter

Many companies buy lists, send them to their sales force and then wonder why sales stay flat.

Some of those same companies take great care in selecting lists. They compare their current customer database with the quality of information available in the lists offered for sale. Once they find a match, they buy judiciously, send them to their sales force and are surprised when sales still remain flat.

Few companies add that final successful touch to their prospect database that will always produce sales increases and more customers: telemarketing.

The term telemarketing has received a bad rap over the past few years since most people identify it with dinner-time telephone calls from aluminum siding salespeople. That's not telemarketing. That's telesales.

Telemarketing is a vital function in the marketing process. It is a means of gathering and verifying information that can be used to eventually generate a sales lead a salesman can close.

If that salesman used the telephone to call that suspect or prospect, that's telesales. If someone else uses the telephone to verify that the person on the list either wants or needs aluminum siding, that's telemarketing.

Those very few companies who know the difference are making more money than their competitors and cutting the cost of sales to minimum. Even aluminum siding companies who separate their telemarketing function from their telesales efforts are finding success.

Any list in your database is just a suspect list until you verify that the people on that list could buy your product or service. Any list of potential customers in your database can be developed into sales leads for your sales force. However, before you budget sales time to contact that suspect list, consider the less expensive and more effective tactic of telemarketing.

Telemarketing will qualify any suspect list and produce a prospect list...people with interest in your product or service...and the ability to pay for it. Further refinement of the prospect list will result in a higher sales success ratio and increased enthusiasm within the sales staff when compared to cold calling any suspect list.

Bottom line: why use a salesman's expensive time for refining a list when you can use telemarketing at about \$10 an hour to refine a suspect list.

I mentioned more than once that marketing is complicated. Here's another idea that blends direct mail with telemarketing...what if you call to make sure they got the direct mail package?

Any reasonable excuse to make direct contact with the prospect should be explored.

Recap:

Your marketing plan will develop a suspect list.

Your marketing plan will refine and filter your suspect list into a prospect list.

Your marketing communications plan will create sales leads from the prospect list so a sales person can close the sale.

Your suspect list is the main source of prospect lists...and ultimately sales leads. Use direct mail and telemarketing as list filtering tactics and not as sales efforts.

Key point to remember:

Marketing is the ability to identify a possible customer and place that name in one of three buckets of information you will develop to help a sales person make a sale.

Those three buckets are:

- Suspect**
- Prospect**
- Sales Lead**

The following cartoon should answer the question in the back of your mind....



I'll get into email and websites in the next Step...

Step twenty-one: Develop marketing communications plan

Previous steps have determined what you are going to sell. Your sales people will determine the benefits that should be emphasized because these are the benefits they have found the customer most interested in...and you've actually asked your customers why they bought from you and not your competitor (haven't you?).

Bear with me now...this linkage is critical to keeping things in perspective and provide you with that awareness that makes decision making possible.

Your product benefits...created to meet the benefits most desired by that list of prospects your marketing people have developed....must now be communicated to that list.

Most business people refer to this communications as advertising.

The cost of advertising is a big chunk of any company's operating budget. Advertising overhead costs must be covered by sales revenue generated by that advertising. As a general rule of thumb, it takes five dollars in sales to cover every overhead dollar. Advertising must be accountable for costs by generating sales that can be confirmed, as a direct result of the advertising overhead cost.

Fred Allen once observed that advertising is 85% confusion and 15% commission. He wasn't alone in his estimation of its value.

How often have you wondered about the efficacy of a system that depends on an advertising agency's account executive to get the message into a web site, ads or literature? The advertising account executive doesn't write, design or even use the product or service. Yet, that same account executive makes more money from the advertising budget than the writers and designers who actually do the work.

Then, there's the other end of the spectrum. That's when the web site, ads and literature are accomplished in-house.

Typically, an engineer compiles a long list of specifications about the technology for use in web sites, ads and literature. In most high tech industries, that engineer is also the product manager, responsible for advertising. Because they are responsible, these product managers feel they are capable. They hire ad agencies and then second-guess the advice they get from the agencies. Given their exposure to the typical advertising account executive, can you blame them for their attitude?

Let's put the correct label on this process of advertising. It's actually a system of integrated marketing communications. That means communications with a market made up of people, not companies.

Simply stated, marketing communications (marcom) is a means of identifying someone who might want to buy a particular product or service. Marcom does not sell. Only salespeople sell. Marcom can create a favorable predisposition so someone interested in a particular product or service will interact favorably with one of the manufacturer's salespeople.

The theory is fairly simple. However, you can assume the implementation is every bit as confusing as the term advertising.

As Stephen Leacock, Canada's answer to Will Rogers once observed, advertising is *the science of arresting human intelligence long enough to get money from it.*

Space advertising is actually only one of several major ways to generate a lead. Others include trade shows, seminars, product publicity, etc. and are identified in detail in Section Three. No matter the modality to generate it, a lead is someone who actually wants to talk to a salesperson.

A lead is simply a qualified prospect. You identify them using characteristics that are common to past and present customers. Knowing who your customers are now, you can use qualifying techniques to make sure the prospects who responded have similar characteristics.

Those qualifying techniques can be telemarketing, direct mail or any other process that accomplishes the qualification of that prospect as a lead before you assign valuable sales time. A salesperson's job is to close on qualified leads -- not to qualify leads from a huge stack of suspects.

This book can show you why and how a salesperson should be able to close on 50% of the qualified leads you give them.

You also have to face the reality of closing the loop with the sales force. They are great at receiving leads. They are lousy at telling you what they've done with them.

I have a simple rule when dealing with salespeople who don't tell me what they've done with the leads I've given them. They don't get more until they do. It's also a good way to keep track of just who in the sales force works leads and who skims the cream.

Watch closure rates. If you don't get at least a 50% closure on qualified leads, this book will show you how to identify the problem and how to solve it.

This book will also show you how to manage the marcom function. Otherwise, the various details will be splintered off into fiefdoms within any organization and they will subjugate the real goals of marketing communications to fit their perception of what advertising should be.

You'll find everybody is an advertising expert since they are subjected to so much advertising on television. Television has been called a medium. Ernie Kovacs said that's because it's neither rare nor well done. It's democracy at its ugliest. Don't use it for high tech advertising. In many cases, don't even watch it.

There are over 15,000 specialized trade publications out there that will deliver a better rate of leads versus cost than television could ever provide. I have to wonder about high tech companies who run television ads in time slots surrounded by Soap Operas and Mister Rogers.

Or those that spend a million dollars to run an ad during the Super Bowl at a time when most people are flushing toilets. Most of those ads even forget to use a toll-free 800 number to get immediate leads let alone an immediate email or website address.

Remember, marketing communications' only mission is to get someone to stick their paw in the air and ask for more information about your product. Image advertising, sometimes called brand awareness advertising, is valuable only to the agency account executive who is getting a commission on the cost.

If whatever you do in the context of marketing communications doesn't generate a prospect who can be qualified as a viable lead who may buy your product -- don't spend money on it. Stick to the basics. Keep the goal in mind: Marketing Communications is communications with a real human being who needs the benefits your product offers.

Integrated Marketing Communications is simply getting all of the resources together in a comprehensive, cohesive and synergistic plan. It must include all communications with the potential customer.

When you do get someone to respond to your sales message -- *(using any of the seven major lead generators we will highlight after I bloviate a bit more)* -- remember that you promised them something in your sales message if they would respond. You need to keep that promise by fulfilling the lead.

Lead fulfillment is the literature you send. Make sure that literature reinforces the same message you used in the original offer you made. And make sure you send it within 24 hours of receiving the response to your message.

The literature should become the means of developing your copy platform that is used for all other forms of lead generation or qualification. It should reflect exactly what the sales force is saying about the product.

It's also the reason you should listen to what the salespeople are saying about the product rather than the engineer who designed it.

It's no coincidence that we emphasize the need to clearly understand just what you are selling. That understanding is clear only if your sales force -- and all of your communications efforts -- are in total agreement.

Recap

Let's recap the mechanics of the marketing communications function. First, you generate and qualify the lead. Then, you send the literature you promised and tell the lead that a specific salesperson will be contacting them. That specific salesperson contacts them and either sells them something or doesn't. That same specific salesperson then tells you how much they sold to that lead or that it was a no-sell situation.

Without this information back from the sales force, you can't close the loop and figure out what elements of the marcom function are working -- or not working. You must have the cooperation of the sales force.

It doesn't hurt the program that this closed loop configuration also gets the qualified lead worked as soon as possible. You'll find a salesperson's attention focused on those efforts that are under close scrutiny by the home office. And don't forget to keep the sales force in your loop by sending a copy of a monthly lead source analysis. This report tells the sales force where the good leads are coming from -- they may even start reading those publications. They may see a trade magazine in their customer's office that you haven't tried yet.

Any marketing communications department can be turned into a sales lead generating machine. A typical operational flow chart is included in this step. Much of this step will focus on the mechanical details and philosophical conclusions of this chart.

After completing this step, you'll see where it is useful to have all of the marcom functions under one central control. The marketing communications function is simply a mechanical (tactical) procedure to reach the target markets identified in the marketing plan that you developed. You must develop a marketing communications plan that will bridge the gap between the business plan and the marketing plan. It involves developing a copy platform that accurately describes the product and the company who makes it. It also highlights the benefits and value the potential customer will get if they buy it from you.

Needless to say, all of these functions must be under the control of one marketing communications manager. If you don't centralize these functions, the effort becomes fractionalized and you'll find advertising experts coming out of the woodwork to claim their share of this "fun" job.

If you can't afford to hire an experienced marketing communications manager, hire a consultant to get it under control.

Remember that a consultant is simply someone without a job willing to do yours. In some cases, it is very wise to let them. They have the experience and knowledge you need at the moment. But, make sure someone on your staff is gaining the experience and knowledge that the consultant is selling you.

I personally charge a lot of money so people will listen to the advice and experience I am selling. Free advice is worth every bit you pay for it. I have numerous mental scars from the mistakes I've made in getting to this level of expertise in marketing communications. If a client doesn't listen to what my experience means to their operation, they'll continue to pay me for something anybody could do after learning from my mistakes.

Experience, after all, is what you get...when you don't get what you want.

You'll often find that the business plan was put together by an accountant. The marketing plan may still be between the ears of the person who founded the company.

It's the job of the marketing communications manager to get that information out and on paper for everyone to rally around as gospel. That's why most journalism departments offer courses in interviewing techniques.

The egos of advertising people often get in the way. There are too many advertising people who think they know as much about manufacturing as their client knows. They are supposed to be experts in communicating ideas -- not to pass judgment on the validity of those ideas. The pressure of getting advertising space commissions will often influence their advice.

If these advertising executives are as smart as they claim to be, why don't they get into the business of manufacturing something useful? It's real easy to sit back and complain about their clients not understanding how advertising works. They should understand that their clients know a lot more about advertising than the advertising executive knows about manufacturing. An ad without a product is worthless. A product without an ad will still sell if it benefits the customer.

Unless you realize that marketing communications is simply a tool to be used by the manufacturer, to sell a product, you'll find ego and attitudes getting in the way of anybody buying the product. Make the strategic decisions about what to manufacture and who to sell it to. Once that's done, the marketing communications function will provide the tactical implementation that will close the loop and make it a mutually successful and rewarding effort.

I admire the sales person's efforts. I couldn't take the amount of rejection they endure to make just one sale, let alone dozens. However, I have found what job I do well. It's called marketing communications. I also understand that if it's done as well as the sales person does their job; we'll both get something of value for that effort.

It's called money.

The copy platform

The goal of the marketing communications program is to generate leads that can be closed by a sales force. To generate those leads, the media plan uses seven major sources of leads and makes an offer. That offer is the promise of a specific benefit if the prospect will buy your product.

The copy platform is the verbalization of that offer. It contains the heart of the information the prospect needs in order to make the decision to buy your product. You should be able to get it directly from your business plan. If not, you don't have a business plan.

The majority of business - to - business companies concentrate on the bells and whistles of their product and forget to mention the benefits the prospect would have if they bought the product. Those bells and whistles are called features and advantages and miss the benefit orientation needed in order to get and keep the prospect as a customer. For example, the prospect could care less about the size, color or working parts in the watch you're selling if they can't tell time with it.

The physical and technical specifications of your product are important but remain secondary to the specific needs the prospect has when they use your product.

The literature developed by the marketing communications function is the focal point of the information about your product. It can be effectively organized in the following manner to provide the prospect with every bit of information they will need to make a decision to buy:

I recommend the following elements of a literature library as minimum:

- ***the sell sheet*** this is the primary piece of literature that contains the benefits anyone would accrue if they buy your product. It accurately describes what it will do rather than how it does it. It also provides that specific USP (unique selling proposition) that sets it apart from any other product like it the prospect might consider buying instead of your product. This is the primary benefit that everyone in your organization must rally behind in presenting the product to the marketplace. This specific claim to fame is the stuff headlines are made of. You should be able to state your USP in a clear, concise manner and get the prospect's attention.

- ***the tech sheet*** this is the place to chronicle all the bells and whistles. It is a listing of the technical and physical specifications that back up the claim you have made in the sell sheet. This is the *how it works* information presented as proof of how the product can accomplish what you've promised and claimed in the sell sheet. The reason you separate this information is the simple fact that you may not need it to make a sale. If you promise a specific benefit, and the prospect buys your product, why would they need this information before they buy it? Put it in the owners manual of your product. But, keep it handy in this format when the non-technical prospect brings in a technical consultant from his organization to verify the decision they have already made to buy -- but wants assurance that the product will fit; both physically and electrically.

Don't use the tech data sheet to sell. Use it to verify the decision the prospects makes that the benefits of the product are needed. If you get into this kind of information in the closing part, you haven't done your job of presenting the benefits.

The technical details are usually brought up to create a roadblock to the close. If you separate the two -- and concentrate on the decision the prospect must make about needing the benefits -- you'll find the sale easier and you can accomplish more of them.

- ***the case history*** this is the sheet based on the fact that nobody wants to be the first to use a new product. But, everyone wants a product that they think their competitor might be using to gain an advantage. By using the benefit oriented information from your sell sheet, and presenting it in a journalistic style report on how one of your current customers uses your product to get those benefits, you have developed a case history. While the author recommends only one sell sheet and one tech sheet on your product, he recommends as many of these case history sheets as possible.

By grouping these case history sheets into specific market classifications, you can quickly build a strong argument your sales force can use to get any prospect to jump on your product bandwagon. Be sure you use this case history information in your product publicity efforts before you publish this case history. To save money and add more credibility to the case history, use reprints from magazines after the case history has been reported by one of the major trade magazines.

These three pieces of literature will contain all of the information any sales force would need to make a sale. More importantly, this is the basic lead fulfillment package you will need when you begin to generate leads. Note that this package must be completed before you generate your first lead.

There are supplementary pieces of literature that should be considered to embellish the presentation of this primary set of literature. Those supplementary pieces could include:

- ***the corporate backgrounder*** this could be a simple sheet, printed both sides, that outlines your company history, its philosophies and the markets served. It could include financial data for public companies and do double duty as a backgrounder for financial analysts to meet SEC regulations. It should also be included in all press releases to give the editor a flavor of who you are, what you make and what you stand for.

- *the presentation folder* this could be a two pocket folder sized to hold the literature described above. We recommend use of the right side for the sell sheet, tech sheet and pertinent case histories. The left side should be used for the corporate backgrounder, significant reprints of press clippings and feature articles other than the case history reprints. Keep those on the right side. This folder should have a personalized cover letter on the top and the package placed in a plain white envelope.

For use as a lead fulfillment package, don't forget to stamp, in big red letters on the left bottom side of the envelope: **Here's The Information You Requested!**

That will get the package opened by someone who asked you for more information. It avoids looking like junk mail that wasn't ordered by the prospect.

The presentation folder, sans the red letters, can also be used as the press kit folder described in the dissertation on Public Relations later in this step.

A word of caution: the copy platform may be decided within the business plan, but the implementation of the literature based on the copy platform must be under the total control of your marketing communications program.

For established companies, try this experiment. Gather a handful of your literature (as close to the package described above as possible) and spread them out in a conference room. Step back far enough that you can't quite read them. Do they look like they all came from the same company? Is there a dominant color that could be considered a corporate color? Do they all use the same column format and typefaces?

If you see problems with your answers to these questions, it's time to establish a *corporate identity program*. If you have no problem with the answer, congratulations on having started a corporate identity program.

A corporate identity program is simply defining your color, typeface and format for literature. Sounds simple but here's why your marketing communications department should handle it:

For example, **Blue** is your chosen color. You then have to specify which **Blue** such as PMS 279 shown here. PMS is the Printer's Matching System that will always give you the same shade of blue if you tell the printer what number to use.

For four color process printing, it's C70%+M30%.

Yes, more than you wanted to know but an example of why you shouldn't get sucked into the details. Just say blue and get out of the way.

Typeface...I recommend what is called a sans serif face like **arial** to be used for headlines and attention getters such as the top of the page in a section of your sell sheet. For body copy, I recommend **times new roman** (which you are reading) because it is the standard for textbooks and most print publications and thus most familiar to your target audience. Compare **arial** with **times new roman** and you'll notice what serifs are...**arial** doesn't have any while **times new roman** does.

Format is simply how many columns you use...also edge spacing...also...well, again, let your marketing communications people worry about this. But now you know what a corporate ID program is all about.

A quick word about business cards...there are two points to consider when designing your business card:

Format

Content

Format is typically a horizontal display measuring 2 inches by 3.5 inches using card stock (the weight of the paper which gets its name from its use). Deviation from standard could be a vertical presentation of the content using the same dimensions. These dimensions were established to provide ten cards per standard sheet of paper. Further deviation from this format opens the risk of being tossed because it does not fit the format. There are dozens of office supplies available to store business cards...all designed to accommodate the standard format.

Deviation from the standard format opens the risk of being tossed because it does not fit with the business cards already filed. In other words, you project the image of not being “normal”.

I would recommend staying with the very conservative and standardized version for format.

Leave the back of the card blank so people can jot (nice) notes about you on the card.

Content is the information you place on the business card. The following (in prioritized order) is the information expected on the card:

Your name (and title if useful)

Your company’s name

How to contact you

Include EVERY means of contact including email, address, website, fax, cell phone, smoke signals, etc.

Anything beyond this information encroaches on the space available for the important (and expected) information listed above. You might also want to assign the largest typeface and then in descending size as you move through the three elements of information...your name largest(14pt), company name next (12pt), contact info last (10pt).

And don't forget to have your business cards match your letterhead...which matches your envelopes...all designed with your corporate identification program in mind. Rules for business cards and related stationery become part of your corporate ID program so everybody is singing from the same hymnal.

See how things are coming together?

Quick tip: if you need business cards immediately...visit the nearest office supply store and ask for Avery #8875...read the box for why and I won't include here. Call me if you can't find it.

The primary purpose of any marketing communications effort is to identify, by name, the person who can authorize the purchase of products and services. That individual is called a sales lead.

By using the marketing communications tactics to qualify the degree of interest and need, sales success can be greatly enhanced by having the sales force concentrate their time on the highest degree of interest and need rather than qualification of a suspect or prospect as a potential customer.

The short range goal of any marketing communications plan is to increase the sales lead database available for the sales force to contact.

The long range goal of any marketing communications plan is to establish new, or improve the existing relationships, with the customer database.

Like any mechanical process, the efficiency of the marketing communications function can best be managed when everyone uses the same level of understanding when dealing with its elements. For example, the term "lead" actually has three stages of progression from initial suspect list to prospect list to sales lead.

I have been using this system to generate qualified leads for every client that stays out of my kitchen and measures sales against what it cost to generate the sales leads.

My first meeting with a client usually goes like this:

Client: What can you do for me?

Me: Do you have a dollar bill?

(Client hands me the dollar bill...I hand him a ten dollar bill)

Me: That's what I do...how many times do you want me to do that?

The lowest payback I have documented is \$13.80 for every dollar spent generating sales leads when using this closed loop system.

This closed loop was developed after a sales lead generating program review with a client at a new division of a large Fortune 100 company after the program had been up and running for six months. I asked the client if he was happy with the results of the program since the client held the title of marketing manager and was held directly responsible for the success of the program.

Here's what happened:

The client expressed great amounts of enthusiasm for what was happening and reached into a lower drawer of his desk and pulled out a shoe box filled with leads. He waved several in the air and said he couldn't be happier. His joy was short lived when I asked him the next question: what did the sales people think of the leads?

You guessed it. He forgot to send them on to the sales force.

True story.

Great moral.

I'm going to get into great detail for every box on this chart because it is a proprietary method that your marketing communications department will need for maximum success (*and at least \$10 back for every dollar in their budget*).

Let's first go to the upper right hand corner of the chart and explore the seven major sales lead generators...this is where most of the budget winds up.

1. Space advertising and why you shouldn't use it.

Space advertising is defined as space purchased by an advertiser to present a message. It can range from a classified ad in the yellow pages to a literature insert in a major magazine. It can also be defined as television and other electronic advertising, but I do not advocate electronic advertising when dealing with specific audiences such as business to business. The cost will not justify a shotgun approach when there are so many inexpensive rifles available to hit the target.

We'll address the subject of cost per lead later in this step. However, space advertising remains the most recognizable modality of lead generation, and the most expensive.

Here's why:

Space advertising has traditionally been the vehicle that agencies and publications use in order to get money from their mutual client. The agency gets 15% of the cost of all space advertising while the publication takes the rest. The client gets leads in return.

If you calculate the cost of one specific space ad and divide it by the number of leads generated by that ad, you get a figure called ***cost per lead***.

We further recommend that this cost per lead be secondary to the actual intent of the ad: how much was sold because of the ad and how much did the ad cost versus the total number of sales directly tracked back to the lead it generated?

Simply put, how much in actual sales dollars was realized as a direct, provable result of the cost of space advertising?

At this point, someone is going to bring up the subject of image awareness. Space advertising as a means of building image awareness overlooks the modality of publicity for building an awareness of your image. We'll cover that subject as part of the seven lead generators in this step.

In the meantime, space advertising should be viewed as only one of a seven part media plan that is designed to do one thing and one thing only : generate leads for the sales force.

Spaces advertising should not be attempted until your sales message has been developed and tested (I'll cover testing in the card deck discussion in this step). Until you can show a profitable return on your space advertising effort -- and that means specific sales dollars tracked directly back to the leads generated by the ad -- it makes more sense to use fractional ads instead of full page, four color ads as a first shot.

You can start ramping up the space advertising; adding larger sizes and more color as your space advertising delivers new sales dollars that will justify the increase in ad budgets.

Your space advertising budget should take only about 10% of your entire promotional budget. The rest should be divided among the other elements of lead generation and qualification procedures.

There are 15,000 publications in the business to business arena. Each will provide an argument that theirs is the only publication that will deliver results. Some will even guarantee a certain number of leads if you spend a certain amount of your budget in their publication on space advertising.

That's a one-sided bet as they forget to remind you about the inquiries that will be included in the count...such as the high school student doing a paper on your industry and collecting your literature.

Here's a typical scenario concerning an ad you may run.

One hundred people respond to your ad

These are not leads. They are prospects. Some may be students who are writing term papers on your industry and have responded to every ad in the magazine you used. Others are lonely people who like to get mail, including your expensive product literature.

Thirty of these respondents are actual leads

A lead is someone who actually wants to talk to a salesperson. A lead is simply a qualified prospect. You identify them using characteristics that are common to past and present customers. Knowing who your customers are now, you can use qualifying techniques to make sure the prospects who responded have similar characteristics.

Those qualifying techniques can be telemarketing, direct mail or any other process that accomplishes the qualification of that prospect as a lead before you assign valuable sales time.

A salesperson's job is to close on qualified leads -- not to qualify leads from a huge stack of prospects.

Seventeen of these thirty leads actually buy something

OK, space advertising seems to be working for you. But, why not make sure. Get out your calculator and check the ratio of sales made to the cost of the advertising. You need to establish a positive return on your advertising investment.

Say the full page ad cost \$4,590.00 for the one time run. One hundred respondents means a cost of \$45.90 per prospect. Thirty of these prospects became qualified leads. That's a cost of \$153.00 per qualified lead. Your closure rate on qualified leads should be at least 50% on the first contact with the prospect by the sales force. This is a typical success rate in any high tech industry using hot leads.

The Real Test

Suppose your product sells for \$125.00 each. You made 17 sales from the 30 qualified leads generated by the ad. That's \$2,125.00 in sales compared to a cost for the ad of \$4,590.00 -- hardly within the five to one return on investment we see as break even.

But, most high tech products have an ASP (average selling price) closer to \$1,250.00 each. That would become \$21,250.00 for 17 sales against the cost of \$4,590.00 for the ad. That's a 4.6 to 1 return on your investment.

Close and worth further effort by the sales force. After all, the 17 people that bought your product came from a group of 30 qualified leads. Any additional conversion of the remaining 13 qualified leads to actual sales would justify further use of your ad in that magazine as a lead generator. And, you get a lower cost per ad next time because of the frequency rate structures.

Now, take these results and calculate what a fractional ad at \$1,200.00 would have produced. The lead count may have been only slightly less. In fact, the author has shown the cost effectiveness of a third page ad over a full page, four color ad on the same product as a way of proving to a hard headed client that the size of the ad doesn't always produce better results. It's also the reason the author doesn't include 15% commissions on ads as part of his remuneration. It's based on results rather than the amount the client spends.

One of the values of advertising in a publication is the attention you get from the editorial side because you are an advertiser. Sure, we've heard of the high albeit thin wall between the space sales and editorial sides of the magazine. The quickest way to breach that wall is to get to the publisher. That's the person responsible for both sales and editorial. We'll cover some of the social graces in dealing with the editorial side in the discussion of publicity.

In the meantime, be sure you work with the account sales person from the publications in which you have chosen to place your space advertising. These people have probably just come from the offices of your competition trying to sell them space. They are generally independent reps and carry more than one publication though not necessarily related to the same industry.

They can tell you a lot about your competitors, your industry and your customers.

And be sure to remember that you have two ears and one mouth. That means you should listen twice as much as you talk.

Start the relationship by requesting media kits. These kits from the publications contain independent audits of their circulation and give you a complete breakdown of the demographics of their readers. You can easily match it with the demographics of your customers.

The media kit will also contain the latest copy of the publication -- be sure to ask for a complimentary subscription as a potential advertiser.

The rate card in the media kit is what you're after. It will give you the cost of every conceivable size and position of an ad as well as the exact dimensions of the ad. It doesn't hurt to have them handy when you're dealing face-to-face with the space sales person, particularly their competitor's rate card.

You don't need an agency to get the 15% commission waived when you buy direct from the publication. If they claim otherwise, remember that they have competitors that will waive it and give you every bit as much service and results.

Things to remember as we segue into the discussion of publicity:

You should have complimentary copies of key publications on hand

You should know the publisher as well as the editorial people

You should have a working relationship with the space rep from that magazine

You should remember that there are 15,000 trade magazines so let someone familiar with the media buying take charge and recommend to you (*now that you know how space advertising works*).

2. Public Relations as a source of very inexpensive leads and literature.

The previous pages outlined the mechanics of space advertising. It comprises anywhere from 40 to 60% of the space in any publication. Publicity makes up the bulk of the remaining space in the form of editorials, case histories and new product announcements. Practitioners of the art of public relations frequently argue that it's the part of the magazine that is read.

Effective public relations is the result of a plan, properly developed and executed by skilled professionals in the Public Relations field. The writing style within the Public Relations field is a unique, specific style that is geared to the editor's needs rather than adjectives used to tout a product's features. The writing discipline required for good public relations results will give most advertising writers mental whiplash.

If you don't like what the editor does to your news release on your new widget, your only alternative is to use space advertising to say exactly what you want to say to that publication's audience.

If you want the editor to say all those nice things about your product, you better be able to prove the value and interest of your news release before any editor will use it. And the reason you want the editor to use your news release is to generate leads -- or create a favorable image of your products in the marketplace.

This is where the concept of image advertising is replaced by an effective public relations plan that will deliver better results at less cost than any image advertising program.

When you use the counsel of a public relations professional, you are going to benefit from years of editorial relationships that professional has built with those publications. Because of this long relationship, the integrity of the public relations professional is on the line when submitting material on behalf of any client.

Prostitution of that integrity to get a story placed does a disservice to both the client and the editor. For that reason, your news release must have real news value before it is sent to the editor. The public relations counsel will reflect that judgment when preparing and submitting material based on your company and products.

Before we get into the mechanics of the public relations effort, these three major areas of the effort should be considered:

Product Publicity - utilizing the perspective of a news story or captioned photo to increase awareness of a new product or service, this effort should generate solid sales leads. Clippings based on the news release and longer, feature length stories -- frequently including the cover of the magazine -- carry the weight of an editorial third party endorsement of your product. It has more integrity in the minds of the reader than space advertising because the editor of the magazine is reporting the news about your product. These clippings and reprints should be used as a major part of your literature inventory.

Corporate Publicity - key publics within the marketplace can be identified and a strong line of communications established with those key publics. The additional awareness of concepts, programs and personnel will aid your company at levels beyond just sales.

Knowledge of who you are and what you stand for will reinforce the perceived value of your products.

Financial Relations - the other areas mentioned will impact on this area. A complete financial relations program will include timely disclosures, preparation of corporate annual and quarterly statements and on-line communications programs where corporate officials interface directly with registered securities representatives and analysts. It's very important to maintain communications within this third area to meet the disclosure guidelines established by the Securities and Exchange Commission. Corporate publicity and product publicity can frequently be used to maintain a base of communications within this third area.

Recap:

The overall effect of a public relations program is measured over time. Where advertising can be specifically placed for a specific timed response, the public relations efforts may not bear immediately discernible results.

It's a lot like filling a pipeline. You have to put enough in one end before it starts flowing out the other. Just remember to evaluate what's coming out -- avoid sewage.

As with any element of the marketing communications effort, public relations should be designed to generate leads. Secondly, it should be used to reinforce the copy platform we have explored earlier. The value judgment of the public relations effort is similar to the space advertising criteria. What did it cost and how many sales can be tracked directly back to the PR effort?

There are more subtle ways of judging the value of the PR effort, especially when focused on the secondary effort of image awareness. Press clippings, tone of reporting and the resulting relationships built between the company and the editorial community can be used in addition to the budget figures.

Don't forget to judge the value of an article or news clipping reprint as added value to your literature mix.

The public relations plan should evolve and expand as relationships are built with the various editors. Although seen as a series of individual projects, the overall goal and objectives must be kept in view. The two questions to ask before you embark on any individual project should be: will it generate a lead or will it enhance the image of your company and product?

There are many areas of interest to the editor beyond the new product release. Your company's activities within the marketplace have an impact on the reader of the trade press publications. It is the editor's responsibility to judge the news worthiness of the activity and provide the reader with that information.

The public relations professional interfaces directly with that editorial need by providing the editor with news in a form and style consistent with the publication's needs. By providing the news in a form easily edited by the publication, chances of use by the publication are greatly enhanced.

The following example of a news release format shows a typical layout that includes all elements of the pyramid style of writing taught at every journalism school. Factor in the wide margins and double spacing to allow the editor to edit right on the news release and you see a typical one page release that gives the editor a familiar format.

As for content, well, that is a matter of judgment. It does, however, stress the fact that humor can often play a big role in getting the editor to at least read your release.

NEWS RELEASE

For Immediate Release

New Element Discovered by Government Physicists

The heaviest element known to science was recently discovered by government physicists working within the Congressional "Restructuring Government" mandate.

The element, tentatively named Administratium, has no protons nor electrons and thus has an atomic number of zero. However, the new element does have one neutron, 303 assistant neutrons, 124 vice neutrons and 238 assistant vice neutrons. This gives it an atomic mass of 666. These 666 particles are held together by a force that involves the continuous exchange of meson-like particles called morons.

Since it has no electrons, Administratium is inert. However, it can be detected chemically as it impedes every reaction it comes in contact with. A minute amount of Administratium caused one reaction to take over four days to complete when it would normally have occurred in less than one second. Administratium has a normal half-life of approximately four years, at which time it does not actually decay but instead undergoes a reorganization in which assistant neutrons, vice neutrons and assistant vice neutrons exchange places. Some studies have shown that the atomic mass actually increases after each reorganization.

Research at other laboratories indicates that Administratium occurs naturally in the atmosphere. It tends to concentrate at certain points such as government agencies, large corporations and universities and can usually be found in the newest, best maintained buildings. Large quantities have been detected at every IRS office tested.

Scientists point out that Administratium is known to be toxic at any level of concentration and can easily destroy any productive reaction where it is allowed to accumulate. Attempts are being made to determine how Administratium can be controlled to prevent irreversible damage, but results to date are not promising.

-30-

For more information contact: Your name and contact info goes here

Here's a dozen reasons for sending a news release to an editorial list developed as skillfully as a media plan list of publications:

- new personnel
- new plants or offices
- personnel promotions
- new products and services
- new literature or older material that has been improved
- price changes
- mergers or acquisitions
- discontinued products or services
- sales results, significant singular orders or new systems installed
- participation in trade fairs or other market oriented events
- case history reporting using third party testimonials
- feature length articles concerning state-of-the-art and significant technological impact on the market served

Don't forget to send copies of important news releases to primary customers, sales reps and any sales leads in progress of being closed by the sales staff.

Check back on the financial relations paragraph and make sure you also work that list of registered securities representatives and analysts.

Do remember the three things mentioned on the last page of space advertising:

complimentary copies of key publications - read them and see if you can relate to any of the articles. Review the editorial calendar in the media kit and see if you can develop stories the editor needs. Check the style of writing and various elements of the publication such as an expanded Letters to the Editor section. Perhaps there's a special section on new products that would be ideal for your news release.

know the publisher - when you have a news release that's very important to your efforts, it wouldn't hurt to contact the publishers that manage the publications that receive your space advertising dollars. Make sure they receive a copy of your news release and a personal note from you telling them that you have sent it to the editor. It's a gentle reminder that you feel their publication is very important to your efforts and you have included them in your space advertising media plan as well as your editorial efforts.

work with the space reps - even the space reps that are in contact with you (the ones who are getting commissions and the ones who hope to) should be getting copies of your news releases.

The mailing lists for news releases can be developed as skillfully as the database you use to identify the various suspect and prospect lists.

The case history report and feature articles should be specifically targeted as the backbone of your public relations plan. These articles provide comprehensive facts about the product, service and your corporate philosophy. They are extremely useful as a sales tool in reprint form. They should be considered as an integral part of your literature plan.

Where possible, case histories should be developed to provide your sales force with several examples of how your product is used in the markets you wish to penetrate.

This eliminates the "missionary" status of your product in the potential customer's mind. If they see that a competitor or other part of their peer group is already benefiting from the use of your product, they will be more likely to join the ranks of your customer base. The more examples you give them, the more the "band wagon" approach can be used. Everybody else is using and benefiting from the product, what's wrong with them?

There is very important information available later in this step as we dissect the boxes in our closed loop. It's called Lead Fulfillment and will coordinate all of your public relations efforts. It involves the establishment of a Product Information Center and can become a source of 20% of all sales leads generated. Please review that section carefully and remember we mentioned it here.

There is an organization called The Public Relations Society of America. They have established policies that include the legal requirement of maintaining news release records for the seven year period recommended to establish legal presence for trade names, product history and claims. The legality of product claims in the release when compared to the editor's reporting of those claims (what you said versus what they reported) can be quickly established through the use of the record keeping policies recommended.

Included in the mechanics of your public relations plan should be at least a quarterly review of all publicity activities (in all areas) that will provide actual clippings, both print and electronic media, to management and sales.

This quarterly synopsis allows management to review the effectiveness of the PR program and to establish additional goals for the program. This review also provides the sales and marketing departments with additional insights into market interest in your products and services. You should also include an addendum that shows significant editorial treatment of your competitors.

In addition to these formal reports, significant placements and monthly recaps can be made for budgeting purposes. By using these reports within the **lead source analysis report** (we'll get into that when we dissect that box), you can quickly evaluate and cross reference the PR activities with any significant sales results.

To accomplish these reports, all you need is a clipping service. Several are available, all priced competitively and modestly. The clipping service will also allow you to choose significant clippings for use in the literature mix as reprints or even part of a direct mail program.

3. Trade shows and how to work them

Trade shows are philosophically a lot like space advertising. You rent space for face - to - face meetings with prospects. And like space advertising, trade shows are not very cost effective. When you factor in the cost of the space, the booth drayage, cost of materials, personnel travel and related expenses, you can run up a cost well into five figures for just one trade show. You would have to directly track at least five times your cost in actual sales to cost justify the effort. If your sales staff is used to man the booth, it takes away from their ability to make sales unless it can be done at the show.

I believe trade shows are a phenomenon that has lost its effectiveness. When you are charged \$50.00 for a new light bulb in your booth -- and another \$75.00 for the union labor to change it -- something has gone wrong with the system. Much of the trade show participation today is based on peer group pressure rather than documented return on the investment.

I personally managed more than 30 trade show efforts on behalf of clients during a ten year period. The largest was a forty by eighty foot six day event at McCormick Place in Chicago. Even using a minimum of five minutes per contact during the show, the average booth worker can only handle 60 contacts per day. That's 360 contacts during the six day event with less than a third being honest leads.

You've seen the guys in polyester suits with shopping bags full of literature roaming around the show hall. I have also personally checked with the major hotels during the show periods and documented tons of literature dumped in hotel wastebaskets. It took only a \$20.00 tip to the hotel staff for a tour of the area where the garbage is dumped.

Very inexpensive market research.

If you're forced to work a booth, make sure you hire a professional to weed through the traffic and identify the heavy hitters and steer them to the sales people at the booth. Those pretty ladies at the smart booths aren't there just for looks. They are used to keep the polyester suits away from the serious business of selling.

If you get any decent leads from a trade show, make sure you impress the people that you've met at the show. Email the list of contacts for each day back to the home office where your staff can prepare a literature package -- along with a real live paper note signed by you personally thanking them for attending the show and stopping by to see you at the booth. That package will be waiting for them when they return to their office. That should impress them that you're serious about doing business with them. And don't forget to call each one of them to make sure they got the literature package asking if there is anything else you can get for them to make them a customer.

Make sure you cash in on any publicity opportunities at the trade show. All of them have press booths or special areas for the press. Make up a press kit consisting of the following:

- corporate backgrounder
- literature on the product line that stresses benefits
- case histories on the third party testimonials for those same products

When you work the press booth (at least twice a day) make sure you seek out the competitor's press kit and help yourself so you can add to the competitive literature file you maintain at your office (you do, don't you?).

If you have a legitimate reason to invite the press to a briefing on a new product or technology, do it with an invitation only breakfast scheduled for around 9:00 am. That gives them a little more time in the morning to get started (they'll love you for it) and keeps your normal costs lower than lunch or a buffet later in the day when they're tired and probably not as attentive.

The press room is not the only place to gather competitive information. Make sure you take your badge off and wander around the trade show looking for competitors you haven't met yet. It's amazing what they will tell you.

And don't forget to pick up the literature your competitor is handing out at their booth. Take a small camera along and take shots of interesting booths -- specially the competition.

Remember, you don't have to buy a booth to attend a trade show. You can accomplish everything you want at a trade show -- including a pre or post show sales meeting -- if you plan properly and keep it in perspective. You want leads. You don't want to spend a lot of money getting them.

The only trade shows that offer benefits are the regional shows that are starting to outdraw even the nationals. That's because they are attended by people in the area and your reps in the area can effectively gather in one spot where they can interface with those local prospects.

If you have an independent rep force, you may want to rethink your trade show schedule and participate in that regional show as a co-sponsor with your independent rep organization. It won't hurt to establish a better working relationship with those local reps.

There are many more effective ways to work a trade show than the standard booth at the show. The most effective is a focus on the seminar aspect of the trade show -- remembering that the original trade show was based on booths subordinate to the real purpose of the show -- an exchange of ideas in the industry sponsoring the show.

Get on the program and do it with flair. Concentrate on a subject that would be of interest to your peer group. By taking a leadership position -- preemptive as it is -- you will be the leader.

You can build a publicity program based on the seminar presentation and give your sales force a reason to make specific appointments with customers and hot prospects at the show. The use of a hospitality suite for those meetings will be much more impressive -- and less costly -- than a standard booth.

For those that argue that you won't get the leads you would normally get from having a booth at the show, I've noted that the attendee list is available for purchase for less than an average of 40 cents per name. A good telemarketing program can be used to sift through that list and find the prospects you can then work to create new customers.

Another suggestion is the purchase of the names from the previous year's attendance and invite them to participate in your seminar presentation. Do a survey and offer the survey as the subject of your seminar at the trade show. Simply pick a topic that would be of general interest to the attendees and promise to send a copy of the final tabulation of the survey if they would participate in that survey.

There's a lot to be said about trade shows. Unfortunately, not much of it is good these days. If you're going to get serious about trade shows, you may want to investigate the TS2 annual show. It's a trade show on trade shows. It may also give you an idea of just how much money is being made on the product called trade shows.

And you're spending it.

4. Directory listings, free and almost free

Directories are ancillary publications and number in the thousands. They are typically published annually and include these opportunities:

- paid listings in special issues of literature and catalog guides
- niche market publications including international
- free directory listings
- paid directory listings
- miscellaneous directories such as those at trade shows

One of the most valuable directories is a two volume annual set called Directories in Print. This publication, by Gale Research, is cross referenced by alphabetical listings of market oriented directories.

Because of the scope and complexity of the directory listings available, specific staff responsibility should be established to gain the maximum exposure with the least amount of cost and time. The following procedures and tips are offered to facilitate this lead generation effort:

- all listings should be captured in the lead source analysis (one of those boxes we'll dissect) as they generate leads.

- a "tickler" file should be maintained for the directory listings and other special issues organized to prompt re-listing as the directory is updated. By using the calendar approach, the original listing can be updated and submitted in time to avoid being dropped for lack of contact with or by the directory. Remember that some of the lead times are extensive and new product introductions in your public relations effort will not

be compromised by early disclosure of the new product information in the directory listings. Simply make sure that the date of the directory publication will coincide with the release date of the new product information.

- I do not recommend paid listings as an adjunct to the free listings until the free directory listing has been tested. If there is a response from the free listing that results in sales, then you should purchase and test a paid listing in that same directory. If the paid listing increases the amount of sales generated, then continue to pay for additional listings in the directory.

- maximum return can be gained from this directory listing if it is assigned to one person -- and pursued for at least a full year cycle of the directory listings. I generated and tracked \$4.8 million in new sales directly from a directory program described here. It took a full two years for the directory program to produce these results, but the work paid off with that high level of documented sales using staff time that amounted to half a person's time.

- Special attention should be paid to the annual directory issues that many trade publications offer. These product publicity opportunities go beyond the directory listings. The editor will welcome a case history that can be included in the directory. Don't pass up cover opportunities. By offering the editor four color separations or an unusual photo that would enhance the directory cover, you can get mention in the directory tied to that special cover photo or illustration.

- To make sure you can respond to every directory opportunity, a standard listing format should be established. A high res picture of the literature on the product should be available. An attractive cover shot in a square format is ideal allowing the editor to use it in a horizontal or vertical spot. Directories that offer your literature are the highest lead generators of the directories available.

- Key opportunities come in the mail. Make sure all directory listing requests are funneled to the person at your organization in charge of the program. Too often these directory inquiries are addressed to someone in the company who doesn't realize its importance. Make sure everyone is aware of this program and all opportunities are captured and acted upon.

We do not recommend any paid listings in trade show directories or show newspapers. The time and money is typically not worth the effort or results. These publications fall under the public relations program and should be serviced with news releases. The free listings in these publications are worth the cost of the postage involved in the news release. Followup with the editors of these publications -- at the show -- will develop a stronger relationship with those editors that can be turned into stronger messages in their regular publications.

A current copy of the Directories in Print, from Gale Research, should be purchased and used to set up your calendar submission program. The directory, costing about \$250.00, began in 1977. In 1980, there were three listings of directories tied to the computer industry. By 1991, there were 14,000 directories in this classification.

Many of the directories are now online. Don't get sidetracked by format...just make sure you get into the directory that your prospect is reading and using.

The total cost of a comprehensive directory program is very low considering the very real, high returns it promises.

5. *Card decks*: what they are and how to buy at 50% discount.

Card decks are a phenomenon that started in the mid-1950's and didn't really become an effective lead generating medium until postal rates started to climb in the 1970 period following the Vietnam era.

The concept is simple: 3 inch by 5 inch cards are printed and wrapped together. The packages of cards are mailed to a list of prospects for the products offered on each card in the deck. By ganging the mailing, each of the cards is mailed under one postal fee for the entire deck.

The publisher of the deck handles all of the mechanics and the advertiser piggy-backs their individual card message along with the other advertisers. The publisher makes money and the advertiser saves money. You'd think this simple concept couldn't be screwed up. But, it is ... usually by someone making it complicated.

The target of the typical card deck mailing is being asked to sift through the cards in the deck and select those of interest or value. The target usually sifts through the deck over their wastebasket. The card deck advertiser has about a second to grab the target's attention. And guess what. The advertiser jams so much on the card that the target ignores it and flips it into the wastebasket. The advertiser then complains to the card deck publisher that nobody is reading their card.

High tech, business to business advertisers are usually the worst offenders. That's because the advertiser is generally dealing with an engineer - driven message that tries to explain how their product is made and why all the bells and whistles are important to the product. They ignore the simple question the target asks: *What can your product do for me?*

Using a watch as a product example, the engineer comes up with a headline and message for the card that touts the number of jewels and exacting cut on the sprockets inside the watch. The target is looking for one message: *How to Tell Time and Save Money*. But the engineer - driven company is so proud of how the watch is made, they never tell the prospect that they can find out what time it is if they buy the watch.

Headlines are the most important factor of any card in the deck. You have only one second to grab the target's attention and get them to respond to your card.

The use of card decks to develop effective headlines can do much in cutting your entire advertising cost. Using split runs, where you test one headline against the other in the same card deck (half get one, half the other), you can find the exact words in a headline that will prompt the greatest number of responses to your message.

By continually testing headlines against the master card, you can concentrate on the specific message that works better than anything else you can think of. Then, you can use that exact wording in the master headline in your overall marketing communications program. Remember that consistency in your message will have a greater effect than volume.

Even if your headline works, you could miss the mark by making it too complicated for the target to respond. For example, don't use all the space touting the product. Allow a comfortable amount of space for the target to write their name and other info you need as a good response to your card. Some card deck advertisers even hide this space for information on the return address side -- or even worse, expect the target to find a stamp to put on the card before mailing it back to the advertiser.

Some claim that by making the target use a stamp, you further qualify them as a better lead than someone who would respond using your return paid postage. The primary purpose of the card is to get someone to respond. Do that first, then further qualify the lead after you get them to respond. The argument about which lead is better is moot if you get no response at all. If you use the postage gambit as a qualifier, you may suggest that you're too cost conscious and maybe you'd charge for more information if they did respond with their own stamp. If the target is only mildly interested, you eliminate those that aren't interested enough to find a stamp. They might be a hot lead once they get the fulfillment literature you use to answer their first inquiry.

Your headline is the main reason the target will respond. You use the headline to get them to respond. The postage free nature of your card is not the only way to get that response. You should also include a toll free telephone number. Even better, add a toll free telephone number for them to use in response.

At least 20% of your responses are going to be by telephone -- if you give them the chance to use the phone by adding these two basic toll free numbers. This advice is not only for card deck advertising but for all lead generating efforts.

Here's a word of caution before relying on the phone for capturing leads from your advertising. Try phoning your own company and approach that call from the target's perspective. Does the person answering your business phone understand that the call is not an interruption of what they might be doing? Do they understand that the call is an opportunity to do business? Do they understand the importance of the target's call? Do they understand that the phone call is the only reason that they have their job?

Frightening thought, isn't it?

Make sure everyone who answers your phone understands the marketing communications function and how the lead generating effort -- such as card decks -- may result in someone actually calling to find out how to buy your product.

There are over 15,000 business publications available for space advertising. Most of them also offer card decks as a lead generation device. There are many directories of card decks available. The author recommends Standard Rate and Data Service *Card Deck rates and data* available by calling toll free 800 - 323 - 4601 or writing SRDS @ 3004 Glenview Road in Wilmette, IL 60091. This directory is published semi annually and can be purchased for about a \$125.00 annual fee. Your local library or business school may have a copy on file.

When a lead can be generated by a card deck at a cost of about \$2.00 -- versus around \$40.00 for space advertising leads -- there is a very good chance that your space advertising dollars can be more effectively spent if you have proof that the message is getting through. Card decks are not a substitute for space advertising. They are an excellent way to improve the response levels of your space advertising by selecting headlines that work.

The added value of card deck advertising is the lead response you can obtain from this testing method.

Here are some simple rules of thumb when using card decks to generate leads:

- always establish a master card and test specific elements of the card against the master using split runs

- *How To* or *Why* will always work best in your headline
(check the title of this book)

- test and measure only one element of your master card at a time using split runs; headlines, colors, etc.

- always include email and website info, toll free voice and fax numbers in addition to a postage paid reply

- concentrate on one message only and stay away from how your product is made; tell them what time it is and not how your watch is made.

- offer something to increase the response to your card and fulfill that offer within 24 hours of receiving the card. If you asked for more information and it took three weeks to get it wouldn't you wonder how long it would take to actually get the product?

- never skimp on the room you allow for fill in of the info you need from the target

- stress primary benefit (singular) and never include technical details

- use sans serif typeface in the head and serif in the body

- don't use color unless you use more than two;
combinations of black, yellow and red work best
- use small check offs for instant qualification (user, OEM, etc)
- one product or idea per card or you won't know what they responded to
- listen to your card deck sales reps -- they can tell you what works in their deck
- track all leads and measure cost versus sales to further justify use
- use your lead source analysis to track split runs

The tips and techniques outlined in this section on card decks did not come cheap.

Over a 28 month period, I spent \$2.5 million on multiple runs of 314 distinct card decks. Over 200,000 qualified leads were generated from this effort and passed to sales people to close. Closure rates as high as 8% were realized with \$40,373,639.00 in sales directly tracked back to the leads generated by this program. That means for every dollar spent on this card deck program, a total of \$16.30 was gained in sales. That's better than a 16 to one return on investment for this phase of the marketing communications effort.

You may wish to experiment with a card deck yourself.

Many magazines offer a card deck consisting of about 24 cards (or another figure divisible by 4 called a signature) mailed several times a year to approximately 100,000 consisting of subscribers to their magazine and others added to the list through purchase of related mailing lists. The gross cost is about \$2,500 which means about 2.5 cents to reach each of the targets.

The cost includes all printing and postage costs. If you're not sure that the audience is right for your product, you may wish to use a bargaining tactic developed by the author.

It's called remnant buying. Remnant buying means the publisher of the card deck will give you a discount if you buy the last card they have not been able to sell. Instead of using that card for self promotion, the publisher will heavily discount the price to fill it with a real message for one of their advertisers. It's a remnant because the printing mechanics may have 24 cards on a sheet when they are printed, and the publisher has been able to sell 22 or 23 of the cards. They have to print all 24 spaces on the sheet, called a signature, so the publisher will usually discount the price at the last moment.

In this age of information, you need all the help you can get to stand out in the thousands of messages your target audience is exposed to every day. By refining your message and making it as easy as possible for the target to respond, you can use all of your lead generating sources in an integrated manner that will provide the greatest effect and most sales possible from your advertising budget. Card decks should be considered as a valuable part of that effort.

Don't forget to cross-rough your publicity efforts with the card deck rep. Many of them have sister publications that will readily accept your news releases. Get the name of the editor from your space rep. That may begin a very valuable relationship for your PR effort.

6. *Seminars* and how prospects will pay to become customers.

Seminars fit the same description as trade shows -- except that they are sponsored and paid by the company who is generating leads for their product. It is a lead generation device that actually produces income as well as generate leads that can turn to sales.

Here's how it should work:

The subject of the seminar actually becomes the product. By offering a topic that will increase the attendee's knowledge or skill level, you can maintain a generic flavor to the seminar that provides a comfort zone that they will learn about the topic rather than being subjected to a sales pitch. For that reason, you can charge admission to the seminar.

The more you charge, the more generic the subject of the seminar should be.

The charge for the seminar will reinforce its value. As Sigmund Freud said, people will get better only if they pay for it.

Your expertise is part of the image built around your company. It is the reason you can produce products that deliver specific benefits.

For example, if you are a computer screen manufacturer, you can develop a seminar on the ergonomics of working with a screen. The seminar could address the comfort and safety issues of the operator. The fact that you are an expert in ergonomics of screen design is primary while the actual product -- the screen you manufacture -- is seen as an outgrowth of this expertise.

Finding a generic topic that you can hang your expertise on is very simple if you review the procedures when developing a copy platform. Remember that your company is providing a benefit and your product is the means of delivering that benefit. Think of your product as the box your real product -- the benefit -- comes in.

First comes the idea -- the benefit. Then comes the product -- the box within which you deliver that benefit. The seminar showcases your idea. The sales pitch on your product is subtly placed in the seminar as the means of benefiting from the idea. It gets back to the example that you know how to tell time. The watch you manufacture is the best means of telling time. The seminar presents the expertise that explains why it's important to be able to find out what time it is.

The watch you manufacture is then presented as the best example of how to accomplish the goal of finding out what time it is.

If you are making presentations to key accounts, you are probably already using the seminar format. You can test the effectiveness of the seminar format as a lead generating device, especially if you have an independent sales force. The next time you schedule a key account presentation, you may be surprised that the primary pitch you are making is why that key account should come to you for a product that is available from other manufacturers. There are few companies who enjoy the status of single source for any product you can think of. The key account presentation stresses things like added value and the expertise you have in delivering the benefit -- not the box -- that your key account is looking for.

By a simple editing of your key account presentation, you can develop a seminar that can become the test. Have your reps in the area closest to the key account presentation schedule a seminar for their customer and prospect database. Use direct mail to make the offer of the seminar training. Use telemarketing to lock in the attendance generated by the direct mail.

Don't forget to offer a synopsis and literature on the seminar subject to those who can't attend but would be interested in the seminar subject. That synopsis and related literature should be used as the handouts for those actually attending the seminar.

Mechanical details of a seminar can be easily handled by your marketing communications department. Don't forget to cross rough those seminars with your trade show activities -- offering it as part of the trade show. Another example of integration of the elements of marketing communications.

Once you've established the effectiveness of the seminar program, you can roll out to major cities and provide a series of seminars through the rep organization. Many of the elements of a Blitz program can be used to ensure the success of the seminar tactic.

The program can become a target city seminar program established to provide specific and corporate support to local sales efforts in selling your products. The support is focused on the local sales organization's knowledge of both the prospects and the local market.

The local sales office can be placed in charge of the target city seminar. Goals such as number of qualified leads and current customer attendees expected can be clearly defined (applying the Rule of Three - See Section Two under niche markets). An overall budget for the seminars can be developed and allocated based on size of target cities and number of sales generated by that local sales organization. It could also be developed as part of an overall co-op program using those same parameters.

By including the seminar results in the lead source analysis (See Section Four) you can track and manage what has proven to be an overlooked yet potentially profitable new source of leads.

7. Websites and the internet

What Makes A Good B2B Website?

Websites are slowly but surely becoming a new tool for companies that market and sell products and services to other businesses. A good website can become a powerful new class of tactical support for the marketing plan. Most marketers are overwhelmed by websites. They typically turn to designers who know a lot more about computers than the Excel spread sheets the marketers are familiar with.

The website suddenly offered designers interactivity, hypertext non-linearity and full color on a screen no more than 12 inches from the prospect's face. Most designers were freed from the restrictions of marketing and had unlimited freedom while creating websites that were true "art".

They forgot one major rule of business:

If it doesn't sell, it ain't good.

Why do some business websites work and others don't?

Without established expectations in website design, the result will be chaos. If designers are left to their own devices, most of them will ignore the traditional elements of marketing and concentrate on innovation. Some of the innovation I've seen is as confusing as a book with the table of contents hidden in the middle.

Most of the recent website innovation I have seen is chaos. Video requires a broadband width of at least one million bits per second. 3D environments require software that often conflicts with existing software. Even navigation is still confusing when you compare Netscape to Microsoft's Explorer.

Then there is the size of screen, resolution and other hardware elements that have yet to be standardized for website use.

Like it or not, these are the most common denominators in the business world that the prospect is using to view your website:

- a 17 or 19 inch screen
- Microsoft Office Suite
- Microsoft Explorer for a browser
- self-taught typist/computer operation

Yes, there are rapid improvements taking place that will raise the capabilities of the user beyond the limitations these common denominators force on us as website developers. However, one thing remains crystal clear. Both beginning and expert users of computers for website visits are comfortable with print.

Marketers do not want or need innovation. They need to identify the primary motivations that get people to buy. Those motivators must be articulated and integrated into a specific website design. Websites must be designed for prospects and not for artistic gratification. Business people come to a website for information. That information must be developed and controlled by the marketer and given to the designer as absolute...not a choice.

Any of the information must be no more than “two clicks” away. The two-click rule means the information must be organized on the website so that it meets the specific expectations the target has for any website they visit. The two-click rule may not apply to surfers spending an inordinate amount of time “surfing”...but two clicks is about all a busy executive in the business world will allow. They insist on executive summaries and bullet points in written presentations and carry that same impatience to the website.

A 1997 study by User Interface Engineering, (UIE) a usability research and consulting firm, tracked users who were hunting for information. The highest score was reached by Edmund Publications (www.edmunds.com) a small company that provides free information to prospective car buyers. The site was built in just a week with a very low budget. The worst site was Disney.com which was rumored to cost more than \$50 million to build.

Both the highest (Edmund) and lowest (Disney) scoring sites contained a similar amount of information. Disney organized their site around the content, lumping everything together without prioritizing the information. Edmund concentrated on the ten most common questions and structured their site with specific paths for the answers to those ten questions. Edmund used linearity and took the prospect down specific paths and led them to specific conclusions. Disney chose non-linearity and lost control of the prospect.

The following comments are aimed at my perception of what business-to-business website visitors would expect from a business-oriented website.

Usability is the defining requirement for a good business website.

Usability is also about establishing standards for websites such as the left-hand toolbar and the search and site map features. These features can be compared favorably to the table of contents or summary most business people use to scan documents and research before going to the specific data they want or need. Standardization may be less exciting for the designers, but it is a fact of business life that you have to provide what your customer expects. The prospect expects you to answer their questions without wasting their time.

Is the website looking more and more like its print cousin?

You betcha!

Most website designers have to realize that creating a website that fully supports the marketing plan and the business plan is going to be hard work. It's why they call it a job. It's why they pay money for someone to do it. You have to work synergistically with the demands of the marketing people who have determined what words motivate the prospect to buy.

I have a basic rule of thumb for the first page of any website. You have to answer three questions:

- who are you
- what are you selling
- why should I care

From those three questions, you should be able to establish linear paths for the prospect to follow so that you can embellish on each of these three main points. Yes, this frustrates the designer in love with the non-linear aspect of hypertext but is an essential rule of business. You have to build the sales presentation from intro to close. There must be obvious paths to follow. Your prospect wants choice...but they want to be led to those choices. Linear...not hypertext linked buttons to oblivion.

Think about where your prospect goes for information beyond the website.

In the business world, there are business and marketing plans that contain an executive summary and a table of contents. Then there are the major business publications and newspapers. Look at them carefully and you will see that same summary and table of contents format. This is what the prospect is familiar with and what they expect when they are looking for information. Once again, the left-hand toolbar and site map/search engine matches this instant gratification for facts.

Format and content will never be separated. They must work together. It is an old battle that went on fifty years ago when I first encountered the concept. The layout artist would come up with what they thought was the ultimate design for a brochure. They left about three inches of room for 2,000 words of copy crucial to telling the complete story in that brochure.

The best designer I ever worked with had a marketing degree and was a self-taught artist. Before a Pentel pen was uncapped or a blank sheet of paper hit his drawing board, he asked three questions:

- who is the client
- what are they selling
- why should their customer care

We have enough competition for the prospect's attention. We can't afford to bring them to "new" levels of website innovation. We need to concentrate on what works and get on with the job of helping our client reach their customer with a message that will result in a sale. If they don't sell something, where will they get the money to pay for our services. If our services don't help them sell, how can they afford us?

Hell of a closed loop.

I appreciate the designer who recognizes this concept.

For those designers who want to create art...I suggest they get a government grant.

How to Profit from the Internet: A Checklist for E-Business Success

Your *business plan* establishes who you are and what you're selling.

Your *marketing plan* identifies to whom you are selling.

Your *marketing communications plan* describes the tactics you use to answer the questions "Who Are You?" "What Are You Selling?" and "Why Should Anyone Care?"

So what about your *e-business plan*?

If you have already developed the first three plans, an *e-business plan* may be the easiest way to reach even more prospects and grow your business.

An e-business plan provides business managers with the basic information they can readily relate to--and use--to determine what they will need in their pursuit of profit and success on the Internet. Remember though, the Internet is not a replacement of anything you have been doing to promote and sell your products. It is simply a new tactic you can use to reach the targets already identified in your business and marketing plans.

In a good e-business plan, there are four basic elements.

Each element is necessary in order to add the World Wide Web to your media mix.

The four elements of an e-business plan are:

1. Your Website

This is the focal point of your communications with your customers. It should allow easy navigation of the information offered and include a site map and search engine that will aid intuitive navigation of the information you offer on your website.

The website will be successful if you concentrate on three elements: *copy platform* (the words), *corporate id* (the pictures) and *customer service* (the interactive qualities of the Internet).

Copy Platform:

This is the basic information that tells your customer who you are, what you're selling and why they should care. It is the same information expected by your customers whether from your website or your literature.

Corporate Identification:

Includes your logo, typeface, corporate colors and graphics; all of the elements frequently referred to as "branding". Your website should reflect the same decisions you made when developing your literature mix. Considerations of white space, number of columns and call to action elements should be exactly the same in your website as they are in your literature.

Customer Service:

Your fax numbers, toll-free 800 numbers, inbound telemarketing and any other tactics you use to encourage interaction by your customers should be included and enhanced by adding e-mail, hyperlinks and other elements on your website.

2. The E-Commerce Function

Content for your website must be developed from existing company information catalogs and collateral literature. Page building tools must be compatible with the corporate id program and flow seamlessly throughout the Internet via the website and website servers. Shopping carts, interactive forms and site maps must conform to the intuitive architecture developed within the website.

The interactivity should provide a means for you to survey your prospects and customers to collect relevant data that will increase market share and nurture current customer relationships. Site searches should be an integral part of the navigation aids. E-Newsletters should be developed for both internal and external use. Customers should be able to order online using a secure transaction modality.

3. Technology System Interface

Programming requirements for your website must be completely compatible with your existing computer systems to eliminate the need for redundant hardware or software. The programming must be universally accepted and provide the logistical support for the e-business functions. Shopping carts, forms, databases (both product and information) should be consistent with your current market data collection procedures. Order fulfillment must operate smoothly with secure payment systems including credit card processing, credit accounts and purchase order systems.

4. Integrated Internet Marketing

The traditional marketing communication tactics of advertising and public relations must be integrated with new elements such as link exchanges, online advertising and search engine submissions. The website design must benefit from the corporate identity program established within the marketing communications plan. The Internet is but one new medium in the classic list of seven. It's a method...not a replacement. Stay focused on what any media -- new or old -- should deliver: *qualified sales leads that can be closed by a trained sales force.*

To be successful in the world of e-business, these four elements are "mission critical" to enable inclusion of an Internet based or "e" business tactic to the traditional "brick and mortar" business model. That's the bad news. The good news...remember that e-business is a tactic, not a strategy and should not interfere with the things you've been doing that have already made you successful. As manager of this new tactic, you should look for results and milestones to reach expected results...not *how* those results are reached.

To repeat ageless advice: you don't have to know how the watch is made in order to tell time.

The Checklist: here's what you need to profit from the Internet!

Business Plan: as up to date as the one you used to start the company. It clearly identifies your sustainable competitive advantage.

Marketing Plan: includes all current customer data including the last contact you had with each customer. Details additional sources of prospects such as direct mail lists that match the demographics of your current customer list.

Marketing Communications Plan: these are the tactics you use to communicate with the prospects and customers you identified in your marketing plan.

E-Business Plan: composed of how you will handle your website, the e-commerce function, your technology system interface, and your integrated internet marketing.

Ready....Fire....Aim!

You can avoid surprises by gathering all of the plans noted above. Review each plan as a separate, distinct item. If each plan can stand on its own, you're ready to move on to the next plan on the list. The result will be well worth the time spent. You'll know exactly what elements you will need to complete the checklist and move into the new profit arena of the Internet. If all of your plans are current, you can use the Internet without jeopardizing what is still viable and profitable in your current operation.

A residual benefit will be a clear understanding of what to expect from the people you hire to fill in the missing blanks.

Remember, you're adding to and not replacing what already works.

Final words of caution:

The Internet is non-linear.

A sales pitch is linear.

Make sure your website takes the prospect through the logical steps of your sales pitch. If your website designer starts talking about innovation, watch out for chaos. You're after sales, not design awards.

Allow me to add a recent blog article thrown back to a guy who was trying to tell me print media is dead:

To Whom It May Concern:

There has been an alarming increase in the number of things I know nothing about. Worse than that, the people who have invented those things feel it's my fault.

I beg to differ.

If you're asking me for money or time, you should have the courtesy to justify a fair exchange of my money or time for the things you have invented.

When Henry Ford invented a new way to manufacture cars, he didn't ask his customers to understand the way he built his cars. He asked for money in exchange for the end product -- the car. The exchange was fair as Henry got money and his customers received a car that would take them from point A to point B and back.

I wish I had remembered that sooner.

I paid \$45 for a second hand 1939 Smith Corona typewriter and banged out literally thousands of pages of information. I sold that information in a fair exchange with my clients for his money.

He then used that information in a fair exchange with their customers for their money.

(Yes, I said he. If you're politically correct and object and need to add her/it or whatever, write your own article.)

My first purchase of a computer in 1979 cost \$12,000.00 and included thousands of pages of information in several loose-leaf binders called The Instruction Manual.

Having invested that amount of money, I felt obligated to read The Instruction Manual. In the meantime, deadline sensitive work was still being accomplished for my clients through the use of the manual typewriter.

I finally mastered the use of the new computer. I gradually migrated from the manual typewriter to the new computer. I no longer had to rely on a person who knew how to use the new computer but knew nothing about the things I was writing.

I now understood The Instruction Manual as well as the information about which I was writing.

I continued to sell the information I wrote about to clients who considered it valuable.

Over the next thirty years, my use of computers has continued. I still write information and sell it to clients. My ability to gather, think about and explain the importance of that information has greatly increased due to the use of a computer and the internet.

I have gained more time, but have not increased the value of the information -- only the amount. In several instances, the amount of information gathered has obfuscated the value of that information. The computer made it too easy to deliver thousands of pages rather than a one-page synopsis of what value those thousands of pages may have for my customers.

Worse yet, my customers began dialogues about the computer I was using or the software installed on that computer or who my service provider happened to be. I began to lose the train of thought I needed to give my clients the best information I could develop that would help them sell their products to their customers.

As a curmudgeon in the Information Age, I've learned to live with computers and websites. But, I'll be darned if I'll let you convince me that the number of "hits" on your website is more important than the number of people who **buy** things from your website.

Websites are non-linear.

Click more than twice on most websites and you'll wind up in Hungary on a porn site.

Sales presentations are linear.

Steps one through ten will take you to the close.

Vary from that path and you lose the sale.

So, is your website selling?

Or are you non-linear?

What about search engines?

Search Engines Are Running On Hot Air

Combine technical jargon with ad agency obfuscation and you have a combination often lethal to any company's primary mission...to sell something.

Advertising doesn't sell. Salesmen sell. Advertising can create a favorable disposition when someone asks for more information about your product or service. That predisposition to favorably react to your advertising message is called...a sales lead.

If your advertising doesn't produce sales leads, why are you spending money on it?

Ad agencies overcome this objection with an esoteric explanation of the value of branding. Now that branding is being understood as just a fancy name for a consistent corporate identity program, the new gimmick involves search engine statistics.

Ad execs now breathlessly expound on web stat usage summaries with charts showing hits, files, pages, visits, sites and Kbyte data. They continue with a condescending explanation that mining data from the search engine statistics can create new opportunities. They forget to mention that one of those new opportunities your company will receive is a new way to justify ad budget increases with decreasing accountability.

Yellow page advertising gimmicks went through a similar round of exploitation. You couldn't get a straight answer about how much an ad would cost. Instead, there were charts showing confusing rates for color, bold type and tabs. I cut through the crap and developed a simple method of proving (or disproving) the cost versus ROI of yellow page advertising.

I would offer to buy any sized ad the yellow page person would recommend with one caveat...if it didn't produce \$10 in sales for every dollar they charged, I would get a rebate. Their efficacy claims were included in the contract.

None would sign because I had a sure fire way to prove whether the ad was generating calls...a distinct telephone number listed ONLY in their yellow page ad. If a call came on that line, I knew where the lead came from and could track the lead to actual sales made from those leads. I could then accurately compare cost of the yellow page ad to actual sales.

I have yet to find a yellow page ad sales person (and there are many) that would sign the contract that included the accountability factor. The dedicated telephone line costs about \$10 a month...inexpensive insurance to protect your ad dollar.

There are several methods of creating the same accountability for websites.

When it's time to sell, cut through the explanations of how the ad agency's watch is made and insist on accountability.

What about paying for “clicks”?

Ad Dollars Are Wasted On Clicks

A curmudgeon's view of website advertising

There's a dot com bubble about to burst...again.

The breathless reporting of how video clips are getting a greater share of “clicks” comes on the heels of Goggle's creation of another group of millionaires. All of this new wealth has been built on the concept of clicks as the measurement of advertising effectiveness.

Let's build an analogy using billboard advertising.

Let's say I buy space on a billboard. The guy who sold me the space then reports how many cars have passed by the billboard in the first week. He then measures the following week and reports an increase of 5% in traffic going by my billboard.

He even provides me with an analysis of traffic speed showing traffic slowing down as it passes the billboard (without adding the fact that several potholes have appeared in the roadway).

He then justifies his suggestion that I should buy more billboards based on this traffic data. He never asks if my sales have increased because of the billboard. That's because he could never prove it.

I can.

I add a fictitious name or a telephone extension number on the billboard. If someone calls asking for that fictitious person...or asks for that extension number...only then do I know that those "clicks" are coming from that billboard ad. Then I track how many of those "clicks" result in sales...and then measure how many sales versus the cost of the billboard ad. It better be at least a ten to one ratio.

I have developed several tactics to prove the efficacy of website advertising while justifying its cost. I will charge you to find out what those tactics are.

As Sigmund Freud said..."They won't get well unless they pay for it."

Email versus snail mail

Email is a broadcast to a list. That list is large, suspect and protected by spam filters. It also has to get past the blocks built into any number of email modalities such as AOL, Yahoo, etc. It is delivered at about 186,000 miles per hour. That fact is the only positive attribute and one that seems to be the decisive reason for using it.

Snail mail travels at about 40 miles per hour and may take up to three days from sender to receiver. It requires a specific address of prospects, which means the list used is filtered to avoid spending time and postage on suspects. The snail mail delivery device (usually an envelope) is subject to what I call the 40/40/20 rule (*we covered this previously*).

Given the ease by which you can send email, most people use it.

Given the discipline required for snail mail, few people use it.

Read the above again.

Substitute the adjective **smart** for the adjective **few** for people who use snail mail...and who also avoid the crowd using email.

Isn't contact with a list of suspects or prospects supposed to stand out above the competition? And you're still using email to try and sell me something?

Duh?

Could be worse...you could be confusing telesales with telemarketing by calling me at dinner time.

That's a subject we've covered previously.

How To Avoid Mistakes

Yes, spelling is one of the mistakes made all too often. It's a reflection of your intelligence. People won't take you seriously if you have something to say and lack the discipline to make sure how you say it is correct.

In the current nitpicking atmosphere, if anyone disagrees with your ideas, they'll use spelling errors to attack you personally rather than honestly debate your idea.

Important points you are trying to make will become lost in the picking of the nits.

Don't rely on Microsoft and the spell checker.

The only way to become proficient at spelling is to practice your craft. If you write for a living, you should be spending at least an hour a day writing...and blogs are an excellent outlet for the practice sessions.

BTW: Microsoft spell checker doesn't like the word blog.

By the way, BTW got by.

So did nits...which happens to be the eggs of lice. So, if you are a nitpicker, you're involved in something very disgusting.

Which brings us back to my point...ideas are important.

Be careful of how you present them.

Why Words Are Important

Here is a typical description of a new invention according to the entrepreneur:

We have integrated the efficiency common in chain/gear apparatus normally found on multi-wheel configurations with the kinetic energy available from internal combustion engines to make possible a process that will create a vacuum on the upper surface of a horizontal configuration. We have additionally provided stability and control through a series of vertically positioned surfaces concurrent with achievement of required positive forward thrust atypical of current configurations."

Here is my view:

NEW!

A machine that YOU can fly and control!

Buy direct from the factory and save!

Contact Wilbur or Orville Wright at...

While this may well be a good example of how language can help sell a new product, it brings up the semantic problem most marketing people face. The language they use to describe their expertise may well have been composed by the typical entrepreneur.

What is marketing? Is that word a noun or a verb?

What is copy or copywriting? If those words are original, why are they called copy? And if the copy uses new words for something that is copyrighted, should it be spelled copywriting or copyrighting?

What's the difference between advertising and marketing? Is the word advertising a noun or a verb?

Perhaps it is an example of the shoemaker's kid going barefoot.

Words have meaning.

Obfuscation does not create an environment conducive to sales.

Maybe that's why a copywriter (copyrighter?) can help an inventor sell but is so lousy at convincing that inventor that he needs their help in explaining the benefits of the invention.

Final tip on email:

How To Keep A Clean Desk (and computer).

Every Friday afternoon, toss everything in your wastebasket.

By Wednesday morning, the important stuff will come back.

That gives you three full days to concentrate on the important stuff.

You can spend Monday and Tuesday creating important stuff for other desks.

Works for email, too!

With that sad attempt at humor, we have now concluded the overview of:

sales lead generators

Simply stated, they should be used in the following manner:

First you invent something.

Then you figure out who should and could buy it.

Then you verify why they would buy it.

Only then should you start advertising.

Use only the sales lead generators that are read, heard or watched by those who could and would buy your product or service.

The people who should buy your product or service is the largest list that should be handled by your marketing people, not your sales staff.

Journalism and Guns

Both are dangerous weapons when controlled by unstable minds.

Entrepreneurs should be careful using Main Street Media (MSM) PR as a method of generating interest in their company or products.

Not too long ago, you could create a symbiotic relationship with editors if you had a story of interest and value to their readers.

This is no longer the case.

Journalism today has degenerated to a confrontational level where the story is ignored unless there is controversy or bad news about the company or its employees. Some editors repeat controversial stories from far right and far left blogs and then fan the flames by less than honest attribution of the story source or any attempt at confirming the facts of the story.

There's an analogy that can be made for journalists being like guns. Guns are not dangerous nor are the bullets that make them work the way they are intended, whether for sport or protection.

Same holds true for journalists whose job is to report any news based on verified facts, not "gotcha" ideology.

Journalists are adding their credibility to people with theories and opinions by reporting those theories and opinions as fact. That's like handing a loaded gun and to an unstable person. It encourages more of the same and eventually someone gets hurt.

The most egregious example is the reporting on global warming. Scientific consensus is the buzz phrase. Science is based on fact...not consensus.

Consensus is what you get when you vote.

Fact is what you get from repeated proof.

I'm old enough to remember several years ago that global cooling was supported by scientific consensus. Journalists reported it then as fact. Common sense prevailed and journalists realized their audience wasn't buying it so they moved on to other issues in their quest for higher ratings and increased subscriptions...not to mention personal recognition (ego).

Younger journalists want to "make a difference". I would advise them to become social workers and leave reporting to those who value the integrity of the profession.

Older journalists watched Woodward make millions. Many of them are now publishing books rather than factual stories in an effort to duplicate Woodward's success.

Journalism is suffering for it by creating permutations of news reporting such as commentators, editorialists and personalities as news anchors. The pendulum is swinging as newspapers lose readers, TV viewers are turning off and uncontrolled blogs are growing in numbers at a pace too fast to claim any credibility.

There is an answer.

Avoid advertising in the main street media until it once again becomes a trusted source of news. Stay focused on your customers. They are your audience. Create your own media to stay in touch. Websites email and newsletters are excellent ways to do this.

There are also over 15,000 trade magazines out there, most dedicated to reporting only facts that are of interest and value to their audience...your potential customers.

They will share that audience with you if you confine yourself to facts sans fluff. Focus your PR efforts there.

We've covered COPY PLATFORM previously...

....and we just finished a review of SALES LEAD GENERATORS.



GOAL OF PROJECT?

*Generating sales leads is the ONLY goal ...
but should be included in your planning so everyone understands!*

DEVELOP
CONCEPT

And COPY is our next focus...here's what that might mean:

A salesman may ask you to combine all the great stuff found in your main brochure, tech data sheet and some of the case histories you've developed. That's the concept.

The copy will be more difficult to select since you've worked hard to develop the copy platform and then expand it into the three types of literature you've produced.

There's something else lurking in the background that will get in your way...succinctly stated in a framed "statement of truth" hanging in my office:



Here's an example of a concept and copy gone nuts...it was part of a program to highlight the benefits of business class flying at an airline. They probably have some good points to make but execution of the concept and copy obviously went horribly wrong:



Elite?

After what politicians are doing to that word? My benefit is to walk on the left side over a red rug rather than the right side? A reminder of why the airline industry is having trouble...self inflicted wounds?

Which brings us to the next box in our chart:

LAYOUT
And COPY
APPROVAL

Layout and copy approval

Layout is a format...in the case of consolidating the three types of brochure, I would recommend the tri-fold brochure which fits into a #10 standard business envelope...which allows the salesman using the tri-fold and envelope as an introduction (or part of a direct mail effort), to include a business card.

Once you have the layout selected, you'll have only so much space to work with to fit copy into the selected format. As Mark Twain once said..."Forgive the long letter but I didn't have time to write a short one."

It's the "ten pounds of crap into a five pound bag" syndrome. Be selective in your copy...only use the highest priority benefits that your sales staff has selected as the best they use in the field.

If you haven't done so already, try this:

List every benefit you can...do it in a free form meeting where only suggestions are placed on the white board. No judgments...only suggestions.

Then prioritize the benefits from best to worst.

This process works great in selecting brand names, too!

BTW: if your lawyer wants in on this selection process...please consider this:



OK...I'm probably overstating the adversarial relationship between legal and your marketing communications department. There is a case to be made for making sure your sales claims do not overreach your ability to deliver.

Remember to include the elements of your corporate identification program...and don't let graphic elements overshadow the copy you select for the layout...the following is a personal example of how copy and benefit need to be explained in the best manner...



Sidebar...ever wonder why there are 20 matches in a matchbook? Yes, there are 20 cigarettes in a pack so that may make sense. But then, why are there 32 matches in a small box of matches and 250 matches in a kitchen matchbox?



I actually tried contacting several match manufacturers for the answers to these questions. Obviously I spend time on very specific quandaries so you don't have to...

*...my wife says it keeps me busy and out of trouble. I like to call it **in-depth research****

****in-depth research:** wooden matches work better for pipe smokers because the higher temperature reached when burning wood vice paper produces a more even ash over the top of the tobacco in the pipe which then burns evenly as it is smoked thus producing more flavor and a cooler smoking experience...a fact not one wooden manufacturer has told me. A tobacconist in Boston tipped me off on that little known fact. I also learned a new word from that tobacconist...**dottle**. It's #2 definition in most unabridged dictionaries...mine weighs over 15 pounds and runs 3,000+ pages of very small typeface.*

Amusing as the previous page may seem...I'm making a very important point:

No matter the subject...someone will dig deep into it and judge your product by what they find. It's another reason for that white board experiment to gather and examine every benefit you can think of that would enhance your copy platform in any format.

Our next chart box is **FINAL APPROVAL**

Final approval means everyone has agreed to the layout and copy and included bids on printing or inclusion in the electronic formats such as websites or videos produced on CD's...



...the PURCHASE ORDER is now produced using a standardized procedure that includes everyone who has worked on the project to make sure all costs are considered.

Is it really necessary to involve your marketing communications department in purchase orders?

Yes, if you want to prevent revenue leakage!

Revenue Leakage

Here's an example of what it is...based on my work with a reorganization of a five year old company that was having severe cash flow problems:

The company's early beginnings showed a typical startup that was under funded with a resulting fast sales growth that could not be supported by cash flow. The result was a continual erosion of profit margin in spite of increased sales.

In addition to under funding, the primary problem in the past had been "revenue leakage".

Stopping revenue leaks is "a process to identify the beginning-to-end completeness, accuracy and integrity of capturing, recording and billing all revenue-producing events, from customer acquisition through collections."

You can find revenue leaks by diagramming the processes you use to capture, bill and collect for sales. We have identified many areas where revenue can leak. These have typically been points at which information about a revenue-generating event is handed from one person to another, such as when a purchase order goes (or fails to go) to the billing process.

For example, if the cost of a sale includes parts or materials ordered to complete the job...and the cost of those materials is not factored into the invoice...that cost is not captured and results in lowered profit margin.

In one specific analysis of revenue leak in this example...measuring how many sales were going in and how much revenue was coming out...resulted in the discovery of substantial employee theft that had been occurring for almost two years. A review of historical files also discovered a check for over \$4,000.00 received but never cashed. It was placed in the customer file but never tracked as received against the invoice sent.

The primary plug for revenue leakage is the double entry bookkeeping system. This is simply the charting of all accounts receivable compared to all accounts payable. The two should be within a few dollars of the bottom line number.

The account receivable aging process will also provide a trigger for statements to be sent out for any invoice not paid within the time limit (usually 30 days) established for your customers. Without the double entry bookkeeping system (using software such as QuickBooks), a down payment may be confused with total payment and the balance never collected.

The aging of your accounts receivable will also identify those customers who should be avoided...because they don't pay on time resulting in the misuse of your money. You can avoid this problem by adding a service charge (not interest) on any invoice not paid within 30 days. Make it high enough to discourage them from using your money...remember, you're not a bank, so you should make the service charge higher than a bank's interest charge (sometimes as high as 23% on credit card charges).

An added value of the double entry bookkeeping system is the identification of two types of costs: overhead and sales.

Simply defined, overhead costs are any that are incurred to keep the office running or to generate sales leads.

Cost of sales would be any direct cost required to complete the installation of the product or service in order to issue the invoice at completion of the job. If you don't track and add the specific costs (materials and contracted labor) of each sale to the invoice, you lose the cost of those materials and labor and they become part of your overhead.

Overhead costs of the marketing function should also be included in this double entry system.

Never involve your sales people in the collection process.

They make and deliver promises to the customer. That's a positive process.

The invoice and collection process is a negative process...you'd like to provide free product or service but reality means somebody has to pay you.

It's the "good cop" (the salesman) versus "bad cop" (the bookkeeper) scenario.

The case against rebates:

It seems most software and computer peripheral products sold include a rebate.

A rebate is the price you pay for buying a product you were going to buy anyway.

I say "pay" because the sometimes-inflated price of the product mitigates the product accountant's frustration as they keep track of rebates in their cost analysis of profit versus cost.

I remember one ad manager who failed to heed the accountant's warning that rebates do get claimed and did not forecast correctly when a rebate on a product totaled over a million dollars in his forecast of revenue versus actual sales.

Then there is the problem of sales tax. The consumer who buys the rebated product pays the full amount of sales tax. The rebate is taxed right along with the price of the product.

The hidden cost of postage for the consumer...and the handling cost of processing the rebate by the product manufacturer also exacerbates the problem of rebate value.

Case in point:

I purchased the Microsoft photo editing software Picture It! from OfficeMax. The price of the product promised a \$15 rebate that entailed very small print for instructions on obtaining the rebate. The retail price was \$49.95 with a 6.5% sales tax in Minnesota.

The sales tax was \$3.25 of which 98 cents went towards the \$15 rebate. So the rebate offered was actually \$14.02 not including postage (37 cents) and the envelope (add a nickel) and the time and materials to print out the various forms required to get the rebate (add another dime).

To get the rebate of \$15.00, I paid \$1.50 or about 10% of the rebate offered. Then the product manufacturer involves an outside supplier to process the rebates and issue the rebate checks. The rebate checks are then mailed to the consumer.

Perhaps that's another reason the product price was inflated to \$49.95 or maybe the manufacturer sees unclaimed rebates as paying for the processing?

In my example, I tried to pay part of the cost of the product with a \$10 rebate check issued by OfficeMax as well as a "gift card" rebate in the amount of \$15.00 from yet another rebate from OfficeMax...total of \$25.00 against a cost of \$49.95...with a rebate of \$15.00 for the product making my total cost (apparently) \$9.95 when all was said and done.

More was said than done as the OfficeMax manager who had to help sort the transaction at the register stated company policy that the OfficeMax check could not be honored at the store. I had to deposit the check in my checking account and then I would have the \$10 to spend on the product.

Duh?

Another sidebar...

California's small business tax

“Under Mr. Schwarzenegger's plan, all Californians would be required to have insurance, although the poorest would be subsidized. Businesses with 10 or more employees would have to offer insurance to their workers or pay 4 percent of their payroll into a state fund. Smaller businesses would be exempt....”

OK...then let's form a new business entity for each department of the company that grows to nine employees. It would be cheaper (*\$150.00 one time cost*) to form the new business than pay the annual four percent growth penalty tax on payroll.

When will politicians finally realize that small business people are smarter than they are?

Thank you again for letting me vent...now back to the chart:



Please note the pivot points in the chart: PRODUCTION SCHEDULE ESTABLISHED and LITERATURE INVENTORY AND WEBMASTER:

The production schedule for new literature should be set only after you have inventoried the current stock of literature or the available hours of your IT department to update the website based on the layout and copy just approved.

There is a typical knee jerk reaction of trying to make up time lost in the approval stage by compressing the production schedule. The end result is additional rush charges by the printer or overtime charges by the IT department.

Don't forget to check the sales lead generation schedule and any projected calendar bulge in the need for lead fulfillment...literature needed to answer those inquiries.

CONFIRM COPY PLATFORM

When you check the current stock of literature, make sure there has been no radical change or addition to your copy platform. If there is...bite the bullet and toss the old literature. If the copy platform is about the same, keep using the old literature until it's gone. You've spent a lot of money and time generating the old literature...don't waste it based on new words that say the same thing.

REPRINT LITERATURE AND REFRESH WEBSITE

Back to the beginning here...get out your corporate ID manual...the new literature should be placed on that conference room table next to the current literature mix. Now is the time to "age" your literature and make plans for updating any old literature that is still good but could be made better by incorporating new copy or layout ideas generated by the new literature. Stay consistent in your corporate "look" so everything works together.

I hope by now you have realized the importance of the difference between your marketing efforts and the marketing communications effort.

One (marketing) is simply the gathering and analysis of data. The other (marketing communications) is the generation of interest in the lists of suspects and prospects compiled by your marketing department.



Here's the one I think is most important: note where the sales lead generators feed into the chart box labeled: LEAD FULFILLMENT AND DATA ENTRY.

Notice that this is the only box that has three arrows involved. That should give you an idea of its importance.

This is what is typically called the *Product Information Center*.

They answer phone calls, fax, emails, and any other means of communications with the people contacting your company for information about your product or service. They also collect all information about how that inquiry was generated...contact information about the inquiry...what salesman would receive the information after qualification...what literature or website reference was used to answer the inquiry...new literature about to be published that could be used...referrals from other current customers...and a general knowledge of how this double loop system works and why they are the important overview and focal point of the system.

The product information center should be a huge data dump of all information about your company. The people manning this function should be involved in all aspects of the company so they can be an integral part of the planning process.

In successful startups, I have identified this person as typically the middle age woman called the office manager. Before you go off half cocked about sexism, remember that this woman has typically returned to the business world after raising kids. She brings to your operation a fundamental skill...knowing when to nurture and when to slap you along side the head for inappropriate behavior. Nothing gets by her and she knows when to listen and when to lecture. Quite frankly, her male counterpart does not have the skill set. He's typically too busy with the big picture and ignores the details. He will focus on when and she will ask why?

Remember my caution about hiring people based on their education, experience and skills? Education and experience can be acquired...skill is based on knowledge, understanding and judgment. Bottom line, skill is what you do with education and experience.

The product information center should be a huge data dump of all information about your company. The people manning this function should be involved in all aspects of the company so they can be an integral part of the planning process. They will handle the next chart box: QUALIFY THE LEAD. They will know when to send the lead to sales or to marketing communications for further qualification.

Teach them the double loop system and get out of their way!

If it's a LEAD SENT TO SALES FOR ACTION, it will be sent with a complete history of where it came from, what literature (or website reference) was used to provide more information and what the lead may have specifically asked for in the form of additional information...or best scenario, asked to have a salesman contact them.

By creating a synergistic working relationship between the various inputs and outputs, you'll be able to massage the raw data and come up with conclusions based on fact rather than intuition (although that commodity should not be ignored when experimenting with lead generation sources).

The SOURCE ANALYSIS REPORT is simply a list of where the leads came from...how good were they...what was the result of the sales effort...how many sales were obtained from the source...NOTE: you're looking for at least \$10 back sales from every dollar spent.

This is where you find that FACT!



It should be quite obvious from the results PROVEN by the lead source analysis as to what medium is working and which isn't. Be careful to allow enough time for the medium to work. You'll be using these results to select the media for your marketing communications plan.

I've tracked the cost of leads from various media through the years. The following will give you an overview of the cost differential but not actual cost. Please use the numbers as an indication to build an *awareness* (*remember?*) of what it might cost to generate a lead.

Cost Per Lead

space advertising about \$69.00 per lead

This is any advertising where you pay to have your message posted. It includes TV ads, newspaper ads, yellow page ads, radio ads, billboards and others where someone provides access to an audience and you get a response from the message you post. It is the shortest timeline from message to lead generated but also the highest cost.

public relations about \$2.75 or less per lead when the program is administered internally. About \$7.00 per lead if you out source the responsibility. This is someone else saying nice things about your company and its products. You have to provide the editor with information that is of interest and value to their readers. They are sharing their audience with you...and it takes a long time to establish credibility with an editor before they will share that audience. It is the longest timeline from start to finish but is the lowest cost.

trade shows about \$55.00 per lead depending upon cost of your booth and number of times it's used per year. Don't forget to factor in the travel and related expenses of the personnel manning the booth. There's a less expensive way to gather leads from a trade show...and it goes to the heart of the list gathering purpose of any marketing program. Just ask for the list of attendees from last year's show. If they are still on this year's list...that's a good place to start filtering.

mailing lists these are suspects until you use telemarketing or direct mail to qualify them into prospect or sales leads so that they can be worked by the sales force. The typical cost per lead of a mailing list is about 55 cents with another \$10.75 per lead after telemarketing giving a total cost of about \$11.30 per lead. Direct mail can be used to qualify these mailing lists with a resulting cost of \$20.00 to \$40.00 per lead after the cost of the direct mail tactic is factored in.

directory listings a paid listing in a directory can be as high as \$28.00 per lead. However, free and almost free listings in other directories (see your librarian for the directory of directories) and can provide high response at low costs. Most of these directories are annual publications and should be tracked to make sure you have an ongoing program to be included in all possible.

card decks results from an active card deck program can be maintained at the \$16.00 cost per lead range. It is also a great way to test and measure winning headlines.

seminars if the sales force, including any channel distribution element in that term, are included in the seminar effort, costs per lead can be as low as \$20.00 per lead. The advantage of the seminar format is the prospects and sales leads that result from this effort because pre-qualification takes place using telemarketing when inviting prospects to the seminar and the ability to meet face - to - face with the prospect during the seminar. Tie your seminar to key trade shows and eliminate cost of booth.

What about the Internet?

Be careful of using the Internet where people try to sell you “clicks” on your website. “Clicks” are not leads...they just tell you someone you can’t identify has looked at your website.

That’s like selling you traffic counts for people who drive by your billboard or a list of homes in an area that receives the newspaper in which your ad appears.

Your website is nothing more than an electronic brochure.

Your website address (URL) is no different than a telephone number. I’ve always wondered why companies don’t just use their telephone number with a www in front of it...two birds with one stone...less for your potential customer to remember.

If you provide all the information about your product on your website...why would anyone contact you? Make sure you use the website to generate interest to the point where they want to talk to someone (websites are NOT a replacement for the salesman they want to talk to).

Go back to your list of benefits...that list that you have prioritized.

Make sure it's in a linear format that can be used as a checklist for the viewer of your website so they can select the benefits they want and then click to contact you about those benefits.

The object is to begin a dialogue with a real live human being and not to develop a counting process where the website boasts number of hits or visits.

The sales cycle should begin with the internet...not end.

If you've put up with me this far, I might emphasize that you're dealing with an old guy who has seen technology get in the way of communications in the past. I was creating plans for clients before there was a technology called "copying machine"...and saw the introduction of the facsimile machine in a Public Relations operation where the new FAX machine was not accessible to the grunts...only top management.

Figure that one...top management did not have contact with the editors...but the grunts needed a faster means of getting the news releases to the editors...many of whom had fax machines.

By the time we convinced top management in the PR organization that we needed to use the fax machine, the deadline given by the editor was long gone. True story...3M PR Department!

I do forecast that streaming video will become very important once the broadband problem is solved. What good is fiber optic cable and 50mps if that last forty feet to your home or office is not connected?

Keep an eye on technology...but don't let it get in the way of communicating your benefits to your prospects and sales leads.

If you have to explain the technology to your target audience, you'll spend valuable sales time telling them how your watch is made and not what time it is.

To make matters worse, consider that 26 year old social misfit living in his parent's basement. He is intent upon hacking your website for his own gratification. I've always wondered why IT departments establish complicated password and encryption procedures when a simple electronic handshake could be used to allow someone into the bowels of the website beyond the benefit presentation.

Why couldn't you use the website visitor's name, snail mail address, email address and phone number...verify and allow access by email or calling them on the phone...and thus get the info your marketing department needs to qualify the visitor as a lead?

By making real and live contact with the visitor, you can then provide a user name and password that you assign...and be able to track visits coupled by your computer with the real human ID info.

Step twenty-two: finalize your business plan and financial projections

Maybe “finalize” is not the word to use...your business plan should never be considered done. Think of it as the central file of everything you know about your company and its customers.

If you have been gathering the information suggested in previous steps, you now have a place to keep and update your information.

There is never one ideal format for your business plan. You should develop the outline based on the primary purpose you intend...in most cases it is to confirm that your company is making a profit and will continue to do so for many years to come.

I've been involved in at least a dozen successful startups and reorganizations that have had one goal in mind...obtain funding or to be sold at a profit to another company. Funding sources will be covered in the next step and include banks, angel investors and venture capitalists. I will also cover the 3F source of funding (friends, family and fools). Each of these funding sources will focus on certain sections of your business plan. That's why it's wise to make sure each section is as complete and honest as possible.

You also might have noticed the emphasis on the marketing communications aspects of this book. I have taken responsibility in every assignment to make sure the business plan was the “package” used to obtain that funding or to sell that company. The elements of good communications come into play when developing your business plan.

The following business plan outline has been developed over the past 15 years of active participation in the funding arena:

Mission Statement

your elevator pitch

Executive Summary

no more than one page

Your Product/Service

nuts and bolts explanation

The Management Team

complete bio's on full time, active participants that the investor can rely on to reach the goal the company has set...that goal is the return on the investment

Current Market

identifies how many people out there could use it

Competition

identifies what they would buy if not yours

Risks

identifies why they wouldn't buy it

Sustainable Competitive Advantage

what benefit can you offer that no one will be able to match for at least your first year

Marketing Communications Plan

lead generation, website, etc. including how much you will spend and where

Initial Steps

what's the first thing you would do if you had the money

Potential Suppliers

who and what do you need to deliver or add credibility to your product

Market Share Projections

detailed cash flow projections, sales forecasts for at least three years

Capitalization Table

what kind of org are you and who owns the company; start as a C corp with 10MM shares authorized...founder stock issued leaving enough for investors and ISO pool

Capitalization Sought

how much money do you need and what can you offer in return

Exit Strategy

When and how do the investors get their money back with how much gain

Three year financial projections

Focus on first year and show date turn to profit.

Note there are 16 sections of the business plan outline example on the previous page. Consider each a “bucket” into which you continually capture, update and preserve information...and share with all so you have the benefit of other opinions beyond your own.

I'll walk you through each section and give you the benefit of what I have found to work well in convincing people to give you money.

Mission Statement

your elevator pitch

The elevator pitch is what you would say when meeting a potential investor on an elevator . He says hello and asks what you've doing lately. You have exactly the time it takes for the elevator to reach his floor to get his interest and to ask for a meeting to expand upon the pitch. I'll repeat the example from a previous step:

I'm building and selling a machine that will make it possible for people to fly.

That is an elevator pitch and better than the engineer's explanation:

“We have integrated the efficiency common in chain/gear apparatus normally found on multi-wheel configurations with the kinetic energy available from internal combustion engines to make possible a process that will create a vacuum on the upper surface of a horizontal configuration. We have additionally provided stability and control through a series of vertically positioned surfaces concurrent with achievement of required positive forward thrust atypical of current configurations.”

Executive Summary

no more than one page

Tackle this one last...it's simply a synopsis of key points from all the other sections of your business plan and expands upon the elevator pitch.

It should be written in the pyramid style noted in the section on Public Relations and news releases...key point first and then expand on the point in succeeding paragraphs. Most funding sources will ask you for your executive summary before they ask for the complete business plan and financial projections. This is the door opener in most cases so it must be precise and accurate.

Your Product/Service

Nuts and bolts explanation

This section is where you turn your engineers loose to detail the nuts and bolts of the product. You should include all information from steps eleven through fifteen.

The Management Team

complete bio's on full time, active participants that the investor can rely on to reach the goal the company has set...that goal is the return on the investment

This is the stuff you've gathered from steps three, four and five. A potential investor wants to make sure there are adults to keep track of the kids in the company and have demonstrated past success.

Failure is also included because funding sources appreciate that the learning process sometimes includes failure in past ventures. Don't be afraid to include it.

Current Market

identifies how many people out there could use it

Steps ten, sixteen and seventeen will be the source of most of this information.

Competition

identifies what they would buy if not yours

Step ten again with a comparison of benefits offered by the competition versus your list. Be factual...no opinions here. There is a possible argument that you will have no competition...if you can honestly show why. You might show alternatives to your product but also include what specific benefits those alternatives will not have.

Risks

identifies why they wouldn't buy it

Sales input is very valuable here. They will know what mental obstacles they will have to overcome when trying to sell your product. This is the place to capture and prioritize those obstacles. The sales pitch...copy platform...and literature copy should be analyzed here to make sure you have covered any of those obstacles.

Sustainable Competitive Advantage

*what benefit can you offer that no one will be able to match
for at least your first year*

Step thirteen is key here...also the value of your marketing research in finding markets your competition may not have found.

Include projections (honest projections) of how long you could stay under the radar of your competition as you capture primary and ancillary (sometimes called niche) markets. Factor in the pricing involved with free shipping if that is something the competition is not doing. Also look at your manufacturing process and how you might be able to cut costs and lower prices based on economy of scale (the more you make the less cost involved). Funding sources are going to look at how long you can sustain the advantage compared to projected date of reaching profitability.

Marketing Communications Plan

lead generation, website, etc. including how much you will spend and where

I include this section for a very good reason...the dot.com bubble burst. Many investors got burned by website companies who created a website and then wondered why the money didn't come pouring in. If you stay focused on how you will get people to buy your product, you will create a comfort zone for the investor that you realize money comes from people...not websites. Emphasize the sales lead generation process and how you will maximize sales time.

Initial Steps

what's the first thing you would do if you had the money

Need I mention that you should not get into a description of your planned office and furnishings? First thing should be how much you will need to produce a product that people will pay money for and get your cash flow started. Steps fourteen, fifteen and sixteen will give you some data you will need to figure out how much and when you need it.

Potential Suppliers

*who and what do you need
to deliver or add credibility to your product*

Steps eleven, twelve and nineteen come into play here. The word potential should also allow you to explore what would happen if you established strategic alliances with other companies and how private label branding would affect your bottom line.

Mistake: As Seen on TV should NOT be one of your bragging points. That would only convince the potential investor to hide his checkbook. Keep mention of “clicks” and websites to a minimum.

Market Share Projections

detailed cash flow projections, sales forecasts for at least three years

This is a synopsis of your financial projections. Don't be afraid to show a loss for a couple of years if the cash flow projections show a dramatic swing to positive in the third year. Investors will ride the swing if the payback is within reach and reason. Overhead costs, body counts and related costs will be contained in the financial projections...not needed here.

Capitalization Table

*what kind of org are you and who owns the company; start as a C corp
with 10MM shares authorized...founder stock issued leaving enough for
investors and ISO pool*

I'll dig a bit deeper into this subject in the next step. However, this is where you clearly state how your company is organized with particular attention to steps one, two, three and six.

The potential investor will be eyeballing your stock distribution looking to see how much is available and how much control they can get for the money invested. Your minutes book will contain the process you might use to dilute their shares if you take their money and then authorize and issue more stock. Address these aspects now and provide the answers to questions they will have about anti-dilution, voting versus non-voting stock and how control is maintained. Remember that stockholders authorized to vote are the controlling factor of any company. They elect the board of directors and oversee the hiring of the operational officers.

Capitalization Sought

*how much money do you need and
what can you offer in return*

Start by confirming how much money and time the members of the company have brought to the table thus far. Keep updating it as you spend more time and money. For example, a patent application will cost about \$10,000.00 and should be included in the capitalization section if you see more patents coming in the near future. Very important tip here: you have detailed the amount of stock available...do NOT make an offer against a possible funding amount. Success in negotiating the amount of stock for the funding requested is the pivot point. Show the potential investor (or bank officer) how much you'll need and what you will do with it...but let them tell you what they would want in return. It may well be less than what you would have offered if you had felt compelled to do so.

Prime Rule of negotiating: *first one who speaks loses!*

Exit Strategy

*when and how do the investors
get their money back with how much gain*

Mention all possibilities here without committing to any. For example, you might mention selling the company to a larger company once profitability is reached...unless you, as the founder, would NOT want to do that. Tell them up front if you feel that way. There is also the possibility of going public through an IPO (initial public offering) which is the Holy Grail for most venture capitalists.

The bank will want to see how long it will take you to pay back any loan. They will also see your bank account grow and will want to be with you after positive cash flow is reached (they lend your money to others at three times the amount they would pay you in interest).

Most venture capitalists are looking for four to five time return on a three year deal. Anything longer than three years and they will want twice that. An IPO could produce as much as 12 times the investment...or more.

It boils down to a risk:reward ratio...the higher the risk, the greater the reward. The exit strategy should acknowledge and reflect this concept.

Three year financial projections

*focus on first year and
show date turn to profit.*

You need an accountant here, preferably one who is also an Enrolled Agent. Request Excel spreadsheets and do not lock the spreadsheets when including with your business plan. Potential investors will want to play with your numbers and do a lot of “what ifs” when looking at a potential investment.

In most cases, the dollar figures you plug into these projections are going to be your best guess. Confirm where possible but make sure your accountant is an integral part of the creation of your business plan. They will be able to pull out the numbers they will need as you develop the other parts of your business plan. Find an accountant who has worked with startups. Make sure they know you will be building a business plan...that will be a comfort zone for them and may reduce your costs because you will have reduced their time in digging out the numbers. Minimum involvement for your accountant should be as an advisory board member. Ideal is a seat on the board of directors with stock options and vesting of the options based on how long they serve. Some will reduce their charges when you include immediate vesting in the stock offered in lieu of cash payment for their services.

Reminder: the business plan and financial projections are never done.

They are only up to date!

Step twenty-three: get financing

My first advice will raise a few eyebrows among the investor crowd:

Do NOT invest your own money.

The reason?

You are not going to be as careful with your own money as you would with money from someone else. You will need to keep track of everything you do with someone else's money. If you use your own, you'll have the tendency to get things done at any cost...and regret it later.

Using someone else's money will provide the obligation you should fulfill no matter what the source...record keeping and accountability reports as to what you got for the money spent.

Most entrepreneurs have a day job before they get investment to start the new company. Remember that the day job is putting food on your family's table and you owe them as much diligence as you dedicate to your new company.

Evenings and weekends will be the time you'll honorably have to spend on the new company. Any time being financed by your day job should be strictly devoted to that effort until you are ready to cut the strings and go full bore into the fray on your own.

To do otherwise is dishonest to both you and your day job employer.

Karma suggests that you may find yourself with employees that hedge on this basic tenet of fairness.

Lead by example!

The best source of funding is to be introduced to someone by someone who knows someone with money to invest.

Don't forget to ask the members of your company...especially your advisory board.

Simply stated: networking.

If you have trouble finding that person, try using the same marketing principles outlined in the marketing steps. It is simply a matter of creating lists of suspects and then filtering through those lists to find your best prospects.

Here's how I would advise you to proceed:

The suspect lists can be categorized into Venture Capital firms, Angel investors and the 3F group (friends, family and fools).

Venture Capital firms manage money for institutions and people with money. They have a goal of return on investment and will invest in ten startups with the goal of having at least one pay off big. These firms can be found as lists of previous annual investment histories at magazines such as Entrepreneur (www.entrepreneur.com). Most of the Venture Capital firms like to stay geographic so your first cut would be those firms who would be within your geographic area.

Next filter would be those who invest in firms within your major four digit SIC code (see step ten). You could dig deeper into the codes and add a few numbers to further filter.

Next would be to identify the specific team members of the Venture Capital firm and see if you have anything in common with any of the VC team members...same school, same member organizations, etc. You're looking for the common denominators you share as an excuse to contact them and hope they recognize a kindred spirit.

Venture Capital firms are looking for the big hit since they have lots of investment capital to spend. If you have funding requirements of more than \$5 million, this would be your target area.

If your requirements are more modest, you may want to investigate the various Angel networks and individual Angels. These are very wealthy people who are looking to invest in new enterprises and are willing to invest up to \$5million. Many of them come together to form Angel groups to share the risk and decrease the burden of the investment.

The Securities and Exchange Commission (SEC) has strict guidelines for taking Angel money...it must be from someone who has demonstrated the knowledge of the risk:reward concept and has the money to invest.

There is even a form they will have to fill out...for your protection so they can't come back later and claim they didn't know the risk.

Your lawyer should be familiar with this requirement.

A quick thought: you might want to catalog all of the areas your lawyer should know...and use that list to make sure you select the best lawyer.

Here's an example of the form that would meet SEC requirements:

INVESTOR QUALIFICATION QUESTIONNAIRE

This investor qualification questionnaire is furnished to _____ (the “Company”), by the party identified below (the “Investor”).

The Investor understands that the information contained in this questionnaire is being furnished by the Investor to the Company, and will be furnished by the Company to assure that a subscription by the Investor to the securities of the Company may be made pursuant to an exemption from the Securities Act of 1933, as amended, and comparable state securities laws and regulations.

The Investor understands that the Company will rely upon the information contained in this questionnaire for purposes of such determination, that the issuance of Company securities will be exempt from registration under the federal Securities Act of 1933 and comparable state securities laws and regulations. This Investor Qualification Questionnaire is not in or of itself an offer of securities to the Investor, nor is it an offer by the Investor to acquire securities.

The Investor furnishes the Company with the following information and represents and warrants to the Company the accuracy of such information. All Investors should complete this questionnaire in its entirety, except that Investors who are not natural persons may omit Items 2, 4 and 5.

1. Name: _____ Telephone _____

Home Address: _____

City: _____ State: _____ Zip: _____

2. Employer: _____ Telephone: _____

Employer's Address: _____

City: _____ State: _____ Zip: _____

Nature of Business: _____

Position & Duties: _____

3. Correspondence should be sent to: Home _____ Office _____

4. Date of Birth: _____ U.S. Citizen: Yes _____ No _____
5. College: _____ Degree _____ Year: _____
Graduate School: _____ Degree: _____ Year: _____
6. Social Security/Taxpayer Identification No.: _____
7. List any other person who should receive copies of correspondence sent to you:
Name: _____
Address: _____
8. If the Investor is a natural person (individual), please answer the following questions:
- A. Is your individual net worth or joint net worth with your spouse, at the time of purchase of the shares greater than \$1,000,000? (You may include your home, furnishings and automobiles, each at a recently appraised value, net of encumbrances.)
Yes _____ No _____
- B. Has your individual net income for each of the last two years been in excess of \$200,000?
Yes _____ No _____
- C. Do you reasonably expect that your income for the current year will exceed \$200,000?
Yes _____ No _____
- D. If you have a spouse, has the joint income of you and your spouse in each of the last two years been in excess of \$300,000?
Yes _____ No _____ Not Applicable _____
- E. If you have a spouse, do you reasonably expect that the joint income of you and your spouse for the current year will exceed \$300,000?
Yes _____ No _____ Not Applicable _____

Are you an executive officer or director of the Company or for any subsidiary of the Company? For purposes of this question, an “executive officer” includes the president, any vice president in charge of a principal business unit, division or function (such as sales, administration or finance), any other officer who performs a policy making function, or any other person who performs similar policy making functions for the Company. Executive officers of subsidiaries may be deemed executive officers of the Company if they perform such policy making functions for the Company.

Yes _____ No _____

Please state whether you have previously participated in other private placements of securities:

Yes _____ No _____

10. Please state the types of investments you have previously participated in:

11. Please list your knowledge and experience in financial and business matters (such as present or past occupations, education, investments, or other matters) which you believe qualify you as being capable of evaluating the merits and risks of an investment in the Company.

12. Please state whether you feel that you have such knowledge and experience in financial and business matters that you are capable of evaluating the merits and risks of an investment in the securities of the Company and, therefore, that you feel you need not utilize any other person in connection with evaluating such merits and risks:

Yes _____ No _____

13. Please state whether you will rely upon the advice of an investment advisor, attorney, accountant, or other counsel who, if necessary, will agree to act as your Purchaser Representative in assisting you in evaluating the merits and risks of an investment in the Company:

Yes _____ No _____

14. If the response to paragraph 13, above, is "yes," please indicate the name and business address of such investment advisor, attorney, accountant, or other counsel who will be acting as your Purchaser Representative:

Name: _____ Telephone: _____

Firm: _____

Address: _____

15. Please state whether you and the above-named Purchaser Representative together have such knowledge and experience in financial and business matters that you are together capable of evaluating the merits and risks of an investment in securities of the Company:

Yes _____ No _____

16. Please state whether you feel that you are able to bear the economic risk of an investment in securities of the Company. Before answering, please consider whether you are able to hold the securities for an indefinite period and whether, at this time, you are able to afford a complete loss of your investment:

Yes _____ No _____

17. Please state whether your purchase of securities in the Company will be solely for your own account, will not be for the account of any other person, and will not be with a view to any resale or distribution thereof:

Yes _____ No _____

18. Please confirm that:

A. The information contained herein is complete and accurate and may be relied upon by the Company:

Yes _____ No _____

B. You will notify the Company immediately of any material change in such information occurring prior to the closing of your purchase of the securities:

Yes _____ No _____

I have executed this Investor Qualification Questionnaire

this _____ day of _____ 20____, and represent to the Company that the foregoing answers are true and correct.

Signature of Investor

Printed Name of Investor

(end of SEC qualification form example)

Next in the funding source list would be a bank.

They will loan you money if you have collateral.

Basically, they will lend you an umbrella but will want it back if it starts raining.

Be careful of using your home or other collateral based on my primary advice...you'll get the money but forget to stay accountable since it's your money.

When you think about it, it's the bank's money so you should be very careful with it because they do more than frown if it's lost. They get to sell your house and any other collateral you put up for the loan to run your new business.

There are SBA (Small Business Administration) loans available...what they amount to is a guarantee of up to 80% of the value of the loan backed by the government so banks will more readily take the risk. However, you still need collateral.

Dealing with the SBA is time consuming and lots of paperwork involved...but there are some good deals involved if you have collateral you wouldn't miss if your idea doesn't eventually translate into a profitable company.

Contact me and I'll put you in touch with the head of the local MN SBA office with whom I've worked in the past. Andy Amoroso is a great guy and cuts through the crap to give you honest answers and best advice. He also has a list of the SBA bank lenders and will help you find those eager to take advantage of the government loan guarantees.

Finally, we come to the 3F concept...friends, family and fools. You're gambling with more than collateral here. If you have a rich Uncle who trusts your judgment, by all means go for it. Remember to use the SEC qualification form...quickest way to start a family feud or lose a friend is to borrow money from them and then lose it.

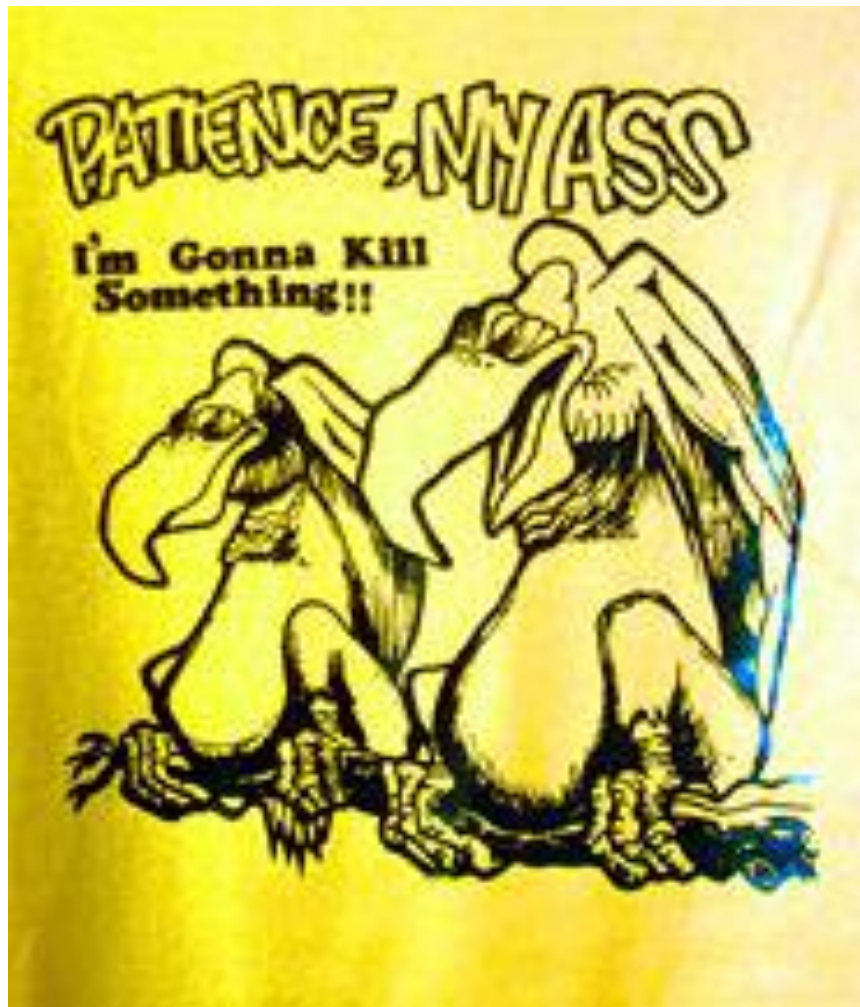
Many successful companies started with the 3F funding concept...but it's safer to use the others mentioned. You'll get expert advice and new members of your board of directors and advisory board as residual benefit from the money they invest.

If you are lucky enough to get someone to invest in your new company, remember that their investment comes from the same hard work you've invested in your new company.

The difference is...they were successful.

Listen to them and follow their advice.

Allow me to provide you with one more thought:



The next section of this book will get into my background.

Free advice is typically what it's worth.

You may have paid for this book...but it might be a comfort zone for you to have some idea of where I found the preceding advice...which I could have used several decades ago.

Thought I'd also take the opportunity to include some biographical stuff so my grandkids could enjoy this book too.

They have no idea what Grandpa Frank does beside fish, take naps and play with computers.

Who Is This Guy
and
Why You Should Listen To Him

The quote on the cover of this book should remind you:

*“Learn from the mistakes of others.
You can’t live long enough to make them all yourself.”*

Mistakes are good. You learn from them. Repeating mistakes is bad. It identifies you as an idiot. I can truthfully say I have learned a lot and do not consider myself an idiot. I’ve worked for a lot of them before I realized I was never meant to be a part of a large corporate structure.

The defining moment came about twenty years ago when I was subjected to a battery of tests over a three day period by a corporation that wanted to sign a contract inducting me into the rarified air of top management. My IQ was tested at between 147 to 152 or the top 1%...good news for me but a dilemma for the company. I scored 30 points higher than the president I was to report to in the company.

In the meantime, my work produced a sales increase from \$50 Million to \$130 Million, the company’s stock price increased from \$6 to \$24 per share and the company eventually merged with another company.

I took the money and ran.

I’ve been very careful since then. I work only with people I like and trust. I like accountability. I want to be able to look back and see what I’ve accomplished. If I can take a new company and make it profitable, that is worth more than the monetary reward.

Ego will always trump greed as far as I’m concerned.

My choice of profession is probably based on being lazy. The work I do is primarily mechanical though the templates I have devised for these mechanical approaches to complicated subjects may seem like hard work to others.

Take the double loop system I've subjected you to and how it all comes together if you make sure it all works together.

The hard part is making it work. That's where communication skills come in. I have always been able to talk my way through difficulties beginning with the wallet fat with over \$500.00 I found on my way to kindergarten on the south side of Milwaukee. I was a student at Walter Allen Elementary School...one of the first "magnet" schools devised decades earlier for this system by Golda Miere who went on to become prime minister of Israel.

I had to work my way through the "volunteers" who said they would take the wallet and get it to the principal's office...remember, I was about six years old and was able to spot a scam even then. I eventually got to the principal's office without the volunteer help and saw the wallet returned to the young couple who were buying their first house.

There was a reward but rejected by my folks because it was reward enough to just return the wallet. I remember that young couple winning the argument and I had had my first five dollar bill!

By golly...honesty does pay!

That's me...second from left in top row:



That wallet episode was 63 years ago and I still remember it. That kid to my right was the class trouble maker...my best friend was **Mickey** (*fourth from left, middle row*)...wonder what happened to him?

OK...I'm smart and honest and you can use my ego instead of greed to get my interest.

From Walter Allen, I entered the parochial school system and began a 12 year battle with nuns. Another defining moment was about seventh grade and a math class. The very tall imposing nun had the habit (excuse the pun) of whacking students with a ruler. I remember taking the ruler away on her downswing...breaking it in half...handing it back and telling her not to try doing that again. Never saw her again. Haven't liked math since.

Conclusion: never trust me with numbers. If you want two and two to equal five...I can do that with words. Just don't ask me to do it with numbers.

The last three months of eighth grade were spent in Omaha, NE after my dad transferred as director of the Humane Society in Milwaukee to the Humane Society in Omaha. Dad was also on the board of the local zoos in both cities.

I would need another one hundred pages if you ask about pets I have had.

I have a brother older by two years. Tried to kill him only once.

He'll show you the scar and testify to my very long fuse but ultimately violent temper.

High school in Omaha was fairly routine until my junior year when an English teacher saw something in me I didn't...the ability to communicate. Mrs. Lucille McGrath drilled me in debate techniques and entered me into a state speech contest where I won the trophy shown here as well as other speech tournaments. I became the spokesperson for my class at school functions and got the nickname "silver tongue".



The trophy in that picture is still in my office as a reminder of where it all started. Ironically, the priest shown here was very disapproving of me dating a female speech star by the name of Roselee Malone.

You'll meet her shortly.

I did discover girls my junior year in high school. Used to double date with my best friend from the neighborhood (but different school)...Jim McClaren. He had almost unlimited access to the Grey Ghost which was what we called his dad's Chevrolet BelAir.

I was accompanied to the Prom my junior year by a classmate, Margaret Malone. Introduced her to Jim. They got married in 1960.

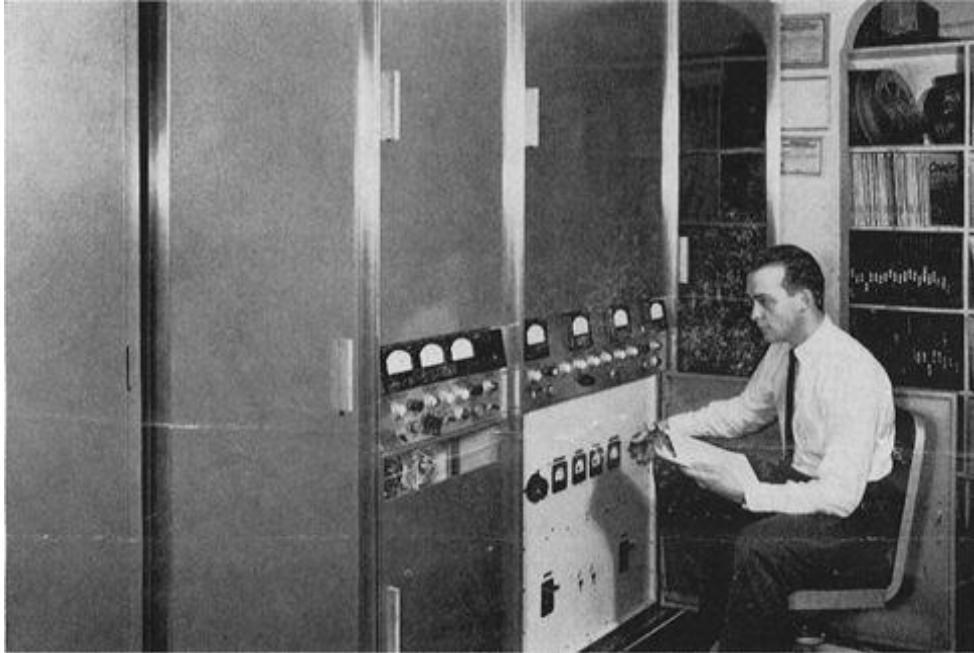
My only serious "steady" was Nancy Carey...a friend of Margaret's sister Roselee. Wasn't ready for "steady" and got nervous when Nancy kept including me in her family gatherings so I backed off.

Roselee was bent on revenge and started dating me so she could drop me like I dropped her friend Nancy.



We've been married since 1961.

After 12 years of nuns, I discovered Jesuits and Creighton University. Just as mean but more mental than physical. Every one of the Jesuits seemed determined to make me think. I found logic to be a subjective element and took every philosophy course I could. Though my degree was in Mass Communications, my best grades were in more esoteric courses.



Today, everybody seems to remember the 60's as a radical time. I remember working as a program director for the first FM station in Omaha during my junior year in college. I also had a second job selling cameras. Tuition seemed high and student loans didn't cover everything. Too busy for drugs and the station had a classical music format which ruled out rock 'n roll. And I think I still have that tie...it's probably back in style by now.

Two ironic lessons stand out during my senior year in college. Being a married student didn't defer me from the required marriage courses proscribed by the Jesuits for the Catholic students. During one debate in class, I noted that I had almost a year's experience in marriage...what did the Jesuit priest have in the way of experience.

Got me a D and taught me to shut up even when right.

The second lesson involved ROTC...required two years for every student since Creighton was a Land Grant college and received federal money for the two year courses mandatory for every male student. I didn't want to waste five classes for only one hour credit so I would check out the uniforms and books...dump them in a locker and take the incomplete on my grade record.

I became the only senior in the ROTC program when I found out they wouldn't grant a degree unless I completed the ROTC course.



And guess what I did immediately after graduating?

Navy School of Pre-flight Pensacola, Florida, here I come. 18 weeks of hell...drop out rate of 40%...up at 5am to run five miles...swim two miles...obstacle course run and then afternoon classes in aeronautical engineering and MATH!

If I had completed the ROTC four year program at Creighton, I would have graduated an officer. This way I had to pass the pre-flight syllabus before I would be commissioned an officer in the Navy.

Two more years of special schooling in Florida and Georgia followed before I finally got assignment to a squadron in San Diego.

Find the ugliest airplane imaginable...glue a huge radar dome on top...outfit it with several kinds of radio gear...then fling it off a carrier at 120mph in three seconds.



The concept was fairly easy to understand...get the radar above the horizon and let the guy running that gear up there control both strike aircraft, air defense aircraft, ship traffic and intelligence reports relayed from other ships spread out over several hundred miles.

The scary part (now) was landing back on the carrier.

I have done that over 300 times during those four years of active duty.



If this gear looks complicated...you're right. It took two years of training before they let me push any of those buttons.

After this amount of training, there ain't nothing Bill Gates is gonna throw at me I can't master! There was an ashtray on the left...and Camels sold for nine cents a pack!

My official designation was air intercept controller. It was just about this time that the Navy had this twinkle in their eye called Top Gun. We would bore holes all over the Pacific Ocean while I vectored fighter jets in dog fights to improve both their and my skills. It was more mental training on top of the physical training that included two weeks in a simulated prisoner of war camp where they beat hell out of me and dropped me in wasteland for escape and evasion training.

Then I was assigned to the USS Ticonderoga...a carrier older than me with no amenities such as fresh air in the rooms. We docked in the Philippines for more training...a week turned loose in the jungle for more survival training (caught and ate the biggest lizard I've ever seen...came out five pounds heavier which pissed off the Navy Chief in charge of the program).

Then it was off to Vietnam for the real thing.

I find it ironic that history is determined by press reports of the day. Someone once noted that freedom of the press is limited to those who own one. Think about it...a reporter writes his version of what an eyewitness describes. The eye witness dies and any discrepancies between the eye witness version and the reporter's version go away. The reporter's version survives...unless someone can find the eye witness account.

Here's a personal eye witness account of something that actually happened but has been denied by hundreds of press reports: the Gulf of Tonkin incident involving the USS MADDOX that led to President Johnson's escalation of the Vietnam "war".

I was there...at 3,000 feet and twenty miles away in a Navy E1B aircraft equipped with a powerful radar. I directed strike aircraft to protect our ships as I saw raw video on the radar scope of at least 12 small boats darting in and around the USS Maddox. I also established relay communications with the USS Ticonderoga and heard the combat information officer aboard the USS Maddox report multiple torpedoes running under the ship.

The only reason they did not sink her was the fact that the Maddox was at the end of her time on station in the Gulf of Tonkin and was low on fuel so was running high in the water. The torpedoes were set to run at a depth too low to hit her.

I have a letter of commendation for my actions that night from Admiral Roy L. Johnson to prove the above. You'll find it in Navy records as Ser: 002-1406 dated 12 October 1964. I served two tours in Vietnam and was awarded a chest full of medals.

Two of those medals were from President Johnson who, as you might recall, caved in to public polls and MSM pressure and gave up.

An example of a politician praising heroism without showing any.

And another example of how press reports will distort and even ignore actual events.

Take this into consideration in step twenty-one when I advise staying away from the main stream media...I may be a wee bit prejudiced!



Air Medal with star for second award



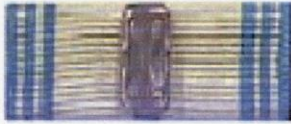
Navy and Marine Corps Commendation Medal with Combat Distinguishing Device Authorized



Navy Unit Commendation Award with star for second award



Naval Reserve Meritorious Service Medal



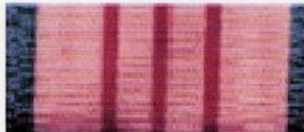
Armed Forces Reserve Medal



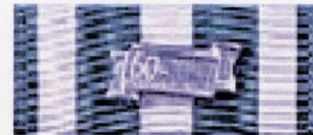
National Defense Service Medal



Armed Forces Expeditionary Medal



Vietnam Service Medal



Republic of Vietnam Campaign Medal



The medals look like this...my "Navy Wings of Gold" shown above.



I returned from Vietnam to the home squadron in San Diego after eleven months at sea. We adopted our first son that year...somehow we got all the paperwork and interviews accomplished between training before I left.



With my background in radio and a degree in mass communications, I was assigned to the Public Relations office at the squadron...and the Navy Chief John Wirges, (who actually ran the office) took this picture which appeared on the front page of the San Diego Tribune the day we got back from Vietnam.

It would be less than a month later and I was on a charter flight back to Vietnam and the USS Coral Sea to train our squadron's detachment on that carrier using the tactics we had developed on the USS Ticonderoga after the stuff hit the fan and the war escalated.

After another 10 months in Vietnam, the Navy wanted to know if I would extend my active duty...



...here was my very succinct answer to that question!

I had a job waiting for me in the Public Relations Department of 3M Company.

I started work at 3M on 6.6.66...ominous numbers if you believe in mythology.

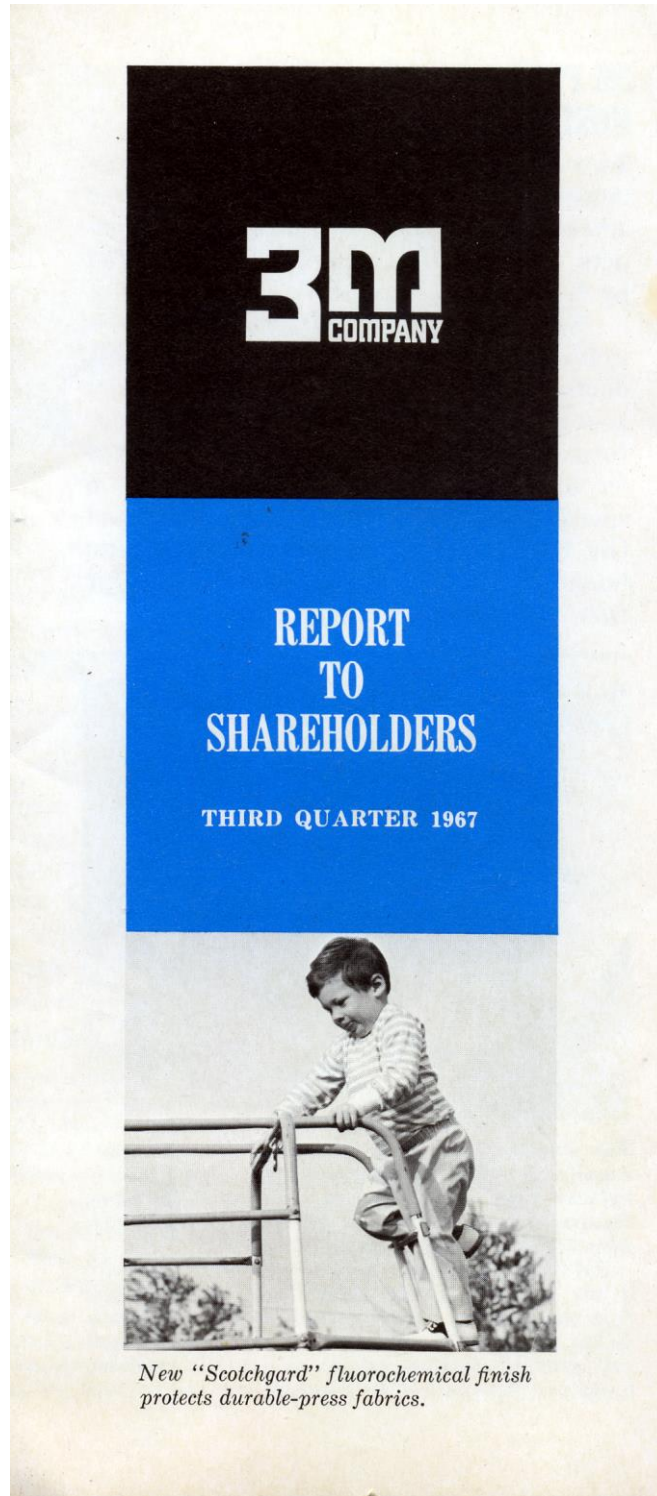
3M was my first and last job with a large corporation. I was assigned as publicist for a major division...Chemical...and was keeper of the Scotchgard protector brand. I worked with a big New York agency that handled the advertising. It was this experience that got me thinking real hard about the difference between PR and advertising. As it happened, the number of sales leads generated by PR was easily tracked since it involved reader response cards in most magazines in which I was able to place articles. The Chemical division went through ad managers every year...you might recall the story about sales leads kept in a shoebox and not passed to sales...yep, this one!

Since the PR department was a staff function, we had to bid for our annual budget. It was then I had the brainstorm to provide accountability for that budget and provided documented data for how many leads and sales were directly coming from the PR budget. I also discovered I was generating twice the number of leads with less than a quarter of the budget assigned to the big New York Agency.

My reward? I was told to back off from this kind of comparison because it made the agency look bad and set a bad precedent for the department since other divisions would want that kind of accountability from their publicists.

In the meantime, I was assigned several other minor divisions that were almost at startup stage. I was recommended by the Chemical division ad manager to the management of the minor divisions. I found myself doing the same amount of work as three of the other publicists combined...but not at the same pay (evident from budget numbers easily deciphered).

I did have some interesting projects and even included son Christopher (*see next page*) on the cover of the 3M stockholder report:



The reason I show this report...note the 3M logo.

Very interesting story follows:

Shortly after 1967, a new president was elected by the 3M board of directors.

In typical large corporate fashion, the new president wanted to make a mark on the company...so spent over \$10 million for a new logo...still being used.

What did they get for the money?

Helvetica...which is the same as Arial: 3M

Got me thinking about where the money was...and left 3M for a job with a small ad agency. Several years at the small agency and I realized I was handling 3M accounts with no help from the principals of that agency...and started my own agency.

Within ten years I had captured 14 divisions at 3M as clients as well as all the major players in the microfilm field. With the microfilm market captured, our agency became publishers of the International Micrographic Congress Journal...which included international travel including a trip to Paris where I had my first association with food poisoning.

Another trade show tip: never eat the food!

Those ten years were very productive both professionally and personally. We adopted our first daughter Susan. When we went to court to finalize that adoption, Roselee was pregnant with #2 son William which prompted the judge to ask if we would be back next year. Roselee's answer cannot be included here...that was three kids age two and under. Daughters Margaret and Mary soon followed. As soon as the youngest hit school, Roselee went back to college to finish her BA and then Master's and was prodded to go on with the PhD program...which she declined. She was enjoying life on the hobby farm south of the cities while I commuted 50 miles to the agency offices in downtown Minneapolis.



1975



1996

They grow up fast...remember that when you make the decision to start your company.

OK...back to our timeline...do you remember the Jimmy Carter years?



What the cartoon doesn't mention is the prime rate at 28% banks adding 8% to their lines of credit for a whopping 36% cost of doing business.

The agency's profit margin was about 30%...which meant the bank was taking that and another 6%...goodbye agency and hello the life of a consultant with no employees to worry about.

The next 20 years were spent with reorganizations and startups. I think General Signal Corporation was following me around because the first three companies I worked with were eventually acquired by them.

The kids went off to college as we moved from Minnesota to various parts of the country. They remind us that every time one of them left, we moved but at least gave them the forwarding address...Wisconsin to North Carolina to Tennessee to Oregon and now back to Minnesota...but not retirement. Retire is what you do to your car.

I've been involved with about a dozen successful major reorgs and startups. Even tried a startup myself but ran into politics and the slow action of the Federal Supreme Court. I'll need a few glasses of wine and about an hour to tell you about my testimony before the Oregon State Legislature and how I got a bureaucrat fired.

Bottom line (which you should watch carefully at all times): I've got over 40 years doing what I do...and I can teach anyone how to do it in less than a month. This book covers the highlights to give you (*you are an entrepreneur are you not?*) the overview of this often misunderstood but simple process of starting or reorganizing a company.

I hope that gives you some idea of who I am...where I came from...what I do...and how I became a consultant. The lady on the next page may be familiar to you and adds her thoughts on what it takes to be a consultant:



It takes two things to be a consultant -
Gray Hair and Hemorrhoids.

The *Gray Hair* makes you look distinguished -
The *Hemorrhoids* make you look concerned.

I'd like to add that a consultant is free to express opinions free of office politics.

You also get to pick and chose clients.

The following is another article...but never published.

I think I wrote it as a cathartic exercise but would like to share it now.

The 99:1 rule of life and other observations

***“Idiots and assholes will make up 99% of the people you meet.
Find that 1% and keep them in your life.”***

Note: my mother objected to the pejorative...until I mentioned a few names.

Objection overruled!

I was much more tolerant when younger...that ratio was 65/45.

At my age time is not to be wasted so I judge quickly and act accordingly.

New clients get the first consultation at no cost.

At my level of experience, there is very little patience left for incompetent people. I'm looking for that select client who is very good at what they do. That select client will also realize that I am just as good at what I do and will listen when I tell them not to repeat the mistakes I have already made.

Entrepreneurs have a vision. Their employees do not necessarily share that vision and focus only on the paycheck. That's why entrepreneurs work harder and longer than employees. That's why I always advise an ISO (incentive stock option) Plan for employees. It's a way to share the risk and the reward.

If you have an idea and the drive to make that idea a reality...with money being a residual benefit of that reality...you're a candidate for my 1% club. I've come across some really strange ideas during a five year period working as a SCORE counselor after the Small Business Administration sanctioned me as such. I mentored over 300 entrepreneurs and advised most of them to keep their day job.

Others have been with me for years even after I left SCORE. I'm working with one now and he's getting over 20 hours a week with stock my only payment. I believe in him and his idea and will work just as hard and long as he will.

Now for some observations and trivia:

Ever wonder who started direct mail?

In the late 1800s, a gentleman named Lunsford Richardson opened a drugstore in North Carolina. Business was so good that he soon moved to Greensboro, and eventually started experimenting with his own pharmaceuticals. One standout product was a salve that contained menthol and camphor, and was named after his brother-in-law: Vicks VapoRub.

The medicine was eagerly embraced as a cold remedy by local residents, but the problem of large-scale promotion loomed. Richardson decided that Vicks would sell itself, if folks were just able to try it. Free samples were the answer. Sending small portions of Vicks through the mail was obviously cheaper than hand-delivering it via sales representatives, but at the time, postal regulations were such that each piece of mail had to bear the name of the recipient.

Richardson realized that he didn't have the time or manpower to pore through the nation's phone directories to gather names, so in 1905 he persuaded the Postal Service to allow him to send his samples of VapoRub to random addresses across the country, marked simply "Box Holder."

The campaign was a dual success, as Vicks VapoRub became a huge seller, and the Postal Service reaped the benefits when other companies decided to use the mail to send samples, fliers, coupons and advertisements addressed to "Occupant" or "Resident."

Here's an idea for an entrepreneur who knows photography:

Digital camera technology has replaced a century of chemical-based film technology in a short decade. Left behind are millions of cameras that share a common mechanical standard...the 35mm film cassette.

The leading film companies...Kodak and Fuji...abandoned their previous business models. The camera was no longer a means of selling film. The camera became the focal point (*excuse the pun*) of sales. Selling cameras at cost was a proven sales strategy pioneered by the safety razor business. Sell the razor at cost and make your money selling the blades.

The core technology of the film companies...layered chemical emulsion...was now considered obsolete. Search the term “digital camera” and you’ll find a proliferation of companies now competing, successfully, with the former leaders of the camera industry.

Capturing images for storage on a computer is based on a common technology that provides no clear differentiation between the digital cameras offered. The amount of storage becomes the price point where a four megabit image capture can be accomplished with a device costing about \$150.00. Competition is driving that price point down while the four megabit standard has almost doubled to eight megabit.

Let’s revisit the first paragraph:

What if a company developed a mechanical means of using the 35mm cassette to capture and store digital images? That would provide a means of reviving the razor blade strategy and open a market targeting professional photographers.

Demographics of the professional photographers would include my experience and preference. I have a 20 year history with a film based Olympus OM2N system complete with additional equipment that outperforms the digital Sony DSC-H5 that replaced it.

Offer me a way to use a 35mm cassette to shoot digitally with my Olympus and watch me reach for my checkbook.

It can't be that hard to develop a 35mm cassette that would allow film based cameras to capture digital images. The market is there. It's a premium market where cost is not a factor. The technology exists. It's a mechanical problem to be solved.

Send me an email when you figure it out.

I'll read it on my cell phone.

You might recall my ranting about California's tax plan for companies that are growing...and how small businesses will always outwit them.

I also caution you to revisit steps one and two when factoring in the tax burdens government places on business (easy target and a way for them to hide the tax).

If you buy a fishing license, most states pay a commission to the stores selling the license.

If that same store is forced...by tax laws...to collect and report sales taxes...where's the commission? It costs time and money to establish an accounting system to collect and report those sales tax transactions. What if a business simply gave the government the names of people who bought things and told government to go collect the tax themselves?

The following may help fuel the outrage:

Our Tax System Explained: Bar Stool Economics

Suppose that every day, ten men go out for beer and the bill for all ten comes to \$100. If they paid their bill the way we pay our taxes, it would go something like this:

The first four men (the poorest) would pay nothing.
The fifth would pay \$1.
The sixth would pay \$3.
The seventh would pay \$7.
The eighth would pay \$12.
The ninth would pay \$18.
The tenth man (the richest) would pay \$59.

So, that's what they decided to do.

The ten men drank in the bar every day and seemed quite happy with the arrangement, until one day, the owner threw them a curve. 'Since you are all such good customers,' he said, 'I'm going to reduce the cost of your daily beer by \$20.' Drinks for the ten now cost just \$80.

The group still wanted to pay their bill the way we pay our taxes so the first four men were unaffected. They would still drink for free.

But what about the other six men - the paying customers?

How could they divide the \$20 windfall so that everyone would get his 'fair share?'

They realized that \$20 divided by six is \$3.33. But if they subtracted that from everybody's share, then the fifth man and the sixth man would each end up being paid to drink his beer.

So, the bar owner suggested that it would be fair to reduce each man's bill by roughly the same amount, and he proceeded to work out the amounts each should pay.

And so:

The fifth man, like the first four, now paid nothing (100% savings).
The sixth now paid \$2 instead of \$3 (33% savings).
The seventh now pay \$5 instead of \$7 (28% savings).
The eighth now paid \$9 instead of \$12 (25% savings).
The ninth now paid \$14 instead of \$18 (22% savings).
The tenth now paid \$49 instead of \$59 (16% savings).

Each of the six was better off than before.

And the first four continued to drink for free.

But once outside the restaurant, the men began to compare their savings.

'I only got a dollar out of the \$20,' declared the sixth man.
He pointed to the tenth man, 'but he got \$10!'
'Yeah, that's right,' exclaimed the fifth man. 'I only saved a dollar, too.
It's unfair that he got ten times more than I got'
'That's true!!' shouted the seventh man. 'Why should he get \$10 back when I got only
two? The wealthy get all the breaks!'
'Wait a minute,' yelled the first four men in unison.
'We didn't get anything at all. The system exploits the poor!'

The nine men surrounded the tenth and beat him up.

The next night the tenth man didn't show up for drinks so the nine sat down and had beers
without him. But when it came time to pay the bill, they discovered something important.
They didn't have enough money between all of them for even half of the bill!

And that, ladies and gentlemen, journalists and college professors, is how our tax system
works. The people who pay the highest taxes get the most benefit from a tax reduction.
Tax them too much, attack them for being wealthy, and they just may not show up
anymore. In fact, they might start drinking overseas where the atmosphere is somewhat
friendlier.

David R. Kamerschen, Ph.D.
Professor of Economics
University of Georgia

For those who understand, no explanation is needed.

For those who do not understand, no explanation is possible.

The good Doctor is a 1% kind of guy.

Entrepreneur Magazine frequently highlights strange businesses...and may convince you that your idea is not so bad after all.

Here's a recent list:

Canning the Kitty Litter

Entrepreneur: Rebecca Rescate, 26

Business: CitiKitty, based in New York City

Off-the-Wall Factor: Rescate developed a gadget that actually teaches a cat to do its business on the toilet. Then after a few weeks, the gadget can be thrown away, and pet kitties can relieve themselves on the regular toilet. To put it bluntly, she sells toilet training kits for cats.

Not-So-Off-the-Wall revenue: Rescate's business generated sales of \$150,000 in 2005; she's projecting her company will bring in \$275,000 in 2006.

From Ashes to Fishes

Entrepreneurs: George Frankel and Don Brawley, 56 and 42, respectively

Business: Eternal Reefs, based in Decatur, Georgia

Off-the-Wall Factor: Eternal Reefs mixes the ashes of cremated people into cement to form "reef balls," which they then lower into the ocean to help create habitats for marine life.

Not-So-Off-the-Wall Revenue: Sales are projected to hit more than \$500,000 by the end of the year.

Murder Scene Mop-Up

Entrepreneur: Jerry Turner, 38

Business: Advanced Bio-Treatment, based in Atlanta

Off-the-Wall Factor: The simple fact is, Turner's company is a cleaning company. The twist is *what* they clean up. Cleaning up after murders and suicides is one of their specialties, but they also handle meth labs and fecal matter and urine.

Not-So-Off-the-Wall Revenue: By next summer, Turner expects to be bringing in \$1 million in sales a year.

Nature Calls--And They Clean It Up

Entrepreneurs: Jacob and Susan D'Aniello, 32 and 31

Business: DoodyCalls, based in Washington, DC

Off-the-Wall Factor: They run a pooper scooper business. Let's be real clear about this: Their company sends employees out into yards across communities to pick up dog poop.

Not-So-Off-the-Wall Revenue: DoodyCalls and its franchisees will collectively bring in about \$1 million this year.

Note the ages of the principals...don't let it be a detriment.

I figure age is a state of mind...I've met kids in business older than my 70 years!

For you older folks thinking about your next big idea...



..stay active.
It will keep you healthy.

If you don't have the energy to be an entrepreneur...help one. During my five years with SCORE, I met some very smart people who had lots of expertise but very little opportunity to really dig deep into the solutions entrepreneurs need.

The idea behind SCORE is sound, but like most government supported organizations, their counselors are restricted by the bureaucracy. I do recommend tapping into the wealth of information but you'll need people from your networking to help you plug the information into your efforts. Here's some contact info for SCORE...and an opportunity to explore it if you are not familiar with the organization:

Here's the website for the national group:

<http://www.score.org/index.html>

Here's the website for the State of Minnesota which will help you find a local chapter:

<http://score-mn.org/main.htm>

You'll find SCORE to be a source of information and arms length professional help.

The following will provide a list of entrepreneurial organizations if you value networking with others facing the same problems...but be mindful that many join these organizations to get lists of suspects (sound familiar?).

[AIM to Succeed](#) (Minneapolis)

A networking organization dedicated to helping women succeed in business

[Coalition of Minnesota Businesses](#)

A non-profit, non-partisan association of the state's leading business organizations including chambers of commerce, trade associations and individual companies engaged in grassroots communications.

[Cultural Creatives Network](#) (Minneapolis)

[Economic Development Association of Minnesota](#) (St. Paul)

[Grapevine Network](#) (Minnetonka)

A networking organization for small to mid-size businesses.

[Hastings Downtown Business Association](#) (Hastings)

[Midwest Society of Association Executives](#)

[Minnesota Entrepreneurs](#) (Eagan)

Provider of inspiration, education and networking opportunities to Minnesota's thriving entrepreneurial community

[National Association of Women Business Owners - Minnesota Chapter](#)
(St. Paul)

[National Federation of the Blind of Minnesota](#) (Minneapolis)

Consumer organization working to improve opportunities for blind Minnesotans an affiliate of the National Federation of the Blind.

[The Collaborative](#)

A membership organization in Minnesota serving growth oriented, emerging market companies

[White Bear Avenue Business Association](#) (St. Paul)

[Advertising Federation of Minnesota](#)

Minnesota Bankers Association

Offers comprehensive information about banking, finance and the economy in Minnesota. Lots of up-to-date consumer oriented information and even a nice trivia quiz for bank buffs.

Minnesota Chapter of the American Marketing Assn.

Public Relations Society of America - Minnesota Chapter

Offers member directory, calendar, newsletter and links

Sales & Marketing Executives of Minnesota

Midwest Direct Marketing Association

Minnesota Precision Manufacturing Association (Plymouth)

A trade association comprised of 320 companies in precision manufacturing and related fields.

National Mail Order Association (Minneapolis)

Provides education, information and contacts to businesses involved in Mail Order and Direct Marketing.

Business Women's Network www.businesswomensnetwork.org

Some of these organizations are no longer in existence...but Google may help you find the next generation of a specific group. I have many more but suggest you either contact me for help in finding more or take the time to do so yourself...the search is worth the time because it will help you focus on your specific needs.

Notable websites and how to use them

<http://cision.com/>

Perhaps the most important website you can use. Dig into it to find the Bacon's Publicity Checker. I have been using it for over 40 years...and it is now owned by this company. They'll explain what they do...and you'll be amazed at the way this resource will make you a marketing communications expert.

<http://srds.com/portal/servlet/LoginServlet>

Almost as important as the one above...and contains additional resources such as mailing lists and card decks. Don't forget to use both as an indication of how large a market might be. If your market has 26 trade journals with an average circulation of 50,000 each, shouldn't that tell you how large your suspect mailing lists should be?

<http://www.newspaperlinks.com/home.cfm>

How to find any daily or weekly newspaper anywhere in the country. You can then dig into the links for specific editorial contacts and browse sample coverage by these newspapers.

<http://journalistexpress.com/public>

Provides links to news sources used by journalists to enhance their stories (or to "research" their stories). If you borrow from one source without attribution...that's plagiarism. If you borrow from more than one source without attribution...that's "research").

<http://www.archive.org/index.php>

If the information is too old to still be on the internet, this site might be able to provide the information in its original format.

<http://www.usa.gov/>

You're paying for this so you might as well use it.

<http://www.darwinawards.com/>

Should you question my 99:1 rule...browse this one.

<http://www.dialahuman.com/>

If you don't want to press one for English...try this one.

<http://whatis.techtarget.com/file-extension-list-A/#>

Handy guide to understanding what that IT guy is trying to explain.

You might wonder why I haven't offered you this book on my website ...used to until my wife pointed out something:

Why would you contact me if you could get all this stuff off the internet?

Remember the Freud quote:

"They won't get well unless they pay for it."

I will know how you got a copy of this book.

It will not be available to everyone...only those I feel may be eligible for the 1% membership.

Which brings me to...

My 1% members:

The top of the list would be this guy. His name is Mike Marshall and is directly responsible for many of the articles sprinkled in this book...and the other 40+ articles I have written due mainly to his nagging. We'd start with a discussion...add a few more ice cubes to the Scotch whiskey...and the result would be an article that captured the essence of our discussion. Actually it's Dr. Michael Marshall since he has more degrees than most universities as well as the distinction of having completed more seminars and business courses than anyone I have ever met. He goes through them like they were candy and continues to throw out new ideas every time we get together in person or on the phone.

Here's how to contact him...

Michael P. Marshall, PhD

cell 864-324-4114
455 Twin View Drive
Westminster, SC 29693



How to contact me and what to expect

Frank Siegler

18580 Egret Way

Farmington, MN 55024

Phone: 651 344 8303

Cell: 952 250 5533

Email: fns@franksiegler.com

Website: www.franksiegler.com



If you try calling, the phone may be in use so leave a message...his name is Mickey and will be in the middle of the table when we meet. I have a client that will not start the meeting without him.

*Our first meeting will not cost you anything,
but I am very busy at certain times of the year.*



Best time is after ice forms on the lakes.

I am active in several boards...and have found they take minutes but waste hours.

So, I usually start the meeting with two questions:

What is this meeting about and how long will it last?

If no answers, I leave. I told you I am old and can get away with this kind of attitude.

The title “curmudgeon” is hard earned.

I might also stress that lack of planning by others will not constitute an emergency on my part. I may not always be right but I am opinionated...and feel everyone is entitled to them. You've read this book...you're now entitled! I thank you for listening.