Rethinking Inside the Box

(Transcript Of An Overview Session.)

A transcript of an overview session on: "**Rethinking Inside The Box**"

Let's talk about problems that we hear business people are facing all the time. And if any of you are not facing all the time. And if any of you are not facing at least four or more of these problems, raise your hand when I'm done. O.K.?

Fears ruthless competitive pressures. Anybody not facing those?

Shrinking revenue growth. Doesn't mean your revenue may not be growing but it's shrinking. It's not increasing at the same rate. How many of you are faced with fewer customers at this current time? One. O.K. Well, we'll work with you.

Lower transaction value. That is, the value of each of your engagements or your sales seems to be lower than it used to be? Yeah, several of you have that problem.

Fewer transactions. Are many of you facing that, than you used to have in the past? O.K. I see a couple of heads nodding.

Lower customer retention rates. Are you retaining your customers as you used to or is the retention of customers, the repurchasing, the new purchases from old customers, services or products…..is that dropping some?

Downward spiral in the economy. Is that affecting anybody? Is there anybody who's benefiting from the lower economy right now? Or at least the stock prices? What was your business, again? Pharmacy. You sell more Zantec and all that kind of stuff.

Cash flow shrinkage. In other words, is your cash flow shrinking. There are businesses where, on a long-term basis, you're selling, you're making more profits on what you're selling but the cash flow is coming in slower. O.K.? So all of these things are affecting some or all of your businesses. And they're affecting people throughout the country.

So, with that as an overview let me describe how we came to thinking about this "Inside the Box" concept and go through it with you some more.

How many of you have heard the expression, "Think Outside the Box"? How many of you have tried thinking outside the box? How many of you have come up with some ideas that you believe have helped your business or your staff or your marketing or your business development thinking outside the box? O.K.

The concept has validity. But, generally, what it means is if you're thinking outside the box and you come up with something that's really creative or different or new it's going to, probably, cost you some additional money to implement. That's not a negative, but it's generally true. If you're going to change something radically that you've done before --- your marketing plans or so one --- if they're going to change, it's generally going to cost you more. And I see a lot of nodding heads so I assume that's general agreement.

How many of you have heard the phrase a **paradigm shift**? It's similar to thinking outside the box with this exception. To me, a paradigm shift means you take your current business, whatever it is, assume it's a box and you move the box ten feet over. Now some of you are in the process of doing it because some of you said you're adding to what your current business is. And to me, that's a paradigm shift. You may say this area of my business isn't really working very well. It's not productive any more. It's a passé product, whatever the problem is. But here's something new I can go into. So I'm going to move over here. I'm going to drop this product; I'm going to add this new product. That's an intelligent business kind of decision to make. It's also a decision that generally costs you money. Right? Would you agree with that?

One example. None of you mentioned this but this may sound simple. One of the interesting things I have found in Jay's seminars is how the mixture of people from such diverse industries can help fertilize other people. He had a seminar not too long ago where there was somebody going to taxidermy school, somebody from Seattle who had an upscale steak restaurant and wanted to expand it. He had, in the same group; somebody owned a swimming pool company and fence installation and all these incredibly diverse groups.

In talking about, because many of Jay's seminars and concepts are aimed at: What else can you do in addition and that's not wrong. That's very important to keep in mind. The fence guy was "O.K I've been just building fences my whole life. What else can I do in the same basic field? Will I have credibility that might give me extra income? How many of you are familiar with those electronic dog fences? You know the ones that keep your pets on the property? He'd been in the fence building business, I think, somewhere in Oregon for like twenty, twenty-five years and all he did was build fences --- wooden and wrought iron fences and cyclone thoughts. He shifted his thoughts. He didn't drop a product, by the way. He added this electronic fence. That's shifting the paradigm some.

How many of you have heard the expression **"drilling down"?** That's because Jay uses it a lot, I'm sure. I don't see it many other places but it's really true. In whatever you're doing, drill down. Ask those questions. Ask the hard questions. Ask your customers about your services and your products. Ask your staff members and so on. Really taking a look inside. And that's probably one of the key concepts that we're going to work on a little bit today.

Re-engineering. How many of you have been exposed to that over time? In many cases, that's what Deming had the Japanese doing after the second world war and why they were so successful and what's finally come back to this country, is kind of re-engineering. But, again, that's a concept where you take more of an internal focus and it's not so much looking at what's new but what you have that you can build on.

So this combination of things of paradigm shift, thinking outside the box, of drilling down and of re-engineering kind of formed the parameters within rethinking inside the box will take place.

What we're looking for when we look at these categories, which I'll go over with you in a few moments is: What opportunities do you have inside your existing structure or with your outside suppliers or the people that you advertise with or with your staff organization or with old concepts that maybe worked well and you're not using any more or past clients or people who have rejected your bids or your proposals. What can you do to take advantage of that? Restructure it in a different way? And then, developing an operational implementation plan that you can use.

One of the things we've talked about at the seminar that we're going to do coming up sometime later this year, hopefully, is for the operational implementation plan, one of the problems that Jay has noted before in many of the seminars that he does is that when people leave, they're basically on their own. So what we're going to do in this particular seminar is we're going to build in a role that we call the mentor/tormentor where we're going to agree as part of the fee, we will have a senior person involved in the whole seminar process calling each attendee say four, five, six times over the next year.

We'll have a copy of that implementation plan. We'll work it through. We'll almost torment people that aren't doing things. We'll suggest changes and so on. So there's that ongoing process. So we are committed, not just to having people walk out with an implementation plan but at least making sure they use it.

And that's important. We want them to succeed.

This is the "OO Matrix." And across the top, I've got some flip charts that will make this a lot clearer in a few moments. Across the top there are actually eight, positioning tools.

Running down the left side of this axis are 50 force multipliers. And, obviously, the idea is to take any one of these force multipliers and cross-reference it to any one of the positioning tools and analyze your business in that area. Now not every one of these squares apply to every business and for those of you that are sole entrepreneurs or only have one or two people or are building a new concept, a lot of this really won't work except it will really help you think through strategy for growth and development. Or you could build a long-term plan. Or you can use it every three or four months just to see where you are and what other opportunities that you might have that would work for you.

A force multiplier is a military concept. And the concept is: The more components you throw at an enemy, the better your chances are at success. And a classic example for us, recently, is Afghanistan. We went in with air power, air power that came from land base and from sea base. They had different types of missiles, had different types of targets. They had on the ground spotters from the CIA. Right? They had ground forces. They had mobile forces. They had Navy. They had all of this stuff going on for greater success.

It is a proven concept that works for the military. And it's a proven concept that works in business. But you have to make sure you know what the right combinations of force multipliers are in order to succeed. I will discuss these in detail with you in a few minutes.

There is an organized process to run through this whole thing but it can also be used on an ongoing basis just for review purposes.

Let's talk a little bit about what these components are. And please forgive my writing. Keep in mind that the **"OO Matrix" stands for Opportunity and Operational Implementation Plan**. Across the top of this matrix are the Eight positioning tools. Remember I said there was one that isn't officially here and it's the economy. We'll come back to that.

Down the left side of the axis are the **50 force multipliers**. That's what these are. And there are pieces under here that we'll get to. O.K.?

The 7 positioning tools are:

1. **Business Development**
2. **Advertising and Marketing**
3. **Alliances**
4. **Internal Operations**
5. **Future Trends**
6. **Staffing**
7. **Redeployment**

Now it's possible to add more. We have a total of fifty components that fit here and that's why that huge list runs down the left side of the axis. O.K.?

And you can add more for your own businesses or maybe some don't apply. But we will do "real world" examples with some of your businesses so maybe we'll get a chance to take a shot at it. Any questions about what we're calling force multipliers before we move on?

The question is: How do we define internal integrity?

Funny you should ask. Under the components remember I said there were fifty force multipliers. They're actually positioning points that we have.

Under internal integrity, it's looking at your company for best practices. What is it that you really do best? What is your corporate culture? And every company, even a sole entrepreneur portrays a certain culture to your clients. What is that culture? What are the themes that you project your business to be? What's the strategy and are putting in place the strategy of pre-eminence? It's something that Jay has spent years and years refining and actually holding seminars on.

How do you make yourself the pre-eminent firm or business in your geography, in your specialty area, in your industry? The specific products and services. What are they that you offer? Are they solid, well tested, guaranteed? Are they products that have had major defects or services that have been highly questioned and you're still offering them anyway? And do they, in turn, make it appear to the outside world that you're selling to that you're not an ethical company or that the services or products aren't as good as they should be.

He's saying there seems to be a little overlap between operations and internal integrity. You're absolutely right. And what you'll actually see if you use this graph is that there are some categories that are force multipliers that are also marketing strategies. And that's because they apply in both areas. So it's a very astute observation.

Allan: Do you believe that your outside clients and customers realize that you try to be on the edge to come up with the latest tools and techniques?

Voice: We are bringing a lot of clients that are taken away from our top competitors.

Allan: You asked a specific question. That gives you two ideas. The corporate culture in my organization, which can be very frustrating sometimes is collegial. That is, we don't have a hard and fast organizational structure to make decisions. We have fifteen offices around the country and the heads of each office have significant independent authority to make decisions, to make proposals, within a guideline and framework. For us it works well. The problems that come up are organizational issues as opposed to issues that occur outside with our clients or customers or proposal.

The other part of our culture that works well is because we're so diversified geographically and with all these different specialties that we can offer clients, and this is a main feature, like you say you're cutting edge. We want clients to know that we can work in any city in the country for them and in some foreign countries as well with teams that are skilled, trained, available and that are on the spot. So that's part of our particular culture.

Voice: I was just curious if you had a mission statement that stated that for your company.

Allan: We have a mission statement that is about two pages long that I think is a fairly common, intelligent mission statement about what our business is and how we approach our customers and the importance of ethics. Somebody else mentioned ethics. It is extremely important to us. We will decline work and we have often declined work where we believe the issues are borderline incorrect and we don't want to be involved with those kinds of issues.

Now, let's talk a little bit about the Positioning Tools.

The Positioning Tools

Again, these are the columns that run across the top of the chart.

Overlooked Assets
Under Performing Activities
Hidden Opportunities
Under Valued Relationships (Does that trigger a thought in anybody's mind? Right now, can you think of a relationship that you have, whether with a customer or a supplier or somebody else that's important to your business that you've undervalued and suddenly struck you that that's the case? I see a couple of heads shaking.)
Under Utilized Collaborative Opportunities
Permission Marketing (Do you understand what that is? Permission marketing is something Jay taught us several years ago. It's so obvious and so easy and so dumb that we didn't really understand or even use it. That means you give me permission to market to you. That's what it means. You get permission from people to sell to them. In other words, you're my customer. You've given me permission to sell to you.

Let me give you an example. We came up with an electronic newsletter. It's not a sale piece but it has all kinds of loaded with information and articles about our business, about new trends, about new techniques. We bring in articles from other publications. We link to website from other organizations. Not a sales piece, but it's an update. It goes out once a month. Two and a half years ago we started with under a thousand e-mail subscriptions and we came up with the e-mail addresses ourselves out of our client base of about twelve thousand.

If you go back three summers e-mail was still pretty…..it still wasn't refined. People weren't giving out their e-mail addresses very readily. Now it's on everybody's business card, on your advertisements, on your mailers and flyers and everything else. Right? Anybody that says I'm wrong? O.K. We now have over ten thousand subscribers. People that have written to us or mailed to us or seen us in seminars or presentations where we've mentioned this or it's been passed on among their companies or their firms by people who are getting it and they're subscribing.

We now have over ten thousand people that have given us permission to market to them. Now I said a minute ago it's not a sales piece, this newsletter, and it's not. Every month, where there's an article written by one of our staff members somewhere around the country, it's got their e-mail address. So the article is like the first three or four paragraphs. If you want the full article, e-mail or call. We get fifty, seventy-five, a hundred calls every month from people who want what we're talking about. Our people are then required to follow up in a couple of weeks with the people that request those articles to see if there's anything else we can help them with.

Invariably you get engaged in a dialogue with, maybe, five or ten percent of the people. Ultimately, you're going to get business from that. So we have all these people now that have given us permission to market to them. And we promise them one thing: We will never use that electronic newsletter to do any act of selling whatsoever. It's remarkable to me as I travel around the country how many people who are our clients or who have not become clients read it, look forward to it and do follow up with other comments.

Volatility Control Anybody want to take a crack at what that means?

Reply: I'm not 100% sure but I'm going to use an example. Being in the fish and chip industry, there's time where fish species and that will either have their quotas cut, fuel cost, whatever and all of a sudden you'll get a big spike in the cost of it or say a big freeze in the vegetable growing areas like we did a few years ago with Romaine. Instead of being fifty cents a head it's ten dollars a head. So that kind of thing.

Allan: You're absolutely right. Let me follow up with this and see if there are some other examples. To a lot of people volatility control may mean, that you're talking about, your own marketplace or the things that impact your marketplace. You're looking at what trends might affect your business and you see that lettuce prices are going to go up and lettuce is on all of your sandwiches or most of them and it's going to be an additional cost. That's a very good observation.

Volatility control can also mean if you see the economy is all of a sudden in a recession and you're in the food business, you're walk-in trade is probably going to be lower. So what do you do ahead of time as you see the economy falling to prepare? You order less food so you don't have as much as a supply on hand, which means your cash flow isn't going out as frequently as it is.

Reply: Market harder.

Allan: O.K. That's another thing. Get more ads out when the economy's going down. That's another way to control the volatility that you might be facing. You mentioned lettuce and it's really funny that you did. Several years ago I was up at a hotel in Silverado. We were looking to have a conference and I went up there for the day to look at their convention facilities and talk about their meals and so on. And, of course, they really put a show on for you. They insisted that the world-class chef make lunch for me. So they made this special fish and the chef came out and the food and beverages came and the hotel……..they really put on the dog. Talk about wanting your business and letting you know it. That was one of the best experiences I've ever had. They really let you that they wanted our business. During lunch the chef and the head of food and beverage were talking and they were talking about a meeting they had recently gone to of whatever the chef's organization of America is, or whatever, and they had made a decision in this organization that the new "hot" item next year, of all things, was going to be iceberg lettuce. Now iceberg lettuce is the cheapest thing you can buy in the market. A head is still only $ .89 roughly but they were going to make it the "hottest" item next year. And sure enough as I've traveled around, in good restaurants, and in hotel restaurants, iceberg lettuce was now featured. They redid their menus and there are special iceberg salads and things like this and iceberg lettuce on special grilled chopped meat, which is a fancy hamburger. Amazing! They raised the price three dollars because it now has iceberg lettuce. And the food industry in it's subtle marketing was pushing iceberg lettuce. So it added value, it added three dollars to a plain old hamburger. So if went in to a Marriott Hotel and ordered lunch, I mean, you used to get a five dollar hamburger, which probably included fries, it's now seven ninety-five because it has iceberg lettuce. The patty of meat is probably smaller and the bread probably isn't the same quality and the French fries are probably smaller but you're paying three dollars more. What a great idea! Is that volatility control? It's another way to look at it.

Asset Redeployment (And if you remember, in response to your question earlier about there seems to some overlap……. Do you remember on the force multipliers, there was something about redeployment.)?

I've added a ninth one because you can't forget it and that's the economy. And the reason it's on the system, on the matrix, is because at any given time if you're looking to make improvements or changes or adjustments……. I'll review this again. I see a lot of you are squinting at it. So I'll go through them again.

But the bottom line is: After everything else is decided, as part of that process, you must consider not only where your economy is but where you think it's going. What the economy is in your local area as opposed to national economy if you're a locally focused only company. What the economy may be in your particular industry or trade. So it's not just the economy the way we think about it in the broader sense. It's got to come down to micro-economic terms, as well.

And it's at the end because as you go through the entire matrix, as you go down the left side and across the top, it's that last column that you're starting to prioritize what you want to redo or refine or reshape.

Now lastly, before we get into specific examples, what should an operational plan look like? In other words, when you come out of this, whether you go through all of the tactical marketing segments and all of the force multipliers or only half of them apply to your business. Or you just get exhausted and you can't get through it all at one time. Or you set up an operation in your company where you have a team of people working on this and various assignments and you have somebody that's going to track and monitor this, one of the basic things that you need to have, the components that you need to have in an operational plan that allows you to continue implementation over time.

You've got to look at five factors:

What are the <u>fundamentals of repositioning your company</u> or the operations that you're conducting inside? Now some of these will make more sense when I give you other examples in a few minutes.

What's the sequencing format that you want to utilize? In other words, you can't do everything at once. IBM can't do everything at once. So what are your most important priorities? And those are set, not necessarily by the income they generate but who are the people available to you to implement these things or how long will it take to change over a particular operation or approach.

Prioritizing the objectives. These are probably in reverse order. Obviously, you should have your objectives prioritized first. As Jay and I have both said this is still in the birthing process, this whole matrix. But you do need to clarify what your objectives are. You often hear Jay talks about hundreds and thousands and millions of dollars of profit to be made in larger companies and that's true. But for smaller companies, like yours or like ours, ten thousand, fifteen thousand, thirty thousand, fifty thousand, maybe a hundred thousand dollars without basically spending any more cash or investment capital to get those profits is pure profit.

There has to be a systematic execution. Let's assume you've come up with a sequencing format that's got fifty things you want to do. And you've got them prioritized. You know you can't possibly do more than five a year. Then don't beat yourself up over the other five. Say, "If I do these and we really concentrate on them, we're going to bring in 'x' more revenue or we're going to cut our costs and get more bang for our buck here and it'll work." So that's the systematic execution.

And lastly…….this is most important.

There has to be an ongoing evaluation process. You've got to take a look. You've got to be able to step back. If you make your own investment, an investment of time and energy of your own people, you've got to set up periodic reviews and you've got to make sure you do them to see if things are working. You know that Jay is very big on testing. Any new market concept or idea you want to try test it before you go out full bore with it. And that's an evaluation process <u>before</u> you implement something or as you're trying something out. Once you've implemented it, you still need to evaluate it. It may work for awhile and then it fades out. You need to understand why and whether it's worth the re-injection of energy or whether you need to move on to something else.

Or maybe, if you look at the sequencing of the ……format sequencing, you may want to do step A recognizing that it's only good for a certain number of months but it's going to get you some additional preeminence. Then you go to step B and drop step A. And I'll give you an example of that in a moment.

Are there any questions about the importance of an operational plan, about what these components mean? Do they make sense to you? O.K.

We've been talking……I've been mostly talking, you've been mostly listening, for an hour so I'd like everybody to kind of stand up, shake their hands, jump around your chairs. We want to make sure you stay fresh. Anybody want some coffee or water, this is a good time to do it.

Hot Seat/Mini Consultation with attendee:

I would be very interested in how you would kind of congeal some these things for one or two person operation as we go along. Because often you're not in that mind think as a two-person operation.

Allan: I'll jump ahead to a couple of things I haven't gotten to.

Do you advertise your services at all? O.K. So you're advertising on radio and TV I mean, you're being interviewed. And you have a website. Do you have peopled who are in non-competitive businesses with you that you have any kind of alliances with?

I have about five or six people that I have alliances with.

Allan: Are you linked to each other's website?

I'm linked to two of them because they're more congruent than the other ones?

Allan: What does that mean? Congruent?

In other words, there is a logical long competitivism but yet we parallel services whereas the other ones, if they were on my website, it make might you think, "Well, why are you linked with these people." I often deal with people along the edge because of the vision prospect of it. In other words, it would make you start to think, "Well, why is that there as a link?"

Allan: O.K. Are you just linked to each other or do you have other considerations them?

I have other considerations with them.

Allan: Without ………O.K. that are developing. Let me give you an example of something that might work for you. If you and these other companies that are not in competition but are in parallel related fields could market for each other --- if they sold some service for you, would you be willing to pay them something for it.

Oh, yes. We've already structured that.

Allan: O.K. Because royalties are a very good way to try to do that. One of the examples I was going to use is one of the clients that we have is a professional services firm and is in a field where there are dozens of software products out there. One of the sales managers from one of the software products kept seeing this professional services firm at all these industry shows as vendors with booths and was smart enough to go up to him and say, "Well, we don't we jointly market?"

And the professional service firm said, "My god, we can't sell software. We're a professional services firm." But as they started talking about it, they realized that everybody uses software today. Everybody, in our industry anyway, is looking for the competitive edge so let's talk about it. They wound up signing a non-competitive agreement where they wouldn't reveal each other's, they trained each other sales people and now they've got people so every time you are out calling on a client, you mention one or two of these other services, even if it doesn't seem directly applicable and if something happens isn't it going to be great to get a royalty check every quarter from another company?

These two now are exchanging royalties' checks that are now a couple thousand dollars each every quarter. That's just starting the relationship. This is only one relationship. So that might be one way to do more with what you already have at no cost. And yet, the potential for revenue generation is extreme. And you said you're already starting some joint efforts. That's one way to accelerate it. Plus it gives you exposure to all these other businesses and people that you're not going to be in front of.

Does that help?

Thank you very much.

Allan: Let me give you a couple of other examples.

How many of you advertise in some kind of a publication? Industry, trade association? We have had a client a client who did, still does a lot of advertising. And basically, when you advertise, you give the publication money and you see your ad. Isn't that generally true? That's about it. Right? Part with your money and you hope it works. Advertising is probably the toughest thing to judge the it's success rate because, in many cases, advertising is just keeping your name out there, your brand. If you advertise in a local newspaper, if your service is locally focused, it's localized.

But, almost every publication has to do something to continue to attract its readers. Correct? And most of those readers are your potential customers. Is that also correct? O.K. What this company has now done is they've said to all of the advertisers…….we want back the same amount of money that we're giving you every year in a trade. And the trade is most of these professional services publications have seminars where they offer seminars to the readers in this industry who are our clients potential partners. And they have insisted that every time they sponsor a seminar, whether it's regional or national, a senior member of this small company is on the program speaking.

So, if it's Barbara, she could be in front of, over the course of a year, let's just…..I don't remember whether you raised your hand. I know you advertise. But I'm not sure you specifically do, but let's assume she's advertising and she, now, gets to stand up in front of hundreds of people over the course of a year who are potential customers that she might not normally meet. They might see her ad every month. Oh yeah, there's another ad for Barbara. But when she's talking, when she's showing her skill, when she's describing stories that work, she's got access to customers that she didn't have before.

That's the trade and it doesn't cost you a dime more and you're getting huge exposure. And if an advertiser says to you in that kind of setting, "Well, I'm sorry. We can't guarantee that," well, then you take your advertising away. I would guarantee you 90% of the time they're going to come back screaming offering you all kinds of things. And maybe the best you'll get out of it is a 50% discount in your advertising. What are you going to do with that other 50% of the money? Well, you're going to take the "OO Matrix" system and figure out what to do with it. Right?

But the bottom line is this effort was aimed at getting back, so it's not just giving money away, it's getting something back for it. O.K.? And it's working. They are now increasing, they actually went back and looked, and this is part of this process of reviewing what used to work in the past and maybe you've gotten away from, whether you consciously decided not to do it or the business just got away from you.

This company used to do a lot of these seminars and speeches and they were actively doing them when they insisted that their senior members go out and do these things, in any given year, fifteen, twenty, twenty-five, thirty percent of the new business came from these speaking and presentation engagements. Now it might have taken six months to germinate. You might have seen me speak and given me a call two months later and said, "Hey, I saw you speak," or "I'm reading that article you left on the table," or "I saw your ad again in the publication. It reminded me to call you." They're now increasing their business. Again, without any additional cost. Because they're now in front of people who they normally wouldn't be in front of who are their customers. And somebody else is arranging for it, paying for it, and they're showing up and doing their bit.

If I use the term "rejection group" does that have meaning to any of you? Rejection group. This is probably one of the most over looked assets that you have. And what failure group means to us is that group of people that you have proposed selling your product or service to who've not taken you up on the offer. And maybe it's because, "Well, we've had a business slowdown and we can't afford it now." How many of you have heard that excuse? It can be legitimate but, O.K., most of you have heard it. How many have heard, "Well, we're going with another product because it's a lot cheaper than yours." How many of you have heard that? Fewer of you. O.K.

I realize it's hard to raise your hand. Stomp your feet if you'd rather. Just let me know that you're…….. O.K. Well, the bottom line is: You have an enormous investment already in people who know you even if they haven't used your service or your product. Would anybody disagree with that?

Think about it. Every time you send a proposal out, every time you meet somebody at a meeting, every time you go to somebody's office or their house to offer to sell them your product or service, every time you walk into a company to offer something new or just to remain acquainted or some small businesses will make a bagel trade once a month, or Halloween they bring a candy box to a company just to remind them they're out there. Those people know you even if they're not used your service.

This particular entrepreneur was stunned when we told her that she probably had this enormous base of goodwill that she wasn't tapping. And what she should do is………and this was a relatively small company…..is get her sales people or even the people that deliver the service on the phone. Get an organized list going. Go back in your records over the last six months, year, whatever the timing is, to people you have talked to, and proposed to, if you use Goldmine it will help because you can track your contacts. See, now she and I have an alliance. Right?

I've just exposed what Goldmine does. If she doesn't get one of you to buy her product over time you're making a mistake. It's a superb contact management product. We don't even have a royalty agreement.

What's up with that?

Allan: O.K. You can do any number of different things depending on what your business or industry is. If you know them personally and you have an e-mail address call them or send them an e-mail and say, "Remember, we talked six months ago about 'x." I'd love to come back out and talk to you again about some of the newer things we're doing. Or if they said, "Well, the economy is tight. We're not going to implement this service or project now. Remind them that's what they said. You'd love to come out again and talk with them and see if their situation has changed. And even if it hasn't, you'd like to re-introduce them to what you do."

Or if, like we were talking about before, if you have an alliance with a couple of other companies say, "You know, we've got an alliance with some other businesses. There's, obviously, I'm not going to sell you something but I'd like to acquaint you with them." It's what do you have that you might be interested in that you can get back out in front of them. Or….you send them a note on an article and there are articles about your business or industry or about the problem that you're past potential client had, what can you do to help them overcome that. You save an article, you copy it, thought you'd be interested and just send a little note to them.

So anybody have any other things that they do like that? Where it's re-contacting people that you used to……that you've made proposals to or that you just even met at conferences or meetings and so on. Anybody? We'll start with Barbara.

Barbara: We found that a good 25% of our revenues come from visiting people who chose someone else. We do a lot of "clean up" work where we go back in and…..

Allan: How do you track that?

Barbara: We kind of define the client's perception of us and we have, like, a pyramid that we track on how……. our value to that particular prospect and try to manage moving up that pyramid. So it's different. So if you just perceived us as a supplier, then we're going to try to earn a position as a preferred supplier. So we have a campaign that does that. If you perceive us as a mechanic that just comes in, we're going to keep trying to re-position ourselves as a contributor.

Allan: Now, a couple of you here, I know you were one. You're starting a business. You're on your own right now. Is that correct? How many of you are sole proprietors right now? What advantages do you believe that you have as a sole proprietor that are worth talking about to people you've met over your competitors? I assume you all have competitors. If not, you wouldn't be here.

One of the best expressions I've ever heard is: You get me. You don't……somebody open the back doors to let the light in. Thank you. Are the lights on in the hallway out there? O.K. The controls are in here. I assume……… O.K. They're all coming back on, Jay. Thank you.

You get me. What is it about me that make me desirable? One of the great debates that……whether it's individuals or companies……often have is: How do you and do you describe your competition when you're in a selling position or in a marketing position? Maybe not selling a specific service…..a get acquainted session or meeting. Anybody have any ideas or techniques that you use for that? Sir.

Voice: When someone asks me about a competitor, a specifically competitive product, my usual response is: I really don't know very much about that product but what I do know a lot about is mine and how it can help you. I go out of my way to not give free advertising to someone else. I never degrade them. I never talk anybody down or bad but I certainly do not become an extra salesperson for someone that I'm competing against.

Allan: Do you make it clear what the benefits are? That's the key word, BENEFITS, from using you and your particular product?

Voice: Yes. We got back to their situation, their problem, their issues and how what I have could possibly help them with what they're attempting to accomplish.

Allan: And would you think your competitors, though, were doing the same thing?

Voice: No. Maybe the competitors are, hopefully, less disciplined than that and they have a tendency to say things about my product that may help me or at least raise doubts about their own integrity or may demonstrate even a lack of knowledge about their own product and their part.

Allan: Thank you. Tom?

Tom: We have a major competitor who has been in the business for a long time. It almost always comes up in conversation so we've trained…..I've trained myself and our sales people to respond, "That's a great publication. Who runs that?" and then move on. As he said, don't talk about their value. Tell them what we can do.

Allan: Anybody else?

Voice: Not as a sole proprietor but we bought an existing company and they'd lost many of their clients because their administrative and billing was very bad and very sloppy. We found out that most of the competitors had the same problem, so we fixed it. And we're now going back to the lost clients of the past two years and recapturing them at a very fast rate.

How many of you send a letter……let me put it this way. How many of you just send out bills without some kind of note or letter? How about sending out a cover letter with every bill that says, "We really appreciate your business. We're doing everything we can to earn it. I want to know if there's a problem." And if it's a larger company, like yours, where you've got thirty or thirty-five people, say, "As the CEO it's critical that I understand your needs and wants. If there's a problem let me know if something is….." Don't ever ask for a problem without asking for something positive, too. "I'd like to know if they're a problems. I'd also like to know what's really working best from our service or our product." And then you attach a bill to it.

How many of you have fax forms? Does it just have the name of your business on it? And the return address and the fax number and e-mail and a website? Have you ever thought about using a fax form or just a blanket….on e-mails? Do you have a buzzword that you want to describe, like "You get me."? I don't ……. I keep looking at you but I know you're an individual operator. "You get me." Did you ever think about putting that at the bottom of every fax page or when you send an e-mail to somebody who's a client of potential client, repeating whatever the theme is. In other words, look for opportunities that don't cost you anything that let the client know you care or that define what your service is that distinguishes it from other competitors. And you remind them of it all the time.

We used to use a phrase, the current company that I'm part of has been in business since 1991. We've had a couple of iterations of it but throughout the last ten years, almost eleven, we used to use the words, the art was on everything, 'Dedicated to helping our clients persuade decision makers.' That was on everything we did. We switched it recently because in talking to our clients, we made a real effort to find out what it was that they thought we did that helped them the most. And the word "solutions" kept coming up. It kept coming up all the time. So if our clients are telling us we're giving them solutions and we think we're giving them strategies, which word do we want to use? We use both now. What we say now is: Creative Research, Strategic Solutions." It doesn't matter that we persuade decision-makers. They don't care. That's why they're hiring us. They want solutions. And we got that from talking to people. And it doesn't mean you have to call your current clients or you'd send them a letter and say, "It'd really help me to understand how to better serve you," and have a checklist of things and ask them to fill it out you probably won't get much of a response. But, if you listen to people when you're doing proposals or sales calls or when you get letters back or you listen to seminars in your business and you hear what language you're clients or potential clients are using that's what you need to try to capture.

So think about using fax forms. You know, the Thought You'd Be Interested cards so if you do get a little letter, I mean an article, that you think might be applicable and just make copies and send it out whether you have twenty clients or five thousand, the little Thought You Might

Interested card, You'd Get Me, or I see you taking furious notes. You've got a couple of things that you clearly think about now that you could be saying. Right?

Voice: I was just thinking about putting the saying in the fax or e-mail, the words, "You Get Me."

Allan: Or whatever it is that you believe works best for you.

Voice: Well, what does it mean, exactly, You Get Me?

Allan: Well, what I was talking about was with a sole proprietor if you're competing against firms that have multiple employees, a lot of time what happens is that a potential purchaser of your service may say, "I'd rather have a big company." However, they're not getting the top person in the company. You're the top person. Right? You get <u>me</u>. You don't get somebody's third level assistant. I'm the one that's going to be doing your work. I'm the one that's going to supervise the installation of your product. I'm the one that's going to come back and check to make sure it's working. I'm the one you're going to call if there's a problem.

Now I'm not saying that's the phrase you should use but that is the concept. When you're competing………and maybe you're competing against another sole proprietor. So at least you've put in your potential client's mind, You Get Me. Then you have to be able to define what 'me' means. Why is 'me' better than 'x' or 'y' or this lady sitting across from you? Right?

I was just interested in your rejection group. I work in a larger organization and a lot of times we lose jobs that are strictly price-driven. I'm wondering how much value I could get by focusing on the failure group instead of focusing on companies that are giving us jobs on a higher margin basis.

Allan: Do you see them as mutually exclusive?

In what way?

Allan: You can only concentrate on one group and not the two?

We can but we tend to find that the bulk of our revenue comes from the people that we concentrate on. So we're probably getting a better benefit.

Allan: When you say concentrate one, the way you defined that a minute ago was the people that actually are buying from you.

Yes. Absolutely.

Allan: So you are only concentrating…..I don't want to put words in your mouth…..your major concentration here is on your past paying customers?

Yes, typically because the margins……….we kind of do lip service and we provide quotations that are expensive to these customers but we know they're price-driven. They are the customers that are alliance partners give us the work is better at higher margins so we tend to focus on those people. Because their industry is so cyclical that when we're going, we're going hard and then all of a sudden there's nothing. You know? So we're almost forced to focus on those people, probably at a price.

But I'm interested in how I could work on this rejection group and actually…….

Allan: I have a couple of ideas but this gentleman says he has one, too. Cross-fertilization. You're industry, again, was? (inaudible) And yours? Computers. Totally different. You've got a possible solution from a completely different business.

We were losing some bids to low cost people, clients who wanted cheap alternatives. So what we did was we created a cheap clone item. In other words, it has a lower cost and we can turn around and spin it out to the failure group.

Allan: That is one good option. Let me ask you a couple of questions. Are these competitive bids in that you're stuck with a price once you submit it? However, forget government agencies, if it's a private corporation then may say it's a fixed price but it doesn't have to be. Is that correct?

One of the best articles I ever read about when you're in a price competition is let's assume a client that you know really likes your product. Even if they don't. But you think you've done a good job in explaining why your service, your system, your product is going to be so much better for them and they call and say, "I'm sorry, but the price is too high, we're going to go with somebody else."

The question, perhaps, to ask is: Let's take price out of the equation. If price is the only obstacle, we can deal with it. If there are other things in the proposal that you don't like in ours or there are things that you prefer in theirs, let's see if we can work that. But let's take price out of the equation." And what you come back to is: What value do you bring? And can you clearly describe the "something" that's in minds will add money to their project to get that extra value?

So the question is: If price is taken out of the equation, let's talk. Maybe 5% of the people will say, "O.K." What have you lost? You've invested time and money and energy of yourself and your company to make that proposal. Don't let it walk out the door without at least one fight. And then six months later or three months later depending on the germination period of the product and service that's being put in place, call them back.

Somebody else suggested this. "Are you satisfied with what you got? Is it working? Is it meeting all your expectations?" You don't downplay the other product. You just ask the basic four questions. If they say yes say, "Great. I'm glad to hear it. Please let me know when you have your next proposal because we're going to be more competitive next time." And then you contact them periodically whether you have a lead person that does your proposals and part of their responsibility now becomes calling back people that you work with or sending them an article.

Set up a frequency. Some companies will do something every three or four months like clockwork to let their good clients and their past clients and people that they've lost, or people who know who they are just have never even called them for business that you're out there. So those are a couple of ways to consider approaching it.

In terms of the rejection group, I think it's a rich potential source. And, again, it doesn't cost you extra to market to them since they already know who you are. This is the biggest lesson. When you've made a proposal or you've done a speech in front of a group of people and you get names of folks, they know you. It astounds me how often I'll get a call and I've been doing this a long time --- this particular business we've had three different companies that we've built and sold or they've been bought or whatever. But I've been in this field now for sixteen years, how somebody will stop or call me and say, "You know, I saw you give a seminar four years ago and I kept your name. I have a file. Now I have a project I need to talk to you about."

The best is when you did a project four years ago and somebody calls and says, "You know, I really enjoy getting those articles that you send out," or "I like that newsletter that you send," and so on, "I have something to talk to you about."

The single best source of repeat business is past clients. The single best source of business is past clients. But don't let people you've made proposals to in the past fade away. It's a rich potential source of business. They know who you are. If you keep some regular contact with them, over time, you hopefully will bring business in. And it doesn't cost you more to do that. It's one of the things we're going to get to in a moment.

Any more questions about the overall matrix and so on? Yes, ma'am.
As I mentioned yesterday, the business that we're doing --- this is land sales, the company, the broker with whom we work supplies us with clients and then from these clients we get referrals. The ones who work for me……I have at least a hundred new paying clients a year. Then out of these I have maybe three hundred did not purchase but I still have the info sheet and I just don't know what to do with them, actually. It's in my filing cabinet.

So my question is first: What do I do with the clients who bought from me. Because sometimes they call me and they said, "You know, Dolly, remember me? I bought a piece of land from you in 1994?" They were the ones trying to befriend, you know? What can I do to my clients who bought even through the years? And then what can I do about the failure group --- the ones that did not purchase? Sometimes these clients are even ashamed after we make the presentation that they did not purchase, like they were so apologetic. "We don't have the money."

So what other things can I do with my existing…….the ones who bought from me presently and the ones over the years, aside from sending them notes, e-mail, sending them articles?

Allan: Could you make five phone calls a day?

Yeah.

Allan: O.K. Five phones call a day. Twenty-five calls a week. One hundred calls a month. In three months you will have contacted all three hundred of those people that you said are in your file. Cut it in half. It's six months.

This is the rejection group.

Allan: See, the reason I'm using the rejection group. We should be talking about it as an opportunistic group. We call it the rejection group because most people look at is a failure that they didn't get the business for some reason. And you shouldn't do that. I'm using that title as a way to draw attention to it. You picked it up. You've got a file cabinet, you said, with three hundred names who know you. Right?

So you build up a little script and say, "I'm calling you." Chances are you're going to get a voice mail. So you have forty or fifty words ready. "Hi. This is so-and-so. We talked and you have the date there which will impress him. Remember, we talk about this potential sale. You weren't able to do anything then. But we've got some great new opportunities. The mortgage rates have never been lower, dah-dah, dah-dah. Here's my number. Give me a call." In three or four months, if you're disciplined about it. I used to make forty calls a day. I know what I'm talking about. Jay's first job was selling gold. You don't think he was on the phone every day? So three years. I made forty phone calls a day. So nobody can tell me it doesn't work. It generated three or four million dollars worth of business every year like clockwork. It took several months to get rolling because then I put them on a cycle. And whether it was every four months or every six months, I called them back again. I said something a little different. Or, I sent them a little article or I sent them a little…..I wrote something up and sent it out. If you can get a software system that allows you, over time, look at it as a one or two year project. Again, thinking about the sequencing of activities. You can't do everything at once. But you've got a Goldmine sitting in your file cabinet.

By the way, the first name for this wasn't going to be Rethinking Inside the Box. It was Digging Inside for Gold. Because you've got a bunch of gold sitting in a file drawer.

Three hundred a year and I've been doing this for nine years.

Allan: All right. So you've got twenty-seven hundred names?

And if five sounds a lot, try two. Set a number and do it. O.K. Pull those files out and start…..come up with a little statement that you're going to read to them. Now if you get somebody live you had better be ready to say something else after that. And you also have to anticipate if you get someone's secretary or somebody that's a screener, you have to ask for their voice mail and if they say who's this say, "This is _______, (your name) and he and I talked several years ago and I'm just following up." They're going to put you through at least to voice mail. Just about everybody has voice mail. And if you get a screener that screens you out completely, I would call back once a week for three weeks. Maybe you'll get lucky and somebody else will be on the switchboard when you call. I wouldn't call just because you hit a single obstacle.

It sounds to me like you already have a couple of things internally that you can look to that you can pull out to start generating some potential revenue. The one thing you have to do is make sure you set yourself a reasonable expectation. Going back to past clients or people you've made proposals to who haven't accepted your bids in the past, or your services or your land sale deals, it's not going to start flowing overnight but it costs you nothing. If you're sitting at your desk and you've got those names there and you can translate those into active leads….

I have a friend I grew up with. He and I were both born in Elizabeth, New Jersey. We lived across the hall from each other in an apartment house. So, I've known him my entire life. He has an executive search business that's primarily contingency, which means he doesn't get paid unless he brings in somebody that's hired by a company he's working for. It's a rough business.

When he first started training, he worked for a big national firm called Management Recruiters. Have any of you seen their ads? They're still out there. They had a set pattern. They would tell new associates, "For every forty phone calls you make, and these are basically cold calls or they're calls back to companies that have gotten to know them a little bit. For every forty-phone call that you make, you will get one potential lead. And for every ten leads, (I see Carl shaking his head) you get, you'll get one client. What does that mean? Four hundred phone calls for one client. Can you imagine coming into the office every day and thinking, "Ahhh, I've got to make four hundred phone calls?"

So come up with a number that works for you. And recognize you will take time but if you do it consistently and if you follow up with a mailing periodically or another phone call say, every six months, over time……….

Let me give you another example and then I want to take one of you through the charts so you all get a chance to experience it. O.K.? I'll give you one other sample from Jay.

Oh. How many of you get these little brochures from real estate people? It's like a monthly newsletter or it keeps you up to date on what's happening in your neighborhood. We all get them. Right?

Is it O.K. for me to mention your client's name, Jay? Jay got called in several years ago and their problem was each broker was required, I think the number's correct, each broker was required to send out six hundred of these newsletters or some mailing piece every quarter. And they said, "What can we do to generate more business?" And this shows you how his mind works.

He said, "Why six hundred?" So they did an experiment. They took several different regions around the country. One region the broker went to twelve hundred every quarter.

Another region they did the same six hundred buy mailed twice as many a year instead of four a year, they mailed eight a year. And they found that the average increase in business for those brokers went up thirty percent. For both groups. Twenty or thirty percent. I don't want to give you a firm figure. But it went up that dramatically with that kind of consistency. Now that is somewhat of an extra cost, I grant you. It's not "rethinking inside the box" except that it is in a way.

It's challenging what you do and finding out if there's another way to do it. And if you save half of the advertising money we were talking about before, maybe you put into reprinting some newsletters, brochures or in your case, some kind of description of your latest offering or something like that. I do think for you, if you could get a software system that you could easily use, a contact management system and you might want to talk to Barbara during the break.

But if you use a contact management system and if you have no one else to do it, if you discipline yourself so if you're going to make five calls a day, if you enter those five names and phone numbers into the system, you don't have to do anything else. You can just put a little point and every six months it's going to kick that name out to you once a week. You set it up easily and so you get a list of calls to make that week. Or if you want to send a mailer, you press another button. It's not quite that easy but almost that easy. And you get a set of labels printed up. And you send out whatever it is that you have. So you've got the process in place. And if it takes you a year or two years to enter them all, isn't it going to be worthwhile for you to do? Sure. And it's not a real stretch to do it. Set a realistic number.

One last thing and, Sue, I'll come right back to you. One of the reasons that IBM was so successful for so long was that with their salespeople……. How many of you have worked for companies or you know people that work for companies where the sales goals were so extraordinarily ridiculous that people walk in January 1 and say, "I'm never going to make this work. Why bother?" How many of you know people or have had that happen to you? I see several.

IBM was very smart. They would set their sales goals so that eighty- percent of their sales force would make the goals. They didn't set unrealistic goals. They really looked closely at the markets, the products, the people, the services and past performance and past history.

Think about it now. If you were working for IBM in their golden days and you said, "Man, I am going to make that bonus this year." And from Day 1 you're working. Probably, instead of eighty percent meeting their quotas, probably fifteen, twenty or thirty percent of that eighty percent doubled the quotas because they came in knowing it was something that they could do. It wasn't going to be so obnoxious that they'd never accomplish it.

And that's what I'm suggesting to you. And it's the same thing for the rest of you. When you set a goal for yourself to follow up, to do something new, to reinvigorate something --- do it in a reasonable fashion. Recognizing all of the other pressures on you for time and energy and especially if you have staff….and the amount of time it takes to manage people and their problems and training and so on. Yes, ma'am.

Voice: We used to do a mailer once a month, which was our menu. And we used to send it out to five thousand people. What would happen is the week the mailers went out; we'd need to have full staff in the restaurant. The next week we'd only have to have three. And the following week three. But the week before the mailers went out we only needed two. So it made it really hard to hire. We changed that and we went to a thousand every single week. So we're sending out a thousand less flyers. We can hire one person to have three people in the restaurant at all times so we give them a guaranteed hour per month so they can make their wages. And it's cut our mailing costs. So it actually works, sometimes, spacing it out more, with doing the mailers as opposed to doing one big lump.

Allan: That's really looking at volatility control, isn't it?

Voice: Volatility control, time management, no, what can you actually quality service. It's great to send all of these mailers out but if you can't manage looking after all those clients appropriately and give them quality service, they're going to go elsewhere.

Allan: You should be teaching this course. Any other comments or questions? What I'd like to do in the remaining time that I have is offer one of you the opportunity to sit in the "hot seat" and let me take you through the Force Multiplier Overlooked Assets and going down the axis Advertising and Marketing and taking that Tactical Marketing segment and taking your particular business and service through it. It'll help you individually and it will, hopefully, give the rest of you an idea of how to apply this matrix and maybe you'll like to help the person who's going to sit up on the "hot seat". Would somebody like to volunteer? O.K. We've got two people. We'll do a crash for both of you since you…….

Sir, would you like to come up? Now what I hope will happen is both and Jay and Carl Turner, who I guess is going to talk next or are you just here for free coffee?

Would you remind us of your business again, in thirty seconds or less?

Allan: So give us an example of some of the specific products that you're selling.

Voice: O.K. The main ones would be the knees. Knee sleeves, elbow sleeves, and then we have t-shirts, turtlenecks, long johns, socks.

Allan: And the market you're trying to reach.

Voice: Anybody that has pain. Arthritic pain. It could be muscular pain from athletics. It can be degenerative pain. It could be rheumatoid arthritis pain. It could be pain from healing from surgery.

Allan: Bad circulation pain, migraines.

Voice: So it's a very broad and a very dynamic market that's constantly regenerating itself, no puns intended. And our focus has been woman thirty-five to fifty-five --- that's our target market.

Allan: It could be menstrual pain.

Voice: Oh yeah, bad menstrual pain.

Allan: Are you looking geographically at a limited area or…..

Voice: No, right now, well our main focus in the past, because I have a pharmacy was to market to the local area but now we're trying to market in the U.S.

Jay: Allan, you should know there are two or three companies. Most of them are network marketing but I had, at one of our programs, we had somebody who was doing five million dollars direct and they were just doing infomercials on believe it not, short wave radio networks. So there's a company doing like half a billion dollars doing it network marketing and they have a broad spectrum of magnetic…..is it magnet fibers or……

Voice: It's not magnetic. It's ceramic.

Jay: Oh really?

Voice: It's ….the advantage of our product is that they grind the ceramic very, very fine and they capture that ceramic within the polypropylene so those Chinese invented a process……it has the only process for capturing the ceramic resin …..they put the ceramic on the outside so you can wash away eventually. Ours will never wash away.

Allan: O.K. Let's stop right here for a minute. How do you promote that product now?

Voice: We're doing infomercials on the on radio.

Allan: That's the only thing you're doing?

Voice: Well, here in the States, yeah.

Allan: And where are you doing the infomercials?

Voice: Well, we're doing three test markets. We're doing Spokane, Bellingham and Salem, Oregon.

Jay: And the reason you're doing that is because they're geographically close.

Voice: And we got very good radio rates.

Jay: But you don't know if that's good or bad.

Voice: Right.

Jay: And the products sell for approximately $50 to $200 apiece?

Voice: Yeah. Low of $20 to the highest would be the turtleneck at $120.

Jay: And most of them are direct sales? I can't remember. Or are you selling it just in a lead generating going to a phone room? Which one?

Voice: We're doing it, going to the phone room, they get the name and address, and we send them the brochure. They can't take direct sales.

Jay: They don't try to close very well on the phone.

Voice: Not unless somebody has a specific request.

Jay: What's your current marketing budget? How much have you got to spend to market?

Voice: Well, about $10,000 a month.

Jay: And when you spend $10,000 right now, what is yielding you?

Voice: Well, on Vancouver when we spend $10,000 it yields $30,000-$40,000 in sales.

Jay: Three to one. And a product cost what?

Voice: About a ten of the price.

Allan: A healthy margin.

Voice: A $20 wrist cost me $1.50.

Jay: That's a very good margin. So you've got a great margin.

Voice: Pretty much.

Jay: And it might be that the margin is so good that you could break even on one lead product and back end them, no pun intended, on all kinds of more expensive versions. Right?

Voice. Yeah. That's another possibility. We're concentrating on these.

Jay: Or said differently, just so you get what I'm saying is, if you've got a ten to one price and you know that for every ten people using the analogy of the phone analogy that buy a knee one or a wrist one or an elbow one, you might get five people that could buy a back one or another product that has ten or fifteen or twenty times margin. It might be worth your while to break even all daylong and not worry about profit. So, I mean, it's a strategy.

Also, your strategy may be better not sending a brochure because your brochure may suck, no pun intended. It's neat but it doesn't look like it's a great sales brochure. You might, basically, be better off having an arrangement with a phone room that…..I'm just giving you some thoughts right now and then we'll go through the matrix with you. I'm just trying to get some ideas. So…..

Voice: We're trying to get the people in the phone room to send them to the website to buy the product.

Jay: Let me give you…again, this is not ……this is a disservice to Allan's process but we can't…..I can't help but maximize when we're there……

I'll say three things. Our experience. We used to basically try to generate inquiries to our website. When we were doing that we'd get like seven thousand people visiting the website and twelve that would buy. We then decided we didn't want to do that. We wanted to direct them to a live person. In this case, Carl's a good example, it was a person named Carl Turner. And maybe we'd only get a thousand people to call but we'd sell two hundred and fifty. And one way we'd make $12. The other way, to give you an example, we changed strategies --- on one product we sold $4,000,000 worth last year, Carl, just through you. When we did it the other way, we sold what? About $4 worth?

Carl: Something like that.

Jay: Our belief and you may be luckier than we. We don't believe you just turn them over passively and anonymously to a website. We think you're better off building an infrastructure even if it's a subcontractor in the beginning with somebody who, and you may be…….pricing probably doesn't matter. On my experience because we got started doing arthritis-type of products years ago, we found that price was almost irrelevant when they had pain. If you had a solution and it was guaranteed and you could articulate why it was different and why and how it could either give them blessed relief or at least reduce or manage it.

Voice: We find that in the store we can sell sometimes $600 worth of product to someone with arthritis, whereas the old days if we sold a $10 bottles of cough syrup…..

Jay: Now something else here and this is an aside but so you have a chance. A couple of people said to me here, “Can I order from you?” Why I doubt if you could $5,000 an hour but if you had enough upside I’m open to always to working with people who’ve got enough marketing money and discipline that they could build something that I could get a piece of for some fee but more of an upside. You might be a great example if you’re manageable, directable and you’ve got a little bit of marketing money. You may not. I don’t know if you are, but you’re somebody who’d be intriguing because everything I’m seeing is…..I’m presuming you’ve got a high-performance result but you don’t have high performance marketing right now.

Voice: We give a money back guarantee and we get back less than five percent.

Jay: How many units have you sold so far?

Voice: Well, right now we’re selling in the Thermaco brand which is the same as my Solartherm (?) in the U.S., but we’re………

Jay: Why do you have two brand names? Is one already taken in the U.S.?

Voice: The Thermaco product I don’t manufacture. I am a distributor for it in British Columbia whereas the Solartherm I actually, they get it from China and make it yourself.

Jay: Why wouldn’t you do that in Canada, too?

Voice: Because I have a marketing agreement with them to distribute in B.C.

Jay: And the margin is as good with their product in B.C.

Voice: Well, it’s not as good as when I make my own, of course.

Jay: So why wouldn’t you sell your own?

Voice: Because I have a long-term agreement with Thermaco and……

Jay: Is there a non-compete on your part?

Voice: No. I’m non-competitive. I can sell anywhere but…….

Jay: Do they have a lot more products in their line?

Voice: No. It’s pretty much exactly the same line.

Jay: O.K. Well, I’m sure there’s a rationale for it, which we’ll figure……

Voice: I just don't want to……we've established a name in the market. We do one ______ at a time. We've got brand recognition in B.C. Even in Victoria, you've heard of it. Right?

Jay: All right, that makes sense? O.K. So why don't we go through it? Go ahead.

Allan: How long have you been doing this $10,000 a month advertising? Is that $10,000 a month in each of those ten markets?

Voice: No. In those markets we're spending about……the U.S. markets? We spent about $5,000 last month buying radio time in those markets.

Jay: Are these sixties? Are they twos? Are they thirties? Thirty sets minute?

Voice: No. These are one hour and half-hour.

Jay: Infomercials.

Voice: We do some two minutes and we do some thirties. As well as reminders during the week. The one-hour ones only play on Saturdays and Sundays.

Jay: I don't remember, Allan, on your matrix. Is the strategy one of the matrixes points, too?

Allan: A particular strategy?

Jay: No. Just your strategy. I mean, like, what's your strategy. Because strategy is a big lever, too.

Allan: It comes out of one of the others.

Voice: Well, this is the question we have. Are we doing the right thing? Should we be going to other big companies and saying, "Well, here's the product."

Jay: Well, in one fell……..we'll do this tentative swoop. Allan, I'll turn it back over to you. I'm sorry. I sort of run with it when somebody is doing stuff to show how many impact points they're not taking advantage of. But go ahead, Allan.

Allan: We're going to look now at the Positioning Tools Overlooked Assets. That basically means what do you have now that's in place that's either not working for you or that's working that could be put to multiple uses or different uses. O.K.?

Let's just run through the marketing segments to see if……and these are all positioning points. O.K. You have two brands, you said, you market. Is the brand name the most important thing to selling or is the description of the product?

Voice: Description of the product. The benefits of the product.

Allan: O.K. So…….are you selling benefits or are you selling the name?

Voice: We're selling benefits.

Allan: What's the first paragraph in the infomercial whether it's thirty-second or one hour?

Voice: First we do the introduction.

Allan: What does that mean?

Voice: In this particular one we did for the States, I have another pharmacist and I interview him so I say, "Here we are. WE have Allen Glasser, a pharmacist from Mark's Fozzo Pharmacy…….."

Allan: You might consider putting the bottom line out there the very first sentence. That is: We are here today to describe a product to you that "x, y and z." So you've taken the brand. In this camp, it's not a brand, it's a benefit and that's fine. You lay it out right off the bat. You get people's attention and you remind them, periodically, through the interview process because you may be too pharmacologically oriented and you're getting into all the details. Every third or fourth question or every third or fourth answer ought to have the word benefit in it or I'm feeling better or something like that. So one of the things you might look at and revisit……it's not going to cost you any more to do it is re-scripting. The only additional cost might be re-recording.

Voice: Well, we record it every week anyway.

Allan: Well, good. But you may want to do is……..we'll come back to that. You're working with the media. O.K. Now, if you went to those media people and said, "You know, I'm spending 'x' amount of money every week or every month. For that, I would like to be on one of your TV shows. I can call in from Canada or whatnot. But for the money I'm giving you, I want more than you're currently giving me. I want to the opportunity, if you've got a talk show on Sunday morning or whenever it is, to be able to call in and talk to whoever the emcee is about product, do some advertising." They may or may not let you do it.

What you could do, regardless of that, is instead of five, six or eight thousand dollars a month, take some of that away, not to punish the station

(tape garbled – inaudible)

Voice: ______________ almost no calls. Only six or eight calls from a one-hour program whereas we do the same thing in Vancouver --- we get hundreds of calls from the same one-hour….

Allan: Then why are you doing it? You understand the process. Carl, you look like you want to say something.

Carl: Going back to the other. We discovered that sending people to a website vs. having them talk to a live person, diluted what we got. One time we had four thousand leads and we converted, I think twelve of them. We were looking at a program where we should have made about two million dollars and instead we just broke even. So it was a very expensive lesson for us.

Jay: The lesson is you've got maximize, not minimize.

Carl: Our new strategy now is to have people call me directly --- someone who can sell. If I don't sell them right then I send them out some more information.

Jay: Carl is probably the greatest dedicated objective trusted advisor you'll ever meet. Because of that he's massively successful because he doesn't tell somebody to do something that isn't in their best interest.

If you educated a group of people like Carl, and relatively speaking, who were nothing but very well educated, trusted consultative advisors and they knew that you could help, they knew which products were right, they knew the scenarios, they could relate to success stories you had and tell people anecdotal stories that really illustrated and case study analogized the kind of transformatic benefit you offered <u>and</u> they were incentivized enough so they made enough money that they really put the healing, consultative advice as the primant (???).

If you don't have it you found somebody out there who would love to have leads and you know you don't get leads now but it sounds like the way you're doing it is wrong anyhow. I would stop doing infomercials immediately and do two-minute short form. We've done that on radio and we've found that it works. We got ten to twenty calls per commercial buy.

Voice: We figure, I may be wrong, it requires a lot of descriptions. If I have said to you, "Oh, I've got this infrared wrap…."

Jay: May I be so bold to everybody and this is a point that Allan might be trying to uncover and I'm usurping him. Your vision of selling a "thing" requires a lot of description. Selling the thing, "How would you like to have your back pain, your neck pain, your arthritis pain, your menstrual pain relieved and eliminated in just two days and be able to control it forever? Well, we may have a solution." That just took me about fifteen seconds and I think that you pretty well telegraphed a message to anybody who, if they experienced it, would be interested, don't you think?

Allan: In other words, don't tell them what the product is………

Jay: The analogy that I always use is in the book the biggest point we made was people that go to a hardware store or the Home Depot going to buy a drill don't really want a drill. They want a hole. A drill is a vehicle to get a hole, isn't it? If you could say, "I'll get you a hole with this fifteen minute incantation, that would be even better, wouldn't it?" You're making it about ten times harder. That's the first thing I think Allan would say. Go ahead, Allan.

Allan: In fairness to this gentleman because we promised, let me just make a couple of other observations about how you might use this matrix. For example, you call up the radio station in Salem, Oregon that you're now spending how much with?

Voice: $5,000 a month.

Allan: However, you spend that money if you reorder it, you shift away from the half-hours and the hours and go to the short bullet point. You call them and you say, "For me to continue advertising with you, I need you to call the local newspaper in Salem. It's the state capital isn't it?" All the legislators are in pain or they should be. But the point is you say to your salesperson in the radio, "In order for me to continue paying you the $5,000 a month, you need to call the local newspapers and get them to start writing features on my products." Local newspapers need fillers. Right?

Quite frankly, not to insult any of us but if you give them the story, especially local papers, it'll find its way in there. So if they want to keep your business at the radio station, they know who the people are in the local newspapers. It's not going to cost you anything to get some feature stories about the new product or services that you're offering.

It won't quite be a sales piece although you can license the press release yourself and you send it to the newspaper saying that Tom "X" over at KGXY or whatever the name of the station is told me to send this to you. I'll be down in Salem. Let's do an interview. So you can take advantage of that relationship. You're basically saying to this person, "I'm giving you $5,000 a month. I want more than radio time."

What you could also do is cut back for a couple of months. If you cut out the half-hour and then cost it cut. Maybe for the next couple of months you do $2500 or $3000 of the short benefit related ads and then you send a bunch of direct mailers. You haven't spent any more money. You're saturating the market. And if you get direct mailers and you get some newspaper publicity and you get your ads

-- *end of Side Two of tape One* ---

Allan: Test and evaluate it, and you folks, these alliances are often a wealth of potential leads and potential leverage because they're seeing people you're not and you're seeing people that they're not.

Alliances, Strategic Marketing Alliances and Profit Mix Alliances

There are three different kinds. Alliances in general. They can be with just organizations that you can use like if there's another trade publication that has periodic articles, if you get their permission, in your newsletter or your mailer or your advertising use something from them whether it's a quote or an article that you reproduce as part of your newsletter --- some computer tech magazine or something. You get their permission. It's an alliance. You're helping your clients learn more and it doesn't cost you anything to do. You pick and choose the articles.

Strategic alliances are more like the type we were talking about with this lady here where you try to ultimately develop the ability to sell each other's, or at least present, each other's products and services and the key there is where you can't have the referrals coming back through you. You understand that's what you're doing now? Because they know where the referrals are coming from. We have an alliance right now. But one of them is an alliance where the calls that we refer go directly to this other company but we have such a good, trusting relationship that when I see that check every quarter, the royalty check, I know that our folks are out working and I know that they're being honest and up front and they list where the referrals come from.

Again, in Mark's case, if we had talked through all eight tactical marketing segments and all eight of the force multipliers as we did with this other gentleman, as we've talked about with some of these other people, you get a sense of how this could really help you build business by looking inside, by taking advantage, by taking a fresh look, by challenging what you do, by looking at your product mix, how you outreach market and so on.

Do you see the value of trying to do this? Over time this is going to be developed and fleshed out and ultimately be available. We're probably going to put it in a book form, too. And you can understand now why it's going to take time because if you multiply the eight force multipliers and the fifty positioning points that we have and there may be more because in each business you may want to add to this list. But we are going to be doing that over time. For you folks, for now, when you take what you've heard Jay talk about so often what's on the website and just rethinking inside what you're doing and challenging it, hopefully, you will be able to build, at no additional cost to you, additional revenue streams. And that's what it's all about.

For those of you who have sole proprietorships, it's still a remarkable way to think through your strategy, your approaches, your potential or how you may want to market or change marketing, how you want to do business. But you have the basic framework now for the 00 Matrix and I urge you to try to use it and apply it.

Remember the last thing that we talked about and that was Implementation Plan. You've got to build into your weekly routine some time. You have to do it. You must build in time, every week, to review where you are not just with your staff thing and your ongoing issues and so on but with a long-range look to what you're doing. Even if it's only five objectives and five things you're going to accomplish this year, for this lady, if you did no more than twenty calls a week (make it easy on you). O.K.?

Make twenty calls a week and you enter twenty records a week, think where you're going to be in a year. If you get a software system so in the future you just scroll up on August 8 and it tells you whom you should call. Then when you want to send out a mailer, you just punch another button and Goldmine's almost that easy. And you get a bunch of labels that come out and you can sit at your desk while you're calling people on the phone and put the labels in and stuff the envelopes.

Q. What do you suggest for the software that ___________.

Allan: What do I suggest? What have I been talking about?

You know what? I'll be very honest with you. When we started this current company that we have in 1991…… It's been sold and resold and so on but the same company. We had the opportunity to look at all of the software out there for contact management, which is what this industry is called. And we selected Goldmine.

We have fifteen offices. We've expanded. Goldmine updates itself. It has all new features. We don't use a lot of them, quite frankly. It's got a lot more than you'll ever need in your life but it is a remarkably easy system to use. It's easy to enter your data and it's easy to manipulate it. And in your case, for example, if you're going to do a mailer you're not going to be segmenting by city or zip code or anything like that. You just want a printout of the mailing labels.

And so you don't have to worry about all of the technical things it takes to segment things. Or if you don't want to bother with a listing of your….when you make a phone call you don't want to go into Goldmine and enter the date that you called them. But you can do it. You can use the system or you can do it minimally. It's a superb system. And I don't know Barbara. We've seen each other twice in the last months, just coincidentally at these functions.

But that's the system that we've used for almost eleven years now. It'll be eleven years in September and some of our folks in other offices, when we've acquired other companies, use some of the competing products and they work fine but we've transitioned everybody into Goldmine. And she'll probably make you a special deal because you're here today.

Barbara: You know one thing you didn't mention and this is, I'm not going to sell any product. There is a feature in Goldmine that allows you to set up a strategy so you can say, "O.K. Here are all my clients. I automatically, without thinking about it, want them to get….be called every quarter or called every month or called every year or a sent a letter, sent an e-mail. You can set those up once so you don't even have to remember. All you have to do is remember to look at it every day and it'll tell you what to do.

Allan: Let's give Mark a hand.

So we have the Double O Matrix and we have the Double M, Mark and Marvin. So thank you both. Let's take a break and good luck for the rest of the day.