



More May Not Be Better

As we move into 2007, we Small Business Owners have already been thinking about how much revenue we expect to generate, how many customers we will have, and where they will come from.

I believe that Small Businesses operate under entirely different paradigms than do their Big Business counterparts.

Big Business is driven by Market Share. Their overall philosophy is More Customers Are Better.

The Big Companies hope to squeeze their competition, and at the same time generate opportunities to sell other products.

Thus, the large companies invest heavily in advertising programs to generate name recognition rather than promote a particular product or service.

They will also compete heavily in price, offer many promotions, and provide incentives such as free shipping, discounts on warranties, and "buy one, get one free."

They're trying for market share. They know you're going to buy from someone, and they want you to buy from them, rather than their competitor.

Courses with names such as Marketing, Retailing, or Merchandising are taught in every school in the country to teach you proven principles to increase your market share.

These principles work. For Big Business. For Small Business Owners, these principles can often be the kiss of death.

Here's why:

Limited Resources.

Market Share strategies disperses the Small Business's (read the Owner's) time and money over too large an area. Not only do we not have the time and money to go after all these prospects, we couldn't possibly service them should they all come knocking at our door!

Here's an example from Fort Mill. Several years ago a new business opened, and evidently decided the best way to gain name recognition and market share was to advertise in the same page position of the newspaper. On multiple, consecutive pages. Of each edition.

So when you turned the page, you would see that business's ad. Turn the page, and you would see the same ad again. Turn the page a third time, and you would see...you guessed it.

I've forgotten the business, but I've never forgotten the strategy. Significantly, the business closed within 90 days.

Best Fit.

You could also say, "Don't try to be all things to all people." Find the customer types that you seem to do well with, determine what makes them your Typical Best Customer, and develop

strategies to find more of those. Let the others go.

Here's an illustration from my own life. In my first year in practice I had an opportunity to prepare the personal tax returns of one of the Charlotte Hornets.

This man was one of the reserves at a time when the Hornets weren't particularly good. But he was still paid \$1,000,000!

I thought at the time, "How cool is this? I've got a million-dollar personal tax return."

Well, I didn't get the engagement, and I now realize that not getting that engagement was one of the best things that happened to me all year.

An NBA player generates income from training camp, regular season, the playoff season, endorsements, investments, and personal appearances.

This income is generated in many, many states, all of which want a piece of his taxable income. A personal return will include 40 states, each of which will require calculations to apportion multi-state income.

It's no place for someone in his first year of practice. Not a good fit. Not for him, and not for me.

So What Should You Do?

First, a couple of caveats. The term Small Business covers a wide range of activities, and nothing in this brief discussion should be treated as an absolute that applies to all businesses.

Thus, I would never say avoid newspaper advertising, for instance, because we all know that newspaper advertising has been an effective strategy for many years, and will continue to be an effective medium for attracting customers.

But I would do this. I would determine my TBC—my Typical Best Customer. I would try to define the characteristics of that customer in every way I could.

And I would focus my marketing efforts around ways to reach that TBC.

Rather than spending a lot of money to reach 20,000 prospects, I would be happy to spend the same amount to reach 2,000 TBC's!

Not only are my chances of making a sale better, but so are my chances of making a successful sale!

That means I end up with both a satisfied customer and a profitable transaction.

Hence the title of this article—More (Prospects) May Not Be Better.