

Management Competency Series

# **IT'S YOUR *STRATEGY*, STUPID!**



Abstract of e-book:

## **"Excel In Business"**

*How to maximize growth*

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## Introduction

***We are what we repeatedly do.  
Excellence is not an act, but a habit.***

Aristotle

This synopsis of "Excel in Business" serves two purposes. The first introduces business owners to the *total strategic process of marketing*. The second gives employees an overview of how they can help a business to excel.

As a team, owners and staff can focus on increasing sales, income, and profits -- substantially -- by consistently applying the proven rules to excel in business.

Most small/midsize enterprises (SMEs) perform below their potential. Either they *do not have a plan* or they *do not practice marketing competently*. Few apply the proven principles of marketing management -- and the few that do are not likely to apply the principles routinely.

Simply surviving is not success. The majority of SMEs limp along at a mediocre level of performance. Yet by applying *The Rules to Excel in Business* © -- as reviewed in this ebook -- they could achieve a significant gain in sales, income, and profits.

The strategies to capture profitable growth are easy to comprehend but are effective only when routinely applied. Unfortunately, close to three-quarters of SMEs *operate without a plan and without effective marketing strategies!*

The most essential function of business is marketing. Marketing surpasses administration, finance, and operations as the most essential element of business. When properly implemented, as a *total process*, marketing fulfills the prime purpose of business, which is to acquire and satisfy customers, profitably.

The total process of marketing involves more than sales, advertising, and promotion. It must also involve every person and every function in the company. **The total process begins with market research, analysis, product design, and planning.**

As most SMEs are not applying these concepts *consistently or competently* they become stuck in a rut of mediocre performance. The malady of mediocrity affects 72% of SMEs.

This crisis in economic growth causes most businesses to fail within a few years of startup.

Although only 4 out of 100 startups survive beyond ten years and close to three-quarters struggle at low levels of growth, this epidemic of mediocrity is not widely known. Most SMEs are typically private enterprises and their performance is not publicly reported. They are generally below the radar of public interest.

National surveys report that most SMEs do not achieve sufficient sales, income, or profits and 69% of owners report being dissatisfied with sales, only 28% have a strategic plan, and only 26% report a profit.

Typical excuses for lax growth or failure are bad luck, lack of sufficient funding, or competition. Never mentioned is the failure to apply effective long-term growth strategies.

### **Competent Marketing**

To thrive, SMEs must practice marketing competently with effective market research, analyses, product design, and planning -- before sales, advertising, and promotion are launched. Additional elements in this process are customer service and performance assessments.

**Firms that practice marketing as a *planned total process* out-perform their peers with 60% more in sales, income, and profits.**

There are owners who do not desire greater growth. They control unique markets with small but satisfying levels of income. Even though higher growth could be attained they are content with their status. They are to be commended for maintaining this control – in spite of the threat that a more ambitious competitor will lure away customers.

Most owners desire greater growth but lack the help to achieve it. With proven strategies and workbook features, the ebook [Excel In Business](#) provides that help with comprehensive growth development strategies.

Although plans are essential for survival, planning is not a favored task of entrepreneurs. Owners need not struggle with planning. There are professional software programs that remove

the drudgery and guesswork of planning -- as with [Business PlanPro™ and Marketing PlanPro™](#) from Palo Alto Software. Nor do owners need to struggle to find the right marketing strategies as these are clearly defined in [Excel in Business](#).

**Being the source of 90% of American goods and services, SMEs are vital to America's economic growth. Local communities could make ample gains in economic development by giving their small and midsize enterprises better support.**

Large firms are seduced by economic bribes, while struggling SMEs are offered lightweight assistance. If local governments calculated the collective value of SMEs and *the incremental value of small increases in growth*, they would most likely give SMEs more support. The economic value from helping SMEs gain greater marketshare and profits could significantly improve local economies.

**Is it better for a community to build a long-lasting business infrastructure with small firms or to squander assistance on large firms that have no local ties and may be gone in few years?**

SMEs could be provided low-interest financing and access to a variety of management services that go beyond the SBA services. For example, strategic planning, marketing assistance, and support for implementing new technology.

Entrepreneurs are typically too busy or untrained to know the latest software that can improve management effectiveness. It would be useful to help entrepreneurs find, install, and benefit from new software. Low cost, easy-to-use software can help a business increase sales and income at least 30%. Imagine the return on investment to the local economy if all SMEs had access to these benefits!

**With 80% of new firms failing within five years, and 80% within ten years, imagine the economic impact if 10% to 20% more startups were turned into ten-year survivors! Imagine helping all SMEs increase sales productivity at least 30% and potentially 60%!**

In his book, [The E-Myth](#), Michael Gerber reveals: "*owners who never pretend to be skilled in technology, finance, or law, will*

*consider themselves competent in marketing, even though their training in marketing is limited."*

Poor performance occurs when entrepreneurs believe that the tactical functions of sales and advertising are the extent of marketing. They use sales and advertising to fulfill *strategic* objectives. Regardless of product or service, *strategic marketing* is what sets the stage for growth.

### **Practicing Competent Marketing Management**

**The potential to gain 60% or more in sales, income, and profits should be ample motivation for entrepreneurs to practice marketing competently -- which they can quickly learn to do.**

Professor Theodore Levitt of Harvard describes the purpose of business as being the ***getting and keeping of customers*** -- as fulfilled by marketing. He insists "*there can be no function of business not marketing oriented.*" In his book, The Marketing Imagination -- long before CRM became a fad -- Levitt described the need to "***develop customer relationships that directed all energies toward satisfying the consumer, no matter what.***"

In Thriving on Chaos, Tom Peters decreed that entrepreneurs must have, above all other things "*an obsession with customers.*" In his book, In Pursuit of WOW, Peters laments that: "***Small businesses are less innovative. If they are successful they tend to get stuck in a rut, pounding yesterday's idea into the ground. The passionate attachment to the idea that made them successful is a millstone.***"

Professor Peter Drucker of Stanford describes business as two things: *innovation and marketing*. The ultimate objective of innovation to attract and satisfy customers. The book, Excel in Business is a wake-up call for business owners and managers to:

- ✓ Be innovative
- ✓ Practice marketing as the key to entrepreneur leadership
- ✓ Align marketing as a total strategic process
- ✓ Aim higher to breakthrough mediocre performance
- ✓ *Plan* to increase sales, income, and profits
- ✓ Continually apply the Rules to Excel in Business ©

### **Rules to Excel in Business ©**

1. GET AND KEEP CUSTOMERS (prime requisite)
2. BE PROFITABLE (secondary requisite)
3. PRACTICE MARKETING AS A TOTAL SEAMLESS PROCESS
4. KNOW THY MARKET – research, research, research
5. PLAN -- LONG-TERM -- 10 to 20 years
6. PROVIDE EXCEPTIONAL UTILITY IN PRODUCTS /SERVICES
7. DELIVER BETTERNESS IN VALUE AND BENEFITS
8. SELL! SELL! SELL!
9. PROMOTE! PROMOTE! PROMOTE!
10. AIM HIGH – CAPTURE THE FULL MARKET POTENTIAL
11. PROVIDE OUTRAGEOUSLY EFFECTIVE CUSTOMER SERVICE
12. CONTINUALLY MEASURE & IMPROVE PERFORMANCE

#### **Objective:**

Practice marketing, competently as a total process to assure:

- > sufficient customers
- > sufficient profitability
- > innovations in products & services
- > a 20% or better control of marketshare
- > perfect customer service
- > creation of a brand awareness
- > long-term growth

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Copy these rules. Refer to them routinely when planning and reviewing procedures, and processes. Use them as meeting agenda and performance assessment standards.

#### **Assessment of Management Competency**

**A business becomes what the owner practices. If your business is not in control of its market, is not growing at double-digit rates, and is not sufficiently profitable, you are not practicing marketing competently.**

Owners that practice marketing -- as a total process -- employ strategies that other owners ignore. They create plans to apply those strategies to profitably win marketshare. They share plans with employees and invite them to be part of the marketing-team.

There is not excuse for owners not to have useful plans. Software is available to act as *management assistants* to guide owners through research, analysis, and planning process, and for customer management.

The e-book [Excel in Business](#) lists practical software. However, software requires accurate input. Target markets must be researched by contacting customers, dealers, distributors and sales reps -- in person. Statistics can never replace direct commentary. **Entrepreneurs must *get to know markets and customers intimately***. Then, and only then, owners can design the *right* product, set the *right* price, and define the *right* strategies for the *right* target market.

Too often, eager-to-get-started entrepreneurs skip planning and try to make the market fit their inventions, only to run out of resources when they discover that what they offer is not what customers want. Nor is planning a one-time project. Plans must be practical, agile, timely, and dynamic guides -- *continually* meeting customer needs and interests .

Are you satisfied with your business's performance? Are the rules for marketing being fulfilled? Are strategic plans effective? Is every function and employee marketing oriented? If not sure, complete a management audit. Begin with a SWOT Assessment to identify the *Strengths, Weaknesses, Opportunities, and Threats* of what is being evaluated. A concise status is revealed when critical issues are clearly identified and strategically targeted.

### **Betterness**

**The ultimate objective is for *betterness* in every segment of the enterprise -- innovations, management, and growth.**

What good is the "best quality" if the product is not *right for* its market? How can a company survive if what it produces is not managed "right"? Why would customers want to buy that product?

A costly mistake is for owners to *assume* customers *want* what the owner wants to produce. Customers may not be ready for the complete solution. A simpler version may be needed initially. Here again, research will reveal customer interest as well as the knowledge of dealers, distributors, and sales reps.

### **Getting Your Act Together**

**The most essential part of strategic planning is a clearly defined market strategy.**

Two businesses may have the same objectives but the one that excels is the one with *the clearest game plan to capture marketshare* -- and is most likely is the one that applies *The Rules to Excel* ©.

You have a strategic plan, you know what market to target, you have an innovative product, now what do you do? As suggested, prepare a SWOT analysis and audit performance, for example:

**Is customer information effectively managed?** Having accurate information is not the same as *applying it effectively*. Software can help manage customer information accurately and productively -- as with contact manager or customer relationship management software.

**Are strategic plans effectively implemented?** Ask any owner who has been in business more than one year if their business plan is routinely reviewed. Most likely it is collecting dust. As for strategic long-term plans, they do not exist in 72% of SMEs. Yet, the 28% with strategic plans excel with a 60% higher average in sales, income, and profits.

**Is promotion effectively exploited?** Take advantage of this useful tool for direct mail, news releases, newsletters, contests, and the Internet, to build company, product, and brand awareness.

**Is the website creating customers and income?** There are two uses for a website -- communication and marketing. Unless the company website invites orders (Rule #1), it is not going to be profitable (Rule #2). Effective websites sell as well as communicate.

## **Tactical Marketing Functions**

It is the dynamic tactical *front-office* functions (sales, advertising, promotion, and customer service) that put marketing strategies into action. Gains in overall business performance are made whenever these functions are improved. There are many ways to make them better.

**Advertising:** Advertisers and agency executives agree that half of advertising is wasted; they just don't know which half. Bad copy, poor timing, and poor placement cause this waste of time and money. Entrepreneurs with little experience and little time should appoint someone to protect their business from useless advertising. Here again, if you can't find a friendly agency, hire interns or consultants to work part-time on advertising projects. Need ideas? [Excel in Business](#) describes real-life examples of highly effective and low-cost projects that business could tailor to their markets and their customer needs.

**Sales:** As sales are the front-line of business, companies cannot afford to be careless when hiring salespeople. To customers, salespeople are the company. How they look, act, and speak reflects on the company. Their effectiveness influences the success or failure of a company.

A skilled sales staff is absolutely essential for small firms. If no one in the firm is experienced at hiring salespeople, the task can be outsourced. The cost will be much less than cost of lost sales and the replacement of people. When hiring salespeople, sales experience is more important than technical experience. Salespeople can be trained in the company's technology, but small firms are not likely to provide suitable sales training.

Small firms that cannot justify a full-time sales force can hire manufacturer's reps to instantly acquire skilled and motivated salespeople. As entrepreneurs themselves, manufacturer reps have to be professional and productive in order to survive. They know the territory and the customers in the industries they target. Their salespeople will be equipped with notebook PCs and contact management software. They can provide customer information that would take months to acquire. And, they are not paid until they sell something.

Salespeople can only sell what is provided. No amount of sales training can put a shine on a dull product. Sales are a difficult enough task without being burdened with the wrong product.

**Promotion: Too many small business owners don't appreciate the value of promotion and don't exploit its benefits.** Promotion builds favorable awareness -- of product and company. It doesn't matter whether managed separately or as part of advertising as long as promotion projects are coordinated within the total marketing process. There are ample effective promotions, for example:

- ✓ News releases -- to answer good and bad news
- ✓ Articles
- ✓ Postcards; Reply cards; Letters; Email
- ✓ Newsletter; e-zines
- ✓ Website
- ✓ Seminars
- ✓ Contests; Sponsored events; Awards
- ✓ Community service

Promotion is a call for attention. There is yet no substitute for putting information directly into the hands of customers and prospects. In spite of the Internet, direct mail is flourishing. To learn how to exploit direct mail, acquire a copy of the United States Postal Service's "*Direct Mail Kit*." It's free and it's terrific.

If you don't have the time or experience for promotion hire an intern or a consultant on a part-time basis, or train one of your employee. Have them take a class, research the library, and practice, practice, practice.

**Customer Service: A Gallup survey reported: "*Most customer service is poor, much is awful, and service quality appears to be falling.*" As if we need a survey to tell us what we already know from personal experience.**

Executives are not paying attention! Anyone who has ever called a customer service number or sent an email for support has discovered that poor customer service is generally lousy. Too many businesses are guilty. It is apparent when employees are not trained to respect customers.

Unless owners and managers take responsibility for the quality of customer service, businesses will continue to lose 10% to 20% of their customers every year.

Because executives *assume* that customers are receiving sufficient attention, the quality of customer service continues to deteriorate. While some of customer service is good most of it is bad. Unless monitored by the highest company authority, customer service will not improve. Yet, it's easy to solve. Owners need only to pick up the phone, use an alias, and enter a complaint. If they can fathom direct dial access they will discover what most customers encounter.

**The prime requisite of business cannot be fulfilled unless customers receive *perfect* support. Service quality requires continual monitoring. Betterness cannot be achieved unless all services (and products) are better than competitors.**

**Performance Assessment: That which is measured well gets done well.** What is the sense of planning and implementing better strategies if the results are not measured? The performance of all functions -- management, staff, plans, sales, advertising, research, and customer service -- must be routinely evaluated.

Entrepreneurs must continually determine if the business is performing effectively as planned -- and reaching its full potential for sales, income, and profits.

Audits can assess the performance of people, products, processes, projects, and procedures. SWOT (strength, weakness, opportunities, and threats) assessments are quick and effective. Readers of [Excel in Business](#) have access to a variety of worksheets, including SWOT and Management Audit.

Most business owners believe that financial reports reveal how effective the business is. On the other hand, performance assessments reveal what is behind financial performance. Is "sales productivity" increasing? Are *all* products profitable? Are all profit margins desirable or are some too low?

Unless you have an assessment process you will never know.

## Smart Software

**Expert software programs can perform as virtual *assistants* to help executives work smarter.** For marketing and general management there are applications to help with planning and customer management. Because information technology (IT) is vital for success, a section of [Excel in Business](#) is dedicated to software.

Until the mid-80s, customer management was limited to sales and accounting reports. With increased PC power and DBMS it is now possible to accurately manage large volumes of customer data. Customer needs and interests can be recorded, organized, and tracked. Everything needed to efficiently manage contacts or projects can be efficiently and productively managed.

When contact management software expanded to customer relationship management (CRM), more features became available. However, contact managers are the most practical and cost-effective for small firms. When implemented, they increase sales at least 30%. Additionally, data is automatically shared with production, shipping, credit, and executive staff.

**Apparently, most small business owners do not know about these benefits as less than half of SMEs use contact software. They can learn about these applications by accessing publisher websites or reading [Excel in Business](#).**

## Innovation

For a product to be *distinctively* better it must be innovatively differentiated -- enabling it to capture greater marketshare. For example:

Jiffy Mix™ sells 3-for-\$1 baking products and has never advertised; yet sales are \$90 million a year. Innovative marketing strategy captures point-of-sale attention with easy-to-prepare quality products at unbeatable prices. Argus sells cameras to dog food, tuxedos, and spaghetti sauce vendors for use as promotional premiums. A landscape firm and a fence company mutually promote their parallel services via direct mailings and invoice inserts to customers.

King Arthur™ Flour makes better-tasting bread. It sells through a catalog and supermarkets. When retailers stock King Arthur Flour, the company sends postcards to let customers know about local availability. This betterness in product and marketing increased sales fourfold to \$16 million within a few years -- and they are still growing.

The most successful innovations have more *customer benefits*. These are not large corporations. Each started out small and grew by being innovative in simple practical ways that any business can mimic.

### **Website Design**

**It is imperative that every business has an *effective website*. At \$45 billion in 2001, business-to-business (B2B) e-commerce transactions are five greater than business to consumers. B2B is expected to grow to \$1 trillion in the U.S. by the year 2004, which is 9% of all U.S. business. By 2006, B2B may be 40% of U.S. business.**

The Internet grows rapidly because it is an extremely useful communication and marketing tool. It is especially beneficial to small-staffed SMEs for maintaining contacts with customers, prospects, suppliers, and support services. SMEs exploiting the Internet have averaged 25% in new sales by making it easy for customers to find, browse, place orders, and get help.

*Customers are customers, and marketing is marketing* whether online or brick & mortar business. Because of the need for easy access and uncomplicated layout, e-commerce is teaching businesses of every size that the purpose of business is to *attract and satisfy* customers. Every function, staff person, and website must be customer-oriented and guided by effective strategies.



**Quick Tips:**

- **Businesses become what owners/managers practice.**
- **Every business has the opportunity to *practice competent marketing* and entrepreneurial excellence.**
- **Small/midsize enterprises can reach their full potential in sales, income, or profits with:**
  - ✓ **Effective plans based on the Rules to Excel in Business©**
  - ✓ **Innovations in management, marketing, and product**
  - ✓ **Marketing applied as a total seamless process**
  - ✓ **Routine performance assessments**
- **Using procedures that most entrepreneurs ignore, 28% of SMEs average 60% more in sales, income, and profits.**
- **The Rules to Excel in Business© provide guidelines for planning as well as a checklist of performance.**
- **The ebook [Excel in Business](#) is a convenient and practical workbook for implementing a total marketing process. It helps owners achieve marketing competence and entrepreneurial excellence.**

## AUTHOR PROFILE



Bob Deneen  
Author/Founder of SoloProse Publishing

Experienced in marketing and executive management in consumer, industrial, medical, and IT markets, Deneen writes useful management and investment books based on proven strategies of experts and his experience.

His entrepreneurial experience began in 1978 with a fleet management application that saved a large NY State utility \$1.2 million in the first year of use. In 1984, he founded EPIC Marketing, a software rep firm that flourished until its major distributor moved to California. In 1991, Bob started writing and consulting about strategic/marketing-planning.

As a 1992 graduate of the Center of Entrepreneurial Leadership (CEL), at the University at Buffalo School of Management, Bob organized an education program to help member entrepreneurs sharpen their marketing planning skills. He also developed an alliance to introduce Best Practices.

His books and services can be accessed at: [www.soloprose.com](http://www.soloprose.com)





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#### **Excel In Business**<sup>©</sup> -- ebook/workbook \$14

A useful guide for entrepreneurs to increase growth in sales, income, and profits -- long-term. Includes worksheets for research, planning, analysis, and performance assessments. May be printed, but is most useful when accessed from PC desktop as a fingertip workbook.

**It's Your Strategies, Stupid!** -- Free ebook is a synopsis of **Excel in Business**. It is a useful tool for orienting employees to plans and strategies for applying marketing effectively.

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