

Putting Together the Entrepreneurial Puzzle:

The Ten Pieces Every Business Needs to Succeed



Contents

Foreword

A Note of Thanks

Introduction

Puzzle Piece One
Intentional Purpose

Puzzle Piece Two
Intentional Culture

Puzzle Piece Three
The CEO's Role

Puzzle Piece Four
Hiring

Puzzle Piece Five
HR and Your Employee Handbook

Puzzle Piece Six
Marketing

Puzzle Piece Seven
Sales

Puzzle Piece Eight
Financial Metrics

Puzzle Piece Nine
Strategy + Operations = Execution

Puzzle Piece Ten
Exit Strategy

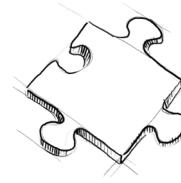
Afterword

About the Author

Index

Puzzle Piece Six

Marketing



The terms “sales” and “marketing” are often used interchangeably as if there were no distinction between the two. While the two concepts are related, there are, in fact, key differences, not the least of which is timing. Marketing is everything that happens before the actual sales transaction: the ideas and processes that make someone think about buying your product or service. Sales is the art of closing the deal: matching your product or service to a need, and turning the concept of a solution into an actual solution. Those who are skilled in the art of marketing aren’t necessarily good at sales; and those who have a gift for sales often aren’t good at marketing. Therefore, we’ll treat the two as separate pieces of the puzzle and start, in this chapter, with marketing. But remember, the two are absolutely related, and you won’t be successful without both working well in tandem.

What is Marketing?

As I said above, marketing is everything else involved in the transfer of goods except the actual exchange. (Sometimes this is also called “branding.”) Marketing is largely about research: determining what segment of the market you are going to own (or at least participate in), and figuring out how to properly position your product within that segment. Marketing is any activity that is involved in the “dressing” of your product or service. So let’s dress up your products and services and get them ready to sell!

Pick Your Star: What Is Your Company Really Great at Doing

This chapter is intended to give you all the elements required to create your own marketing plan. In order to do that we have to start at the beginning by answering the question: what are you the very best at? Your answer to this question will give you the blueprint for your plan. You may have many product lines and services, but I'll bet there are one or two that you do better than anyone. If you had to pick only one to focus on, which one would it be? As you think about this, consider the product or service that you are passionate about and that best represents your company's intentional purpose. If you don't really truly believe this product or service will make a difference, you'll have a very hard time marketing it convincingly.

Starting your marketing strategy this way is about picking your niche. I've seen many small companies fail to get past their first product because they wanted to be all things to all customers. The biggest barrier I see to early growth is the desire or need to take in any business that will generate immediate revenue at the cost of creating a distinctive identity. While this might seem like a good idea in the short run (money is good, right?), failing to differentiate yourself from your competitors will only hinder you in the long run. Better to choose your market space now and really work on creating that brand identity. I call this your "bright, shiny star" strategy: figure out which product is your company's "bright, shiny star," hitch your marketing wagon to that star, and ride that all the way to the bank. (The opposite of this is the "bright, shiny star syndrome," which most entrepreneurs suffer from. This happens because you are distracted by all the other bright, shiny stars and have not identified your own.

A small web development company I worked with continued to take business from customers that were not in their area of core competency. The result was frustrated clients, frustrated designers, and time lost building the core business. Once the owner started to say "no" to customers who were not identified within the target market, the company suddenly started to grow. I certainly understand how frightening it is at first to say no to business and it might sound counterintuitive, but focusing on your star area is the only way you'll achieve and sustain long-term growth.

After doing an internal evaluation, if you're still not sure which of your products or services answers the question, "What are we best at?", go to your customers. They'll tell you what you do well and what you don't.

Pick Your Market Position

When developing your marketing strategy, or branding your business, there are four generally accepted market positions you can define for yourself:

First: You were the first company to make or do this.

Only: You are the only one making or doing this.

Best: You make or deliver this product or service better than anyone else.

Most: You have the most market share for this product or service.

Let's look at each of these in more depth:

First will have the greatest impact at the start of your product or service's lifecycle. Being first to market is a strong position and you can maximize profits and position at that time. If your idea is really good, be prepared for copycats to follow quickly, which will most likely erode your price point. Although you can start out with this as your market position, you may have to move to another methodology later in the product's lifecycle. In some cases, however, "first" carries a certain amount of gravitas if messaged right. Think of Apple, where "first" defines the company as an innovator leading the way in product design.

Only is about uniqueness. You are different from anyone else. Certainly if you are the only one to provide a product or service, this becomes a strong market position to hold. The caveat is to make sure that the "only" you are marketing is something customers actually value and will therefore pay for. Also, taking the "only" position doesn't mean that your product or service has to be entirely unprecedented. If your product is similar to others but it's the only one that has a particular feature, stress that. Finally, while you can be first and only at the same time, you do need to pick which message is best for the product and your company. Which market position will have the most longevity and prestige?

Best can be a little fuzzy. By whose definition are you the best? How do you and your potential customers define "best"? Are you the highest quality? Are you the most expensive? If you choose to market your product or service as the best, you need to have a very strong message that resonates with your target audience: What does the "best" mean to them? Do they care about buying the best? Make sure your message is in alignment with your customer's needs and what they are willing to pay for, or you can be the best all the way to bankruptcy.

Most: We've all heard the saying "bigger is better." Owning the marketplace allows you a certain luxury, but be careful that you're not perceived as the bad guy because of it. Will your target audience look for the underdog because you're considered overbearing or unfair? Think about the products or services *you* buy that are positioned in this category. Does that positioning make you feel more comfortable or just frustrated? There's safety in numbers, but some consumers also value being different.

Once you've identified which of these positions you want to take, test it out on a few people. See if that market position rings true for some of your customers, employees, and investors.

The Product or Service Lifecycle

Before you go any further, it's important to know that every product or service has a lifecycle of peaks and valleys. The cycle starts in the development phase with no sales, then sales slowly ramp up to maximum popularity. The point at which your product is at peak sales is usually when competitors figure out that you're on to something. They then start to copy you and improve on what you're doing. As the product matures, sales slow down and prices drop. If you only have one product, this means the end of your company, so it's important to make sure you have multiple products or services that overlap so that you always have something at the peak of its cycle. Keep in mind that the cycle is not time based because some products and services take a long time to peak, while some stay at the top for a long time. Eventually, however, they all come down. Know this about your products and services and it won't come as a surprise when it happens. You'll already have something else waiting and ready to go.

With multiple products at different points in their lifecycle
your overall performance will remain dependable.



How To Make Money Doing What You Do Best

Now that you've decided which product or service you're really great at delivering and you've chosen your market position, how will you make money? This is where financial experts can help you create pro forma reports to help you decide if your product or service is really viable. There are many great products that never get to market because they were not financially viable. Be sure you do this evaluation *before* putting enormous amounts of time, effort, and money into research and development.

That said, remember that you don't necessarily have to make money from selling the product itself. While you market and sell a great product, you might make most of your money from service or supplies. Printer cartridges are a great example of this. Printers are essentially made to sell cartridges, which is where most of the profit is made. Maybe your after-sales services are where you'll make your money. Think about how you can differentiate those as well to make your product more attractive.

Your Unique Selling Proposition

The "Unique Selling Proposition" (USP) is a marketing theory that was first proposed by Rosser Reeves of Ted Bates and Company to explain a pattern among successful advertising campaigns of the early 1940s. The USP states that such campaigns made distinctive propositions to the customer and that this convinced them to switch brands.

These are some examples of early USPs:

- Head and Shoulders: "You get rid of dandruff."
- Domino's Pizza: "You get fresh, hot pizza delivered to your door in thirty minutes or less—or it's free."
- FedEx: "When your package absolutely, positively has to get there overnight."
- M&M's: "Melts in your mouth, not in your hand."
- Metropolitan Life: "Get Met, It Pays."
- Southwest Airlines: "We are the low-fare airline."

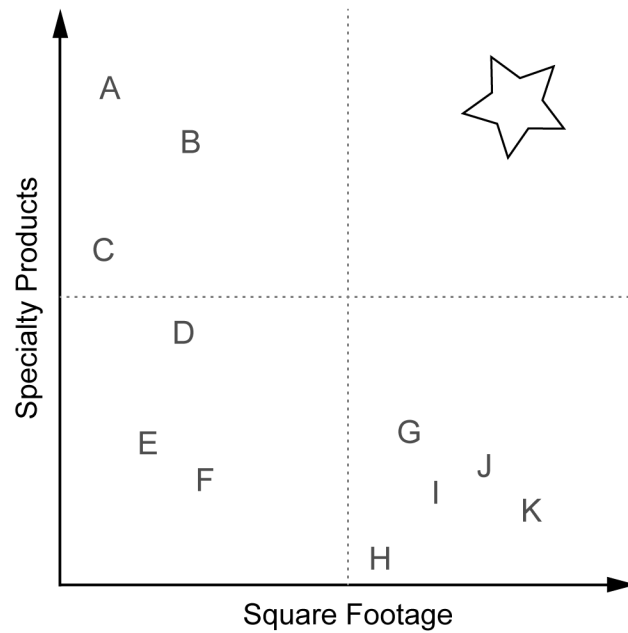
The psychology of advertising hasn't changed much since Reeves came up with the idea of the USP. The unique selling proposition still works, and you should have one for your company or product. Think back to the market position you selected and how you plan to make money from that, and then describe *your* unique selling proposition. Sometimes your USP will be an internal exercise, but sometimes it will become part of your advertising campaign, possibly as a tag line.

Competitive Market Analysis

Take some time to look at all your competitors and think about your product or service in relation to them. Who is out there doing what you are doing? Is the market saturated with look-alikes? It's important that you always know what's happening in your market sector. Things change so rapidly that, the more information you have, the better armed you'll be to weather the ups and downs of your product's lifecycle. Being able to match the pace of the market will ensure that you are at least in the game.

Start your market analysis by listing all your competitors. Then list all the features and benefits of each company. (Remember that a feature is an attribute your product or service has, while a benefit is what your product allows your customer to do as a result. Thinking in sales terms, benefits are the remedies to your customers' pain.) Make a grid of these and see where what you offer is the same or different and where you have an advantage or disadvantage. Knowing the entire competitive landscape is key to picking the best, most marketable position for your product or service. (If it's easier to think of this in terms of a S.W.O.T. analysis, go ahead and do one for each of your competitors.)

Let's walk through an example to see what this type of analysis might look like and what it can reveal about your business. Our sample business is a large, retail sporting-goods chain that has grown rapidly. At this point in its lifecycle it's facing increasing competition from the large box stores that sell, but don't specialize in, sporting equipment. The CEO decides that they need to assess the landscape to find out how they can compete profitably. To start, they identify two axes that are unique to their business: square footage and degree of specialty (high-end) products. After plotting all their competitors on the grid, they realize they are the only one among their competitors with large stores dedicated to high-end products.



Having gone through this process, they now have powerful information to use in truly focusing on what they do better than anyone else. As a result, they close all their smaller stores, stop buying cheaper products that are available elsewhere, and focus on their core competency. Not only do they survive in a very competitive market, they thrive.

If you were to do this exercise for your business, what would your two grid lines be? What is the space that only you occupy, or that you could occupy with a few changes? It's important that you map out this space *before* you settle on your market position so that you can maximize all your marketing resources. What a waste it would be to decide on a market position only to find out after you've launched your marketing campaign that that position is already heavily occupied.

Marketing Partners

One of the most expensive mistakes small companies make is deciding they can do their marketing all by themselves. Think back to Chapter Three: is marketing *your* core competency? Of the hundreds of CEOs I've worked with I can think of only a handful whose core competency was marketing. Even so, in each of those cases, they hired someone else to lead the effort because they were too close to the business to have perspective. So the key concept here is: *hire someone else!*

As your company grows and you bring in marketing folks to help implement your strategy, be sure to hire a firm that truly understands who you are and how to deliver your unique message. There are literally thousands of choices in the marketing world, and it can be hard to differentiate and decide which type of specialist best fits your needs.

Below is a list of some of the types of "marketing" firms you might need to hire at different points in your strategy:

- Public Relations
- Graphic Design
- Web Design
- Branding
- Marketing Strategy
- Full-Service Ad Agency
- Direct Mail
- Digital Agency
- Web Strategy
- Social Media Expert

So, where do you start? First, identify what you need. If you're a small enough business that you don't have an inside marketing department, most likely you'll need an outside firm to act as a high-level marketing director. That firm can bring in the smaller pieces as you need them after they've helped you map out an overall strategy. However you approach this, please avoid what I call the "spaghetti method" where you just try ideas and see what works. As with hiring, that is not an intentional strategy and it won't get you where you need to go. Without an intentional strategy, you'll just stay in the same place, or worse, go backwards. And, if your budget is small, don't make the mistake of buying just a piece of a marketing package. Direct mail is not a "strategy." It's much better to come up with an overall strategy that fits within that budget than to go about things piecemeal.

If you have your mission, vision, and values clearly articulated (and hopefully you do by now), you are already well on your way toward your overall marketing strategy. If you don't, you'll need to hire a firm that can take you through that process first, because your intentional purpose is the foundation that defines your approach to marketing.

When selecting a firm or person to help, look for a values fit first. Choose a company that matches your style so you'll feel comfortable working with them. Look at the work they've done: does it resonate with you? Talk to their customers to find out what the process was like. Do they specialize in working with service businesses or product businesses? Creating a brand strategy, a marketing package, or even a website is a long and intimate process, so you really want to take as much time as you need in the dating process to evaluate your potential partner. Once you've made a choice, keep in mind that marketing people are creative types. You need to strike a balance between giving them space to generate ideas, and keeping the process on track with your needs.

You may choose several people to work with, creating a team of experts to meet your specific requirements. However, keep the process transparent and ensure they have experience working this way. Some will not be comfortable with this type of arrangement as it can lessen their control, so get examples of times they have successfully worked on a team before you engage.

Keeping It Fresh

Although your brand, logos, and colors don't need to change frequently, don't hesitate to do a makeover every few years. Remember, marketing is "dressing up the baby," and who wants to wear the same clothes forever? As your company grows, you might need to refresh your talent pool as

individuals can become attached to what they've created and might be reluctant to change. Toward the end of a fairly lengthy rebrand project I was involved in one of the business partners refused to switch logos. I found out later that she had created the original one and thought of herself as a marketing lead. Running up against her recalcitrance was a frustrating surprise to the whole team.

Your website, on the other hand, should be updated monthly with new information, and all the search information positioning should be refreshed even more often. The look and feel of the website should be redone every year if possible, but no less frequently than every three years at the absolute outside. Remember that, even if you're just using it as an electronic brochure, you want it to look good and be a good representation of who you are and what you do. You only have one opportunity to make a first impression. Often that will be your website. Make it a good one.

Websites and Your Total Online Presence

While we're on the topic, let's talk about websites in a little more depth. Websites are how small companies look big and compete on an international scale, and how big companies stay in touch with the real world. I cannot emphasize how much potential a well-implemented website has to gain business for you. Definitely don't do this one yourself. You'll want to partner not only with a good web designer, but with a web strategist who will take the time to understand your business and your long-term objectives. Do you want to have ecommerce capabilities? An e-newsletter? Blogs? Employee access? A secure site for customers? Employment opportunities? How important is it to be listed first when someone searches your category? A good web strategist will help you sort out your long-term web needs and how best to use your website to its maximum advantage.

Keep in mind that a website is a validation or repudiation of a company's credibility. Every sophisticated buyer or user of your product will look at your website to see who you are. Make sure your website reflects who you are. The X and Y generations do very little purchasing without first doing research on the web. A medical device service firm I worked with had a tacky website and outdated marketing materials. The CEO's Vistage group told him as much and encouraged him to hire a professional to redo everything. Taking that advice, the CEO hired a professional to give the website an overhaul. As a result the company currently has more business than it can handle. Moreover, because of opportunities created by the new website, they have branched out into a new avenue of business.

SEO Optimization

Search Engine Optimization (SEO) is vitally important for maximizing your business exposure. Essentially what it means is that when people are looking for your company, your product, or your services you'll show up at or near the top of their web search. You'll want to aim for the top three. The way to do this is to have key words on your website (as well as your blogs, e-newsletters, etc.) that include popular search terms for your business or product. For example, I'm a Leadership Coach so I want my website to come up first when someone types "leadership coach" into their search engine. In order to make sure that happens, I want to embed the term "leadership coach" many times in my site as well as in the writing I do online. You can also pay

to have your business come up at the top on different search engines. A good SEO strategist will help you create a plan that is best for your company and your products or services. Remember, don't go it alone if this is not your core competency. And I'm betting it's not.

What's Your "Digital Footprint"?

We all have a "digital footprint." Just type your name into a search engine to see where you rank and what information is out there about you and your company. The key is to know that every time you make a public post or comment on the web, it will be attached to you somehow. It reminds me of what our mothers used to tell us about always wearing clean underwear in case we were in an accident. You want a clean footprint in case anyone is looking. And, if you're the CEO, they will be looking.

Business people and businesses need a good LinkedIn profile. LinkedIn is the Facebook for businesses, and has enormous potential if used correctly. You can use LinkedIn to drive business to your site, participate in discussions that get your products or services talked about, and maximize exposure for your company. You don't need to manage this yourself. Outsource it to a professional who specializes in managing web presence. That person will make sure any inappropriate content or links are removed and manage your "digital reputation."

Facebook pages are sometimes necessary for businesses, especially if you have a retail product. Facebook can be very useful to create a following for a product that is sold to consumers because consumers are Facebook's bread and butter. However, because this is primarily a social site, be careful about who you connect to, what you say, and how you use the format.

Budget

I've seen marketing budgets as much as ten percent of gross revenues and as little as .5 percent. You want to be somewhere in that range, depending on your business type and market. As part of your overall strategy, be prepared to pay for the research a good web strategy company will do for you. The payback will be worth it.

Marketing Strategy

We've touched on many of the pieces that together make up a marketing strategy. Now it's time to pull it all together. Take everything you've decided on in the last several sections and make a declaration about your strategy. It should include:

- Description of products or services
- Who will buy it
- Why they will buy it
- What your market position is (first, best, only, most)
- Your USP
- How you'll get it to market (selling strategy)
- How you'll communicate this (web, PR, print, etc.)
- What your budget is
- What your goals are

- What your timeline is
- Key Performance Indicators (see Chapter Eight for a discussion of KPIs)

Now that you know the basics of putting together a marketing strategy, what's yours?

Marketing Checklist

- Describe what your company is really great at doing.
- Describe your customers.
- Describe why those people will buy your product or service.
- Pick your market position (First, Only, Best, or Most).
- Describe how are you making money doing this.
- Describe your Unique Selling Proposition.
- Complete your competitive market analysis.
- Who are your competitors?
- List each competitor's features and benefits.
- Make a grid to see where your company fits in with the competition.
- What changes might you make based on this analysis?
- List your goals for your product or service.
- Describe how you will you get your product to market.
- List your immediate marketing needs.
- List the partners who will help you address your needs and goals.
- Decide on a realistic marketing budget and prioritize your needs and goals accordingly.
- Decide on your timeline for accomplishing your marketing goals.

Recommended Reading

Blue Ocean Strategy: How to Create Uncontested Market Space and Make Competition Irrelevant, W. Chan Kim & Renee Mauborgne, Harvard Business Review, 2005.

The Brand Called You: Make Your Business Stand Out in a Crowded Marketplace, Peter Montoya and Tim Vandehey, McGrawHill, 2008.

Competitive Advantage: Give Customers a Reason to Choose You Over Your Competitors, Jaynie Smith, Crown Business, 2006.

Duct Tape Marketing: The World's Most Practical Small Business Marketing Guide, John Jantsch, Thomas Nelson, 2008.

Putting Together the Entrepreneurial Puzzle

The Ten Pieces Every Business Needs to Succeed

by Mary E. Marshall

The US has a long history of independent thinking, innovation, and creativity—a culture that is evident in an economy largely driven by small businesses and entrepreneurs. Yet, only about half of new businesses survive five years. Lack of practical knowledge about the basics of running a successful business is key. While entrepreneurs often have a dream for a service or product, many lack a comprehensive picture of what it takes to run a business. Given the precarious state of the economy and the significance of small business success, it's as important as it's ever been to support entrepreneurs in developing their practical business knowledge.

Over the course of a career working and consulting with entrepreneurs, Ms. Marshall has compiled a list of the ten most common problems that hamper small business success. *Putting Together the Entrepreneurial Puzzle* is comprised of ten interconnected but freestanding chapters addressing the fundamental areas of business every successful entrepreneur must be prepared to develop and manage. Each chapter takes a nuts-and-bolts approach and includes practical tools for building a successful business or correcting a struggling one:

- Real-life examples from Ms. Marshall's many years working with real entrepreneurs.
- Additional reading resources to increase breadth and depth of knowledge in specific areas.
- Sample worksheets, scripts, interview questions, etc.
- Checklists to help busy CEOs keep track of and accomplish tasks set out in each chapter.

Whether as a gift or a course text, *Putting Together the Entrepreneurial Puzzle* is a must-have reference for entrepreneurs at all stages of growing their businesses.

Available now from Amazon.com in print and Kindle formats.

Find out more about Mary Marshall's services
and follow her blog on leadership development and entrepreneurship:
www.mary-marshall.com.