

# SMART SELLING

Moving Your Business Through a "Down-Shifting Market"

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## The purpose of this seminar is to:

- Supplement your expertise with sufficient skills and knowledge to prepare you to choose the direction of your company that is necessary to succeed.
- Share with you the effective, proven management techniques used by successful business people.
- Help you identify your own most crucial keys to business success so that you can set clear priorities, take action without delay, avoid common difficulties before they arise and cope with the unexpected crises.

## The Agenda

- I. SMART SELLING AIN'T FOR DUMMIES
- II. DEFINITION IS TRICKY BUSINESS
- III. THE BUSINESS DETECTIVE
- IV. TREND SPOTTING
- V. COMPETITIVE ANALYSIS
- VI. TESTING THE WATERS
- VII. SMART SELLING
- VIII. CONCLUSION

### I. SMART SELLING AIN'T FOR DUMMIES

- The American Dream: 2 or 3 generations fully enjoyed this status by doing the same thing over long periods of time without having to adapt to rapid, dynamic and consistent change.
- Today, the children and grandchildren of those folks are facing real business issues never seen before.
- Many of these new issues are associated with new rules to company growth each requiring partial or complete rethinking of the basics of the business.
- For the past 10 years, we have been faced with extreme peaks and extreme valleys.
- Today, we see this continuing but with even more extremes.
- The first decade of the 21<sup>st</sup> c. has witnessed massive debacles of large, steadfast organizations imploding, and small businesses seeking

new ways to survive.

- And this problem is beyond the borders of hometowns; it's global.
- Growth initiatives are essential but choosing which direction your company should turn is a daunting task.
- It is probably the largest and most difficult for anyone operating a business today.
- The risk is high, costs are excruciating (in some cases) and the outcome may be detrimental to the fundamental business.
- However, for many, it is essential that these decisions be made to either shift or completely redefine the business.

### **Options to growing a company**

- Diversifying
- Investing in venture capital
- Accelerating the rate of innovation through R&D
- Grinding out hidden scraps of growth from deep inside the existing business
- Jumping into new, hot markets
- Globalizing
- Improving the organizations workflow for faster growth

## **II. DEFINITION IS TRICKY BUSINESS**

### **The characteristics of *The Entrepreneurial CEO***

- An eye for opportunity
- An appetite for hard work
- Discipline
- Independence
- Self confidence
- Adaptability and willingness to change
- Sound and reasonable judgment
- Ability to tolerate stress
- Need to achieve
- Focus on profits
- Self-awareness
- \*\* Able to say **No** \*\*

### **A business can be defined from two related perspectives:**

*The outside world* and from *inside the company*.

The car rental business:

The external business - the industry is car rentals. Specifically the car rental business is purchasing and managing fleets, running automated reservation centers, managing a branch network and serving customers who rent cars for

various purposes.

**Enterprise Rent a Car:**

- 70% share of market of car rentals for insurance replacement and repair rentals
- Suburban locations and customer service model that meets the needs of body shops and insurance companies

**Alamo Rent a Car**

- The leisure car rental market
- The company has made its name on positioning itself in popular vacation destinations such as Orlando, Florida

**Avis**

- Is at each and every major one of them a
- Pulls from the corporate rental market by cornering the concept of efficiency, speed and offering business amenities like GPS.
- Each of these companies views their central business differently yet each participates in the car rental business.
- More common today is for traditional rivals to compete not on the macro scale but in the micro sense of its business model and strategy.
- In the example of car rentals, it was segmentation, placement and distribution that separated each other to grab a position in their respected marketplace.

**DEFINE:**

- Products
- Capabilities
- Customers
- Channels
- Geographies
- Define the central business
- The business definition is chiseled from a very basic and simple philosophy: What a company is and what it wishes to become or needs to be for competitive reasons.

**Pareto's Principle: The 80-20 Rule**

- Helps to gain a better perspective of definition
- 20% of the company's customer base accounts for 80% of the company's profits
- This also implies that most of the customers do not define the central business because they do not contribute to its growth.
- So the redefinition will lead to strategic planning which leads to investing into certain areas of the central business so that new budding areas of the central business will be supported.

**Discovering hidden value through this process is very possible as well.**

- Below are the specifics to analyze your true central business definition
- It takes you through a process of unpeeling
- First, identify assets
- Then identify the most (potentially) profitable customers;
- The most differentiated and strategic capabilities, the most critical product offerings and your most important channels of distribution.
- Name any other critical strategic assets that may contribute to the above (such as patents, trademarks, “the” brand name, a specific stronghold position, etc).

**Defining Your Business**

The value of this exercise is immeasurable

**Statement of Business**

What is my main business as defined by most profitable?

**Statement of Customers**

Who are my customers that buy from the main business making it most profitable?

What is the key differentiating factor that makes me unique to this customer?

What is the central business as defined by those customers...(through which I can earn a return today and can compete effectively with my current resources)?

**Statement of Economy**

Why do those customers buy from the main business making it most profitable?  
(Define the industry from the perspective of the main source of profits to the business)

**Statement of Profits**

Which areas will current profits likely diminish?

Which areas will future profits likely prosper?

**Statement of Service**

What products from the main business are sold to those customers making it most profitable?

What services from the main business are sold to those customers making it most profitable?

What distribution channels from the main business are sold to those customers making it most profitable?

What geographies of the main business are sold to those customers making it most profitable?

**The Business Essentials**

What are the essential skills needed to compete effectively within the competitive arena?

What are the essential assets needed to compete effectively within the competitive arena?

### **The Business Limitations**

What customers, channels and competitors is this central business limited to?

In which way could there be any chance of change within my central business or overall industry with the customer and/or competitor landscape?

### **The Map**

What are the adjacent areas around my central business?

Are they stable or shifting?

Which areas must be defended at all costs and which are not strategic?

## **III. THE BUSINESS DETECTIVE**

- Researching is detective work. It takes patience. It is driven by curiosity. It is about asking questions.
- Seeking answers and wondering who else may have asked the same exact question. Researching takes time. It is not a process that can be rushed. It also takes thinking through and analyzing, using judgments and being objective at the same time.
- The amount of information available is unending. Intimidating to some and to others, it's a task so dizzying that they can't begin the process. Do not let this be you. There is a method that will assist in your process. It involves asking questions and thinking it through.
- Market research takes on a whole new meaning when you are a detective attempting to pull from mountains of information a clue that will ignite future direction.
- It is also how you look at information; a rise in unemployment is exactly the same as a dip in employment. Are you seeking information on apple the fruit or Apple the company?

## **IV. TREND SPOTTING**

- Honing your observation skills is the key to being an excellent trend spotter.
- Valuable information surrounds us; reading through magazines, watching the latest TV shows, news subjects.
- Work outside your main industry and step into others. Spotting comes from all directions. Our brains have a capacity to hold a lot of information, so storage is important as well.
- It's then accessible when you need it.

## **V. COMPETITIVE ANALYSIS**

- The competitor's marketplace strategy -- how it tries to out maneuver rivals in the marketplace.
- The competitor's activity/value chain -- how it organizes itself to help it execute its marketplace strategy.
- The competitor's alliances and networks -- what other organizations it aligns with and how it manages its networks of alliances.
- The competitor's assumptions -- what the competitor is assuming about the marketplace and itself.
- The competitor's assets -- capabilities what enables the competitor to compete?
- The competitor's organization's infrastructure and culture -- the nature of the competitor's organization.
- Understanding a competitor's marketplace strategy requires you to answer three fundamental, highly interrelated questions that revolve around the competitor's scope, posture and goals:

- 1) What product-markets does the competitor compete in (or want to compete in)?
- 2) How does it compete in the product markets to attract, win and retain customers?
- 3) What does it seek to achieve in those product-markets?

#### **Customer Based**

- Superior Service and relationship (loyalty)
- High Switching Costs
- Superior information on behavior/needs
- Business model built around new segment

#### **Channel Based**

- Channel Dominance
- Partnership with leading channel participants
- Control point in a network

#### **Product or Capability Based**

- Low Cost production
- Superior / unique features
- New to world products
- Patents
- Deep share of wallet

#### **Capital Based**

- High Valuation creating acquisition currency
- Capital availability allowing companies to out vest competitors

## **VI. TESTING THE WATERS**

Test marketing is used to gauge the feasibility of your idea.

- On line or in person, a test market allows you to evaluate the entire spectrum of success by selecting a small representative group.
- This could be based on demographics, psychographics, geography or

other selection criteria. It will give your company the opportunity to identify its potential position and category before launching.

### Test Market Everything

Name of your business	Internet
Packaging	Write articles
Size of company	Offer courses or seminar
Logo	Display at fairs/shows
Business cards and stationary	Gift baskets
Brochure	Research studies
Invoices or order forms	Special events
Signs use your business	Inflatable version of your product
Hours of operation	Bus shelter
Days of operation	Distribution
Phone demeanor	Gift Certificates
Yellow Pages	Speed of service
Word of Mouth	Testimonial
Community Involvement	Audio Visual aide
Business Appearances	Identity
Take one boxes	Tie in with others: o-op
Window displays	Audio/video DVDs, Flash Drives
Trade show	Message on voicemail
Memberships in clubs or associations	Décor of your business
Team Sponsorship	Attire
Reprints of ads and publicity	Service: quality
Location	Follow-up techniques
Sales Training	Give away items
Inserts: newspapers, magazines etc	Free gift with ad
Smiles	Yellow page ad with red ink
Circulars	Catalog
Credit card acceptance	Ability to write a column for publication
Financing available-credit	Merchandise displays
Contest: sweepstakes	Newsletters
Refreshments	Demonstration
Artistic talent	Free samples
Brand recognition	Contact time with customer
Customer mailing lists	How to greet your customer
Computer access and ability to utilize	How to say good-bye to your customer
Knowledgeable staff	Publicity contacts
Ability to write a press release	Sales presentation
Marketing plan	Advertising
Mission statement	Telemarketing
Business plan	Direct mail marketing
Quality products/services	Direct mail post cards
Satisfied customers	Posters
Public relations	On Line Marketing

## **VII. SMART SELLING**

To be better prepared for industry shifts, there are strong warning signs that you should always keep one eye tracking for any activity.

These patterns are distinct and they offer advance warning signs that turbulence may be in the near future:

### **Be better prepared for industry shifts and watch for shifts in**

Low End Product Segments  
Customer Segments  
Micro Segments  
Traditional Business Boundaries  
New Control Points  
Internet Shifts

For all management teams developing, refining or reexamining its company's growth strategy, make sure that you:

- Define the business boundaries and your own central business
- Identify and verify the sources of differentiation that create market dominance and influence over your customers, competitors and industry profit; and
- Drill down to assess whether the central business is operating at or near its full economic potential. Remember, the strongest core businesses are typically underperforming to their full potential.
- The risk involved in growth maneuvers involves something new, a product, a territory or store or integration into distribution from manufacture, etc.
- Invariably, growth will push a company back into another development stage. The inexperience needs to be seriously considered and you may need to compensate by hiring an expert, licensing, franchising or buying from another company.

### **Tangential expansion can be a direct and concerted move into an immediate opportunity.**

- It can also be an "option" purchased in a business related to the core.
- Expansion can also be a series of moves that expand the central business.
- The most common of these expansions are to intertwine customers and products using each to move towards, and to reinforce the next; Selling more tools to the same customers generating more money and loyalty; The Know-How Tangent which may revolve around consulting in a sense; Networking is the power of social network growing exponentially with the number of users and finally ones that are brand new to the world, like the word processor to the typewriter business.

**Growth into new areas can encompass any of the following:**

- Product: Next generation, support services, new to the world, complementary products
- Geographic: Global Expansion and Logistics
- Value chain: Forward integration, backward, self-capability
- Channel: Internet, distribution and indirect
- New business: New to world needs, new substitutes, new models
- Customer: Cross segmentation of current segments, un-penetrated segments and new segments

**VIII. CONCLUSION**

- This conclusion is truly your new beginning.
- It is a beginning for new discoveries, pathways and bi-ways, new ventures and new heights of business success.
- The depth of the challenges must be faced with an unshakeable belief in yourself and in your company to prosper. You are held back only by you and your desire to uncover the possibilities.
- A silver bullet solution does not exist.
- It is the promise that growth does exist in these methods presented and you must make tough decisions that will tilt the odds in your favor while controlling the cost of failures.