

EXCERPTS FROM JAMES R. COOK'S BOOK,
THE START-UP ENTREPRENEUR (Penguin Press)

MARKETING

Most start-ups do a poor job of marketing. Small businesses stay small because they don't market. Large and successful corporations know how to market effectively. You succeed or fail in business on the strength of your marketing skills. My marketing mentor and renowned expert, Jay Abraham, writes, "You must market. And you must market more wisely than your competitors. You must spend every marketing dollar efficiently and productively. You must learn and adhere to all the elements of powerful marketing. The success of your business depends on how well you market."

If you follow the advice in this chapter, you will ultimately become a skilled marketer and build a great company. But first you need a starting point. Everything begins with education. The cornerstone of your marketing plan must be to educate your customer or client. First you educate them about the advantages of your product or service. Then you educate them on a broad spectrum of related issues.

Suppose you sell furnaces. All of the benefits and the interesting details regarding the construction and function of your furnace should be included in your advertising and promotional material. Next you should have a generic booklet or report on how to save on home-energy costs that can be used in a variety of promotions. Finally you could have a report on how to buy or what to look for in an energy-efficient house or an even broader book on home construction or home budgeting that only touches on home energy and heating.

In other words, you educate the prospective buyer on your product and its benefits; you educate them on the field in general in a way that's useful to them. Then you broadly educate them on related subjects. This has the effect of endearing you to your customers. Taken to the extreme, this powerful strategy can be used to educate clients on any subject that's of interest or benefit to them. For example, if you sold computer products to businesses, you could offer a book on marketing in exchange for an appointment.

When I started my precious-metals business, I ran coupon ads in the local newspaper offering a free copy of a popular paperback book that discussed the possibility of

dollar devaluation. Those coupon leads turned into my first customers.

I once owned a partnership interest in a small fire and casualty insurance agency. We rarely ran ads and never made enough sales calls. We failed to market. What would I do differently today? I'd write or commission an easy-to-read report on the insurance needs of specific industries. For example, I'd write a report entitled "What Every Contractor Must Know About Explosion, Collapse, and Underground Risk" and offer it to contractors by mail. We would publish a whirlwind of educational reports with titles like this: "Twenty Crucial Questions Every Homeowner Must Know About Insurance and Safety," "Ten Red Flags Every Auto Owner Must Avoid," "The Critical Dangers That Threaten Your Business and How to Insure Against Them," "How to Protect Yourself Against Lawsuits," or "Ten Powerful Strategies to Save Up to 50 Percent on Your Insurance." We would advertise this educational material on radio, in the newspaper, and through the mail. My whole marketing thrust would be education. I'd buy books and give them away in newspaper ads. Anyone that responded would go on a list that we mailed repeatedly. I'd give away special reports with information that helped their business. I would call them for appointments or visit them in person on a regular basis.

Educate your customer about the fundamental details of your product. Talk about quality, product guarantees, warranties, manufacturing processes, dependability, longevity, efficiency, and everything else that makes your product good. Enumerate the uniqueness and benefits. State what's different or better than competing products. If your guarantee is a year longer than the competition, then say so.

Tell the truth when you're educating customers. Even bad news or unpleasant truths can work to your benefit. Jay Abraham has helped scores of companies liquidate excess inventory by writing a letter that educates the customer about the company's problem. For example:

Dear Customer,

As you know, this year the snow melted early. We had ten truck loads of snowmobiles that got stuck in a flood

from the melting snow and didn't get here until the end of April. Our snowmobiles weren't delivered until the tulips were blooming.

We can't afford to have ten truck loads of snowmobiles around until next winter. Since we are desperate to move them, we are going to give them away at just over our cost. We know that you don't want to buy a snowmobile in the spring, so we have structured a way for you to buy a snowmobile today and pay for it when the snow flies, etc.

People don't know about these problems and opportunities until you educate them in a forthright manner. The very fact that you confess you have a financial worry builds believability, trust, and confidence.

Every business has opportunities to educate. For example, a brokerage firm should educate its prospects about its services, the investments it has available, its financial strength, the number of people it employs in research to help the client, the trading staff, special employees, and other interesting and helpful facts. Beyond the standard research reports it should have books and reports that teach and encourage stock and bond investing. They could have a book for large investors entitled "How to Manage Your Own Private Mutual Fund," or a book for small investors on why you should buy mutual funds and not try to manage on your own. Beyond that, there are thousands of interesting articles to reprint and books that can be effectively employed as lead generators.

When a prospect orders a free book from you, that person becomes obligated. As you probably know, it's a big pain to get a call from a telemarketing trainee trying to clear the road for a stockbroker or a brassy guy asking intimate financial questions in the first thirty seconds of the conversation. But if I ordered their free book, I'm more likely to hold still for it.

In his book *My Life in Advertising and Scientific Advertising*, Claude Hopkins offered this insight:

In the old days all beers were advertised as "Pure." The claim made no impression. The bigger the type used, the bigger the folly. After millions had been spent on a platitude, one brewer pictured a plate-glass room where beer was cooled in filtered air. He pictured a filter of white wood pulp through which every drop was cleared. He told how bottles were washed four times by machinery. How he went down 4,000 feet for pure water. How 1,018 experiments had been made to attain a yeast to give beer that matchless flavor. And how all the yeast was forever

made from that adopted mother cell.

All the claims were such as any brewer might have made. They were mere essentials in ordinary brewing. But he was the first to tell the people about them, while others cried merely "pure beer." He made the greatest success that was ever made in beer advertising.

John R. Graham writes in his book *Magnet Marketing*:

Without proper education, there is no way to increase sales.

The company's "educational" or marketing program should be aimed at having the customer come to one conclusion: "This is what I want and this is the firm I am going to buy it from." Whether you do it through newsletters, technical bulletins, newspaper/magazine articles, or seminars, show customers that your prime interest is helping them improve their well-being, profits, or happiness in some way. When customers believe that you're motivated by fulfilling their needs rather than lining your own pockets, you automatically become... the vendor of choice! Why buy from anyone else?

Also, bringing your company's expertise and experience to bear on problems faced by customers serves to elevate you in the eyes of both customers and prospects. Your firm is seen in a new and different light. Instead of being regarded just as a "vendor," you're seen as a supplier of information. This changes the sales situation dramatically. The buyer wants what your company has to offer - demonstrated knowledge and experience.

Someone has to write up the educational pamphlets, ads, direct-mail pieces, and other printed promotions your company will employ. You should write your own ads and copy if you can. It helps to have a talent for writing, but if not, it's a skill that can be learned. It's easier to become a good writer than to become a mediocre piano player. All you need to do is read one book that I'll recommend, follow its instruction, and practice writing in order to improve.

Before we tell you about that all-important book, you need to grasp a few generalizations about good writing. What is it about a magazine article or book that makes you put it down after the first few paragraphs? You may not be interested in the subject, but more than likely you quit reading it because of bad writing. Even if you wanted to know more about the subject, the article was boring. What made it so? Bad writing. The foremost writing sin

that turns readers off is too many words. Not too many as in a long article or a thick book, but too many words in a sentence saying something that could be said with far fewer words.

Here's a sentence you can clearly understand: We want to hit our competition and knock them out. Here's how a bad writer says the same thing: As you probably already know, a good tactic or philosophy for us to follow would certainly be for all of us to adapt a viewpoint wherein we want to apply enough marketing pressure as well as our other various and sundry resources to hit our competition and deliver a well-placed blow that has enough force to put them in a state where they are dazed and staggering and perhaps even knock them completely out.

The exact words in the first sentence are contained in the second. Go back to this long last sentence with your pen and line out these excessive words. Do it now because if you don't, you'll miss out on the most valuable lesson in written communication. Scratch out the extra words and make the second sentence into the first. Once you have done this simple drill, you can practice it again and again on other articles and books, and especially on your own writing.

When you write, you need to go back over your sentences and strike out the excess verbal baggage. Most novice writers put down too many words on paper. Wordy sentences lack punch and impact. Too many words weaken sentences and put the reader to sleep.

Good writing also requires that you use action verbs. Compare these sentences: Joe is very active as he is getting on the school bus. Joe ran out to the bus and jumped on. The use of verbs makes language reach out and grab you. Anytime I find myself writing is, are, or was, I tear my sentences up and start over. Try to write your sentences without is in them.

A more extensive treatment of this subject can be found in *How to Write, Speak, and Think Effectively*, by Rudolf Flesch. In a single chapter, "RX for Readability," Flesch pounds out the most powerful writing advice ever penned.

Here's a few of his rules for effective writing:

1. Write about people, things, and facts.
2. Write as you talk.
3. Use contractions.
4. Plan a beginning, middle, and end.
5. Use verbs rather than nouns.
6. Specify. Use illustrations, cases, examples.
7. Start a new sentence for each new idea.

8. Keep your sentences short.

9. Keep your paragraphs short.

Will you write your own copy or will someone else? That's the biggest decision in advertising. It may take a few weeks of practice and a few hours of thumbing through Mr. Flesch's book to get it down pat. However, if you take the time to learn to write good copy, you not only save the money paid out to ad agencies, but control your own marketing destiny. Learn to write your own ads, your own headlines, your own sales literature, and your own offers and promotions. Good writing speeds you to your financial goals. At the least, every chief executive should grasp the principles of good writing. Every president should also be able to sniff out bad ads and promotions and improve them before they get to the media. Every entrepreneur should carefully monitor the work of their ad agency.

Claude Hopkins gives us insight into what makes a great ad:

To properly understand advertising or to learn even its rudiments, one must start with the right conception. Advertising is salesmanship. Its principles are the principles of salesmanship. Successes and failures in both lines are due to like causes. Thus every advertising question should be answered by the salesman's standards.

Let me emphasize that point. The only purpose of advertising is to make sales. It is profitable or unprofitable according to its actual sales. It is not for general effect. It is not to keep your name before the people. It is not primarily to aid your other salesmen. Treat it as a salesman. Force it to justify itself. Compare it with other salesmen. Figure its cost and result. Accept no excuses which good salesmen do not make. Then you will not go far wrong.

Jay Abraham elaborates further:

First of all, understand that advertising is nothing more than salesmanship in print. It's nothing more than salesmanship over the air. It's nothing more than visual salesmanship. It's nothing more than salesmanship in a letter. Most people try to do cutesy ads, and they try to do institutional ads. An institutional ad is one that tells people how great and wonderful you are. It tries to keep your name in front of them, and frankly, for the most part, they're absolute wastes of time and money.

Few business owners truly understand the purpose or reason for running an ad. It's to stimulate a direct and

immediate response - either a qualified inquiry, phone call, or visit to your facility - or better yet, to promote an instant sale. Nothing else warrants expending the lavish funds that ads cost.

How do you tell the difference between an institutional ad and a direct-response ad? Very simple. An institutional ad is not trackable: its purpose is merely to put a company name in front of the general public. A direct-response ad is trackable - it asks the reader to respond in some way (by phone, mail, or coupon) - so you can measure the effectiveness of the ad.

Eventually, you want to have a sophisticated tracking system that tells you the performance details of your ads. How much did a lead cost? How many leads converted to customers? What was the success ratio of second and third mailings to the prospect list? You tailor the tracking system to your company. These tasks can be turned over to a computer and the facts served up to you on a daily basis. These reports aren't nearly as formidable as they sound once you put a computer program in place that deals with them.

When writing an ad or mailing piece, remember Jay Abraham's admonition: "Keep in mind the reality that people don't give a darn about how great you are. All they care about is what unique benefit, advantage, service, or personal enhancement you offer them that somebody else doesn't offer. How are you going to improve their lives? How are you going to make their lives easier? Are you going to make them more handsome? Are you going to make them richer?"

"They want to know how you're going to enhance the quality, the value, the enjoyment, the profitability, of their lives. And very few marketers truly understand that! People don't care what you want? All the things you do in advertising, in marketing, in selling, should only be addressing what benefits you're rendering the customer and the prospect."

A condensed sample of wisdom from Dale Carnegie makes the same point:

Why talk about what we want? That is childish. Absurd. Of course, you are interested in what you want. You are eternally interested in it. But no one else is. The rest of us are just like you: we are interested in what we want.

So the only way on earth to influence other people is to talk about what they want and show them how to get it.

An example? Look at the letters that come across your

desk tomorrow morning, and you will find that most of them violate this important canon of common sense. Take this one, a letter written by the head of the radio department of an advertising agency with offices scattered across the continent. This letter was sent to the managers of local radio stations throughout the country. (I have set down, in brackets, my reactions to each paragraph.)

Mr. John Blank
Blankville, Indiana

Dear Mr. Blank:

Our company desires to retain its position in advertising agency leadership in the radio field.

(Who cares what your company desires? I am worried about my own problems. The bank is foreclosing the mortgage on my house, the bugs are destroying the hollyhocks, the stock market tumbled yesterday. I missed the eight-fifteen this morning, I wasn't invited to the Jones's dance last night, the doctor tells me I have high blood pressure and neuritis and dandruff. And then what happens? I come down to the office this morning worried, open my mail, and here is some little whippersnapper off in New York yapping about what his company wants. Bah! If he only realized what sort of impression his letter makes, he would get out of the advertising business and start manufacturing sheep dip.)

This agency's national advertising accounts were the bulwark of the network. Our subsequent clearances of station time have kept us at the top of agencies year after year.

(You are big and rich and right at the top, are you? So what? I don't give two whoops in Hades if you are as big as General Motors and General Electric and the General Staff of the U.S. Army all combined. If you had as much sense as a half-witted hummingbird, you would realize that I am interested in how big I am - not how big you are. All this talk about your enormous success makes me feel small and unimportant.)

We desire to service our accounts with the last word on radio station information.

(You desire! You desire. You unmitigated ass. I'm not interested in what you desire or what the president of the

United States desires. Let me tell you once and for all that I am interested in what I desire - and you haven't said a word about that yet in this absurd letter of yours.) Although most business people know these simple facts about human relations, they fail to practice them. For every ten people who say they already know these things, only one will ever learn to apply them.

One year while my company suffered through a decline in business, a new competitor began to recruit my employees. They managed to attract a number of sales and operations personnel. They put a big hurt on us for a while, and the whole company was on edge. The real battle, however, would be in the marketplace. The departed salespeople took their customer names and immediately went after them. They sent them a letter that told how great their new company was. I sent these customers a letter asking them to vote on whether or not they wanted their name removed from our office. I told them I wanted to be able to show the results to a judge when we tried to enforce our employment contract. I promised they would not be involved in any legal proceedings. I enclosed a return card. The vote was unanimously against them. I didn't have to go to court; the customers stayed with us.

When you steal prospects and leads from someone else, you never learn how to generate them yourself. Over time it guarantees your failure. A fierce fight broke out between this upstart competitor and my company. They began to offer bribes to my sales force. One of my top salesmen left for a cash bonus, higher commissions, a new Lincoln, a plush office, and employment for a relative. My staff worried. Who would be the next to leave? At the time my company had financial problems, so I concerned myself more with that than with their inroads.

Why wasn't I worried about them? I'd seen their sales literature. Every letter they sent out crowed about their accomplishments. Their crowning marketing effort was a booklet filled with their portraits, credentials, and self-adulation. They puffed themselves up so much they forgot to put their phone number in their booklet. The customer never got a mention. I knew they wouldn't last. Within twenty-four months their staff deserted like rats leaving a sinking ship, which it was. Eventually they succumbed to a \$9-million bankruptcy. You can't impress anyone by telling them how great you are. A slightly similar rule applies to you as an individual. If you never brag about yourself, others will. Remember to stress the customer when you write your ads.

A good ad or mailer starts with a headline. This gets the readers' attention and causes them to read more of the ad. Advertising genius David Ogilvy had this to say about headlines in his book *Confessions of an Advertising Man*. (All of Ogilvy's book are good reading, but *Confessions* is both entertaining and educational.)

The headline is the most important element in most advertisements. It is the telegram which decides whether the reader goes on to read the copy.

On the average, five times as many people read the headline as read the body copy. When you have written your headline, you have spent eighty cents out of your dollar. A change of headline can make a difference of ten to one in sales. I never write fewer than sixteen headlines for a single advertisement, and I observe certain guides in writing them.

1. The headline is the "ticket on the meat." Use it to flag down the readers who are prospects for the kind of product you are advertising. If you are selling a remedy for bladder weakness, display the words "bladder weakness" in your headline; they catch the eye of everyone who suffers from this inconvenience. If you want mothers to read your advertisement, display mothers in your headline. And so on.

Conversely, do not say anything in your headline which is likely to exclude any readers who might be prospects for your product. Thus, if you are advertising a product which can be used equally well by men and women, don't slant your headline at women alone; it would frighten men away.

2. Every headline should appeal to the reader's self-interest. It should promise her a benefit, as in my headline for Helena Rubenstein's Hormone Cream: *How Women Over 35 Can Look Younger*.

3. Always try to inject new into your headlines, because the consumer is always on the lookout for new products, or new ways to use an old product, or new improvements in an old product.

The two most powerful words you can use in a headline are free and new. You can seldom use free, but you can almost always use new - if you try hard enough.

4. Other words and phrases which work wonders are: How To, Suddenly, Now, Announcing, Introducing, It's Here, Just Arrived, Important Development, Improvement, Amazing, Sensational, Remarkable, Revolutionary, Startling, Miracle, Magic, Offer, Quick,

Easy, Wanted, Challenge, Advice To, The Truth About, Compare, Bargain, Hurry, Last Chance.

Don't turn up your nose at these cliches. They may be shopworn, but they work. That is why you see them turn up so often in the headlines of mail-order advertisers and others who can measure the results of their advertisements.

Headlines can be strengthened by the inclusion of emotional words like: Darling, Love, Fear, Proud, Friend, and Baby. One of the most provocative advertisements which has come out of our agency showed a girl in a bathtub, talking to her lover on the telephone. The headline: "Darling, I'm having the most extraordinary experience... I'm head over heels in DOVE."

5. Five times as many people read the headline as read the body copy, so it is important that these glancers should at least be told what brand is being advertised. That is why you should always include the brand name in your headlines.

6. Include your selling promise in your headline. This requires long headlines. When the New York University School of Retailing ran headline tests with the cooperation of a big department store, they found that headlines of ten words or longer, containing news and information, consistently sold more merchandise than short headlines. Headlines containing six to twelve words pull more coupon returns than short headlines, and there is no significant difference between the readership of twelve-word headlines and the readership of three-word headlines. The best headline I ever wrote contained eighteen words: At Sixty Miles an Hour the Loudest Noise in the New Rolls-Royce Comes from the Electric Clock. (When the chief engineer at the Rolls-Royce factory read this, he shook his head sadly and said, "It is time we did something about that damned clock.")

7. People are most likely to read your body copy if your headline arouses their curiosity; so you should end your headline with a lure to read on.

8. Some copywriters write tricky headlines - puns, literary allusions, and other obscurities. This is a sin.

In the average newspaper your headline has to compete for attention with 350 others. Research has shown that readers travel so fast through this jungle that they don't stop to decipher the meaning of obscure headlines. Your headline must telegraph what you want to say, and it must telegraph it in plain language. Don't play games with the reader.

9. Research shows that it is dangerous to use negatives in

headlines. If, for example, you wrote our salt contains no arsenic, many readers will miss the negative and go away with the impression that you wrote our salt contains arsenic.

10. Avoid blind headlines - the kind which mean nothing unless you read the body copy underneath them; most people don't.

Don't let the search for a headline hold you up when you sit down to write an ad or mailer. This process can be frustrating, and you can waste hours thinking about it. If you can't come up with a headline, go ahead and write the ad. I have frequently found my headline in the copy of the ad I wrote. I extract this sentence and put it at the top. Usually while you're thinking about and writing the ad, you find your headline.

John Caples wrote great ads as V.P. for one of the world's largest ad agencies. His most famous headline was, "They Laughed When I Sat Down at the Piano." His book, *Tested Advertising Methods*, is a marketing classic. Any serious student of advertising should be familiar with this book. He tells us: "First and foremost, try to get self-interest into every headline you write. Make your headline suggest to the reader that here is something he wants. This rule is so fundamental that it would seem obvious. Yet the rule is violated every day by scores of writers."

Caples also advised, "Try to suggest in your headline that here is a quick and easy way for the reader to get something he wants. In using this suggestion... be sure to make your headline believable. Here is the headline of an advertisement that was tested by a correspondence school:

TO MEN WHO WANT TO WORK LESS AND EARN MORE

This seems to sum up in a few words what men have wanted ever since the world began. Yet the advertisement did not bring many replies, probably because the headline was unbelievable. It seemed too good to be true."

Take a look at the following ten headlines. They come from a list of the hundred most effective headlines.

1. The Secret of Making People Like You
2. How a New Discovery Made a Plain Girl Beautiful
3. Who Else Wants a Screen Star Figure?
4. Do You Make These Mistakes in English?
5. Hands That Look Lovelier in 24 Hours - Or Your

Money Back

6. Why Some People Almost Always Make Money in the Stock Market

7. Who Ever Heard of a Woman Losing Weight - And Enjoying 3 Delicious Meals at the Same Time?

8. How I Improved My Memory in One Evening

9. Guaranteed to Go Through Ice, Mud, or Snow - Or We Pay the Tow!

10. Do You Do Any of These Ten Embarrassing Things?

What goes into a good ad? I can try to answer that from my perspective, but I closely adhere to the advice of the most famous ad writers in business history. For our purposes I am synthesizing and extracting only the richest marrow from these experts. You can learn the further subtleties of advertising through practice and experience and from reading the books of these experts.

Here's condensed advice from David Ogilvy:

When you sit down to write your body copy, pretend that you are talking to the woman on your right at a dinner party. She has asked you, "I am thinking of buying a new car. Which would you recommend?" Write your copy as if you were answering that question..

1. Don't beat about the bush - go straight to the point. Avoid analogies of the "just as, so too" variety.
2. Avoid superlatives, generalizations, and platitudes. Be specific and factual. Be enthusiastic, friendly, and memorable. Don't be a bore. Tell the truth, but make the truth fascinating.

How long should your copy be? It depends on the product. If you are advertising chewing gum, there isn't much to tell, so make your copy short. If, on the other hand, you are advertising a product which has a great many different qualities to recommend it, write long copy: the more you tell, the more you sell.

There is a universal belief in lay circles that people won't read long copy. Nothing could be further from the truth. I once wrote a page of solid text for Good Luck Margarine, with most gratifying results.

Research shows that readership falls off rapidly up to fifty words of copy, but drops very little between fifty and 500 words. In my first Rolls-Royce advertisement I used 710 words - piling one fascinating fact on another. In the last paragraph I wrote, "People who feel diffident about driving a Rolls-Royce can buy a Bentley." Judging from

the number of motorists who picked up the word diffident and bandied it about, I concluded that the advertisement was thoroughly read. In the next one I used 1,400 words.

Every advertisement should be a complete sales pitch for your product. It is unrealistic to assume that consumers will read a series of advertisements for the same product. You should shoot the works in every advertisement, on the assumption that it is the only chance you will ever have to sell your product to the reader - now or never.

We have been able to get people to read long copy about gasoline. One of our Shell advertisements contained 617 words, and 22 percent of the male readers read more than half of them.

Advertisers who put coupons in their advertisements know that short copy doesn't sell. In split-run tests, long copy invariably outsells short copy.

3. You should always include testimonials in your copy. The reader finds it easier to believe the endorsement of a fellow consumer than the puffery of an anonymous copywriter.
4. Another profitable gambit is to give the reader helpful advice or service. It hooks about 75 percent more readers than copy that deals entirely with the product.
5. Avoid bombast. Raymond Rubicam's famous slogan for Squibb. "The priceless ingredient of every product is the honor and integrity of its maker," reminds me of my father's advice: "When a company boasts about its integrity, or a woman about her virtue, avoid the former and cultivate the latter."

Here are some key points from advertising expert Chris Newton:

Avoid the "Name, Rank, and Serial Number" ad. In many cases this is little more than a blown-up version of a business card... stating name, address, phone number, and, perhaps, a slogan. Sometimes it's a product and a price. I call it the "Name, Rank, and Serial Number" ad. Call it anything, but don't call it advertising.

Never assume that because you know what you mean, your reader will. You live and breathe your business. You know all the product codes, features, advantages, and benefits of your lines, what they do, why they are more expensive, or cheaper, and so on. Don't expect your prospects, or even your existing customers, to be as familiar. World-renowned retailer Murray Raphel called this the

"curse of assumption."

When I first began to write ads, I sent them to my marketing consultant, Jay Abraham, to critique. The same three problems seemed present in all my advertising efforts. I never stressed quite enough how the product benefited the customer. I never wrote enough copy. I always tended to assume that the reader knew what I knew, and thus I failed to thoroughly cover the basic nitty-gritty fundamentals. If you can find an advertising mentor to critique your work, it can help you avoid these same errors. Also be sure to surround yourself with books on advertising that you can refer to while you're writing your ads. Crank those ideas and suggestions directly into your copy.

John Caples uses these methods to increase the selling power of an ad.

- Use present tense, second person.
- Keep hammering at the reader with you - you - you.
- Practically all mail-order advertisers use three or more subheads in every full-page advertisement.

1. They tell your story in brief form to glancers.
2. They get copy read that might otherwise not be read.

- Use short, simple words to express your meaning. Educated readers understand short words just as well as long words, and the masses understand short words much better.
- Urge the reader to act. Every mail-order advertisement ends with a strong urge to "Act Now."

I own a half interest in a company that needs to improve their lead-generating techniques. In discussing this issue with the president, he complained that he couldn't write. For that reason his business has developed with an aversion to written ads and direct mail. I mildly scolded him about this corporate inadequacy and argued that he should make a concentrated effort at ad writing. Practice enables a person to improve. He mentioned something about hiring a writer. Unfortunately, a lot of writers aren't that good or clever or ever get around to understanding the business like the boss. Yes, in a new company you may be spending most of your time on the manufacturing floor, or in the lab or out making sales or doing a host of other things that best fit your talents. But marketing is the

most important thing you will ever do, and buckling down to construct ads and mailers for your company is a crucial part of your eventual success. A corny ad from the person building the company makes more sense than farming the work out. Don't get into the mind-set that you can't write.

I recently watched a movie about a writer. Hollywood made him look part genius and part martyr. He struggled through tremendous rejection. It's as if writing was the most difficult task on earth, and only a tiny handful of privileged intellects could manage to pull it off. This kind of message convinces most people they can't write before they start. When I was in high school, I tried out for the school newspaper. The selection committee rejected me, and the English teacher in charge seemed put out that I'd applied. Years later I write newsletters and books. I doubt the staff of the school paper ever published anything. I taught myself how to write. So can you.

David Ogilvy makes these suggestions about ad layouts and illustrations:

Most copywriters think in terms of words, and devote little time to planning their illustrations. Yet the illustration often occupies more space than the copy, and it should work just as hard to sell the product. It should telegraph the same promise that you make in your headline.

Dr. Gallup has discovered that the kind of photographs which win awards from camera clubs - sensitive, subtle, and beautifully composed - don't work in advertisements. What do work are photographs which arouse the reader's curiosity. He glances at the photograph and says to himself, "What goes on here?" Then he reads your copy to find out. This is the trap to set.

Advertisements are twice as memorable, on the average, when they are illustrated in color.

Keep your illustrations as simple as possible, with the focus of interest on one person. Crowd scenes don't pull. Avoid stereotyped situations like grinning housewives pointing fatuously into open refrigerators.

There is no need for advertisements to look like advertisements. If you make them look like editorial pages, you will attract about 50 percent more readers.

Magazine editors have discovered that people read the explanatory captions under photographs more than they read the text of articles; and the same thing is true of advertisements. It follows that you should never use a photograph without putting a caption under it, and each caption should be a miniature advertisement, complete

with brand name and promise.

Radio advertising should be tested by your company to see if it works for you. Here's a few ways my company uses radio advertising to our advantage. I let the ad people from the station write the copy for the first commercial. Then I make significant changes and improvements in their copy. It saves time. A radio commercial should follow the rules of sound print advertising.

If you can arrange an endorsement from a well-known local radio personality, it can multiply the results from your commercial. This may cost you more, but if that person reads your commercial and inserts a few spontaneous comments, it can be worth the extra expense. Look for opportunities to secure third-party endorsements from media personalities.

On smaller radio stations you can arrange to have your own radio show. The manager of my Phoenix location has a flair for radio and arranged to broadcast a financial show every Saturday morning wherein he interviewed investment personalities. We offer free reports and generate a significant amount of new leads every week.

You should be able to make your product or service interesting enough to get yourself on local talk shows for interviews. Send them a letter that explains why it would be of interest to their listeners. Then follow up with phone calls. A local P.R. firm can help you with this. It's important, it's simple, and it's free. I've put myself and various employees on hundreds of radio and TV shows around the country. At certain times when a particular subject is in the news and you have a matching product or service, you can get a landslide of free radio and TV. It's there for you if you have the energy to arrange it.

A company in Minneapolis, Media Relations, Inc., places people on radio talk shows around the country to discuss products or services. You pay them a fee, and almost immediately you begin doing telephone interviews from your office with talk show hosts from all over the nation. There are hundreds of talk shows literally begging for guests. If you tie it in with an 800 number at your company, you can get a lot of calls from people interested in your product.

We generally think of TV advertising as the domain of giant companies. However, local TV advertising can be surprisingly inexpensive and highly productive. Almost all companies need outside help with TV commercials. In this case you need to make a careful selection of an ad agency and give them a mandate to do exciting work for

you.

David Ogilvy advises:

The purpose of a commercial is not to entertain the viewer, but to sell him. Horace Schwerin reports that there is no correlation between people liking commercials and being sold by them.

In the early days of television, I made the mistake of relying on words to do the selling; I had been accustomed to radio, where there are no pictures. I now know that in television you must make your pictures tell the story; what you show is more important than what you say. Words and pictures must march together, reinforcing each other. The only function of the words is to explain what the pictures are showing.

Dr. Gallup reports that if you say something which you don't also illustrate, the viewer immediately forgets it. I conclude that if you don't show it, there is no point in saying it. Try running your commercial with the sound turned off; if it doesn't sell without sound, it is useless.

Let us assume that you have completed an ad and now wish to run it. All your ads and mailers should first be tested for results before much money is spent on them. Get familiar with the concept of testing. I used to have the bad habit of discarding ideas for ads or mailing campaigns because the cost was too high. Then I came to understand that testing would allow us to see if an ad promotion worked before we spent a lot of money and rolled it out in a big way. For example, we run ads in small regional publications before we run them nationally. We go with small-circulation media before we use the more expensive big-circulation publications. If the ad pays for itself, we try the ad more frequently or go to bigger papers and magazines.

In direct mail we test only 5,000 mailing pieces on a specific list. If we get the kind of response we need, we go to 50,000 or 100,000 pieces. We make small tests to different mailing lists and see which one work the best. If we see success, we mail the entire list. Claude Hopkins said this about testing: "Almost any question can be answered, cheaply, quickly and finally, by a test campaign. And that's the way to answer them - not by arguments around a table. Go to the court of last resort - the buyers of your product."

The most sophisticated advertisers and mailers use an exotic array of tests right down to testing different headlines. They use every variable under the sun. Then they

keep meticulous results including order frequency, size of order, buying history, and any other data they need. Advertising must never be a matter of opinion but a well-tested premise. Once you have the formula that works, you push it to the hilt.

You should test ads and promotions in a wide array of media. Try the unusual. I recently read a truly great ad for a cigar store above the men's urinal in a café. You should test signs and billboards. Test hand-out pieces, doorknob and mailbox stuffers. Try a free offer in your yellow pages ad. You never know what will work for you until you've tested all the options.

The more you advertise, the better the discounts and deals you should be able to make. Always negotiate for volume discounts. In fact, you should never accept the first price you get from any media. My company recently cut the cost of a full-page ad in a well-known financial publication from \$3,200 to \$2,200 simply by offering a dramatically reduced price from their rate card and by agreeing to pay up front. The rate card can often be discounted by making a reduced offer. Always negotiate. You can generally make steeply discounted deals with radio stations and to a lesser extent with TV stations. The larger and most successful magazines and newspapers tend to be less flexible, but you don't know until you ask. At least have the salesperson take your lowball offer to their boss.

If you call your ad department an in-house ad agency, you can generally get a 10 to 15 percent agency fee rebated on your ads. Sometimes you can arrange a per inquiry payment deal wherein you pay the publication or station for each lead or customer you generate from the ad. At times you can buy unsold time or space at steep discounts. Unfortunately, certain newspapers and publications have become so expensive you can never come out ahead using them. Don't be bashful about discarding media that's more expensive than comparable outlets that will give you rate breaks.

Frankly, I've had poor success advertising in newspapers. It's usually been disappointing. Certain kinds of businesses with broad public appeal seem to do best in newspapers. One alternative to large-space ads can be classified ads. In their book *Getting Business to Come to You*, Paul and Sarah Edwards and Laura Clampitt Douglas write about when to consider classified advertising:

- When you are beginning an advertising campaign and want to test whether a particular publication will draw for you before you invest in more expensive advertising
- When you need to advertise consistently in a publication

in which you can't afford a more costly ad

- When you want to compare the response from a variety of publications in preparation for display advertising
- When you want to launch almost any mail-order business

A lot of the money spent on advertising appears fruitless. It doesn't work, and a big investment in time and money can turn into an even bigger disappointment. We condensed this excellent advice on how to avoid these setbacks from *Advertising Is a Waste of Money* by Robert Ranson.

1. Advertising is a potent marketing weapon.
2. Advertising does work.
3. Good advertising can be created by anyone. BUT
4. Advertising is expensive.
5. Advertising is often done for the wrong reasons.
6. Bad advertising is easy to do.

As a consequence, all too often, advertising is a waste of money.

1. Be solutions-Oriented. Quick! What's the point of any advertisement? To get the reader to do something, right? Well then, for heaven's sake, give them something to do. And tell them what it is they are supposed to do; don't just create a delightful little ad that touts your product or service, with your phone number or address thrown in at the bottom of it. Stand up. SHOUT! Tell the reader to call or come in for something.
2. Shrewdly Place the Ad. There are few, if any, ads that will work equally well in *Architectural Digest* and in your local shopper's weekly freebie.
3. Use a Sure-Fire Design. Once you know where your ad is going to appear and in what context, you need to make sure that your ad will positively stand out from the surrounding ads, and that your message is quickly and accurately understood.
4. Keep Ad Sharply Focused and Simply Stated. KISS. One ad. One message. One command to the potential customer. Enough said.

You also need to employ direct mail in your company as a permanent marketing strategy. A simple letter can accomplish a lot. Jay Abraham tells about a client who owned a floundering restaurant. Jay drafted a letter to households in the neighborhood inviting them to the restaurant. He

included a discount coupon in each letter. Almost immediately the restaurant filled up and has been busy continuously since the mailing campaign.

Start out with simple direct letters from you. Nothing in direct mail has quite the clout of a letter from the president of the company. If you can manage to make it interesting, they will read it. If you don't have a mailing list, you can rent a list or make a deal to mail to the list of a compatible company. For example, a carpet-cleaning business could make a deal with a carpet seller to use their list and pay them a percentage of the sales they generate. Try to think of companies compatible with your business, and try to make deals with them to gain access to their client base.

You can rent lists of names compiled from directories and phone books, or you can rent lists of people who have purchased similar products or who have a strong likelihood of being interested in your product. If, for example, you sell investments, you would rent a list of people who subscribe to investment newsletters. A list broker can help you find a responsive audience for your mailing.

The components of a direct-mail offer include the outside envelope. You may wish to put teaser copy or something catchy on this envelope that will make people open it. The letter inside amounts to a thorough treatment of your product or service and a highly persuasive sales pitch. You can include a colorful brochure. You may wish to include an easy-to-read, brief lift note that's interesting enough to make the recipient read your letter. Or you can include premiums, gifts, discount coupons, or some other device. Then you should have a simple order form and a reply or return envelope that makes it easy to respond.

You can use direct mail to:

- Generate leads for your sales force.
- Bring people to your door.
- Cause people to make outright purchases.
- Get customers to reorder.
- Upgrade or increase the size of orders.
- Reduce refunds, returns, or complaints. (My company once had a problem with clients returning a high percentage of a particular product. We wrote up a strong statement extolling the virtues of the product, and we congratulated them on their wise decision and told them how great the product was and how it would benefit them. We included this letter in the shipment. Our returns dropped off dramatically.)
- Solicit a cross section or splinter group on your list. It

could be profitable to mail to your wealthy customers or big buyers more often than the other names.

- Introduce new products or services.
- Get prospects to call you on the phone.
- Clear out dead inventory simply by telling the story of how you came to be stuck with it.

The more experience you have with direct mail, the more creative you will become. To get leads my company once offered a \$12 item through the mail. It was timely, a good deal, and so inexpensive that people were prone to go for it. We generated 40,000 leads in a yearlong direct-mail campaign. A high percentage of these prospects (maybe 10 to 15 percent) converted to a more expensive purchase. The average sale on these secondary purchases was \$2,000. Eight years later we can still mail or call these prospects from time to time and get business.

Not only did we give them an offer low enough to be in their comfort zone, but by doing business with them for the first time we established our credibility. Once we gained their trust, they were easier to sell on our other products.

Another aspect of your marketing is public relations. Since a new company can't usually afford a P.R. firm, new entrepreneurs must learn how to handle the public-relations task themselves. When I had a small, struggling company, I got lucky with P.R. The precious-metals business was terribly slow. I had tried diversifying into storage food and solar heating, but they had both flopped. We switched to selling wood-burning stoves. This was just after the first energy crisis in 1973, and I had developed (I basically copied another manufacturer) a heavy steel wood burner.

My company couldn't afford to advertise. I had gone many months without a paycheck, and unpaid bills cluttered my desk. Sales ossified, my secretary worried about her paycheck clearing the bank, and the landlord was ready to send us an eviction notice that would shut us down. A few weeks prior to our budding financial crisis, I had typed up a few paragraphs about our Sierra stove, enclosed a black-and-white picture, and sent it to some local newspapers and magazines.

One day an editor called. He told me he had started a brand-new magazine for small farmers, and he wanted to do a story on the Sierra stove. He had my press release. He did the story and almost immediately the new magazine went to press. The story included our phone number. In a month we sold 25 of our stoves at \$400 each. We made

\$200 per stove, and that \$5,000 gross profit paid the bills, my secretary's salary, and the rent. It kept us going until our precious-metals business sprang to life and got us around the corner.

When I started to make money, I hired a high-priced P.R. firm. What did they do? Typed up a bunch of press releases and sent them around to newspapers and magazines just as I had for my stove. Can you do that for your product or service? Of course. Type a couple of tight paragraphs and mail them out. Send your release to publications that have a kinship to what you're offering. Send along a clear photo. If you have a local service business, depict an interesting slant on your business and send it to local newspapers.

However, understand that major magazines and newspapers get flooded with press releases. You may be lucky and get your press release published, but the odds are against it. You need to go beyond the simple exercise of mailing out a publicity release. I once knew an inventor who had a fireplace grate that he invented written up in Time magazine. He was flooded with inquiries. How did he do it? The energy crisis had blossomed. He played off that story and called the science editor of Time directly on the telephone. The timely subject and the direct call got him the story.

Consequently, I believe you are better off cultivating an editor by telephone. You will know on the first call if it's worth pursuing. If so, build up a rapport and consistently ply them with interesting data. Not only might they give you a money-making plug, but you may be able to cultivate them enough so they continuously look to you for information on one or more subjects. In other words, try for a long-term relationship. If you get one nice piece of publicity, don't drop them like a hot potato. Keep nurturing the relationship.

Be sure the publicity you get benefits you. Make certain it translates into orders. What good is a mention in the media without your company name, specific addresses, phone numbers, and product pricing? A gold dealer I know always had his opinion quoted in the Wall Street Journal. They never mentioned his company or that he was in the business. A lot of press releases only glorify someone's ego. It's not worth the time or money unless it translates into sales.

Several years ago I went from city to city for radio and TV appearances and to meet business writers at various newspapers. A P.R. firm made the arrangements. About one of every two newspaper writers I met did a story

because I saw them in person. Don't hesitate to call a feature writer at your local newspaper and set up an appointment to sell them on a story about your business. You must have an interesting angle or be tied in with a hot national or local story. The personal visit accomplishes far more than a telephone call or a press release in the mail. Whatever you try to accomplish, you must extend yourself beyond what others do in business. Like anything else, the best public-relations results come from going the extra mile.

A few years ago my wife decided she wanted to start her own business. She named her start-up the Day Spa. This new enterprise would provide services such as manicures, pedicures, massages, facials, and it would sell related body- and skin-care products. Most of these services were provided by hair salons, so her market gap was a relaxing, odor-free, quiet, professionally run, day spa.

Her new business required business cards and stationery. She needed a logo to put on these printed items. In his book *Do-It-Yourself Marketing*, David F. Ramacitti defines a logo. "A logo can be defined as the name of your business appearing in a distinctive typeface or type configuration, possibly combined with a graphic element of some kind."

When I started my company, we couldn't afford to spend a lot of money on a logo, nor did we think it that important. A friend ran a few typestyles past us, and we picked one. That would have been it, but while reading a book I noticed a charming line drawing of a stack of gold bars. I clipped it from the book and added it to the type. It served us well.

Ramacitti doesn't equivocate about your logo.

I would suggest that having a unique logo for your business or organization is not one of those when-we-have-time or when-we-can-afford-it projects. On the contrary, it is a top priority, ranking alongside finding a suitable location for your business, ordering your supplies, and arranging for your phone system.

In fact, if I were to write a *Marketing Ten Commandments*, near the top of the list would be, "Thou shalt have a unique logo and insist on its use!" Use it on everything - ads, letterhead and envelopes, signs, vehicles, and even the uniforms your people wear.

Think about it. The name of your business is how people identify it. It's what they remember about your business, and it's how they refer to it when talking to their friends and colleagues. You want the name of your business or

organization to be quickly recognized and easily remembered. A set logo, consistently used, will enhance that recognition and recall factor many times over.

People don't think of choosing a location for a business as a marketing decision. However, it may be the most important one you ever make. My wife, Diane, wanted to appeal to an upscale clientele. She located in a ritzy suburb close to a major mall and shopping area. In Minnesota the Day Spa in Edina has a ring like the Day Spa in Beverly Hills. People come there to shop from scores of surrounding suburbs. Unfortunately, she offset that smart move by choosing the retail area of an office building. This low traffic area was slightly off the beaten track and had poor signage.

Naturally, the rent plays a big part in your decision for a location. If you can afford it, you should be trying to get into the best location, the best mall, the best center, the best suburb with the best traffic and the most exposure to the public. A few years ago I opened a coin store in Phoenix, Arizona, in a development directly across the street from a major mall. Traffic never developed, and we suffered through several bad years. Finally we extricated ourselves from this trap and moved to Scottsdale, into the best mall in Arizona. Our rent barely doubled, but our retail sales increased by 1,000 percent the first year and we are still growing as people become familiar with our store.

The name of my wife's business, the Day Spa, tends to explain the business, holds out allure, and creates curiosity. It's an excellent name. The name of my principal business, Investment Rarities, only hints at what we do. It's an adequate name but not a great name. You should be looking to christen your business with a great name. At the very least, don't lower your image. Joe's Slatwall doesn't compare to Joseph Drake's Prestige Wall Display. Two well-known English names put together sounds good. Mason-Squire, Baker-Afton, William-James, you can pick from hundreds you mix together. Put clever names on your products and services as well. It makes customers think they are getting something good. Be innovative. A few years ago we marketed a plastic photo display unit that showed off the pictures. I called it the Fotoshow. The name told the story of the product. It got attention and enabled us to get shelf space.

In Do-It-Yourself Marketing, David F. Ramacitti advises:

First, always say what you do in your business name. It

your business is a hardware store, say so. If it's an insurance agency, say so. If it's a dog-walking service, say so. If you don't say what your business does, then it won't be anything in the minds of potential customers. This is very important, particularly for new businesses.

Certainly you can think of dozens of examples of successful businesses that have ignored this advice, whose business names include no hint as to what they do. But I'd also bet that most of these would be businesses that have been around for a while.

What I'm trying to suggest here is that with a new business trying to enter today's highly competitive marketplace, you'll be just that much further ahead in establishing its identity if you include a clear statement of what kind of business it is in the name.

Second, think about what you want to say about your business with a name. What image do you want to project? What niche do you want to occupy in the marketplace?

Consider using a descriptive word in your business name that clearly establishes the niche you're after.

If you want your business to be known for the quality of its work or products, then suggest that image right in the name: Quality Home Improvement, Custom Crafted Woodworking, Blue Ribbon Beauty Salon, Elite Men's Wear.

If you want it to be known for its low prices, then say so: Discount Office Supplies, Value Shoes, Pay Less Car Mart, Bargain Furniture Center.

If you want it to be known for its personal service and friendliness, then suggest this in the name: Personal Touch Flowers, Friendly Barber Shop, Hometown Heating & Air Conditioning.

If I were to go back and name my company again, it would be James Cook Gold Corp. This combines the founder's name with the business function. I had a partner when the company was founded and couldn't use my name. It helps to use your own name and make yourself a personality in your business. If you become widely recognized as an authority (and this takes years), you instill confidence in your customers. This is a form of branding. In other words, it's a powerful method of brand recognition that automatically leads customers to you and your product. Use your picture in your ads and sales literature. Publish helpful reports under your name. However, when you make yourself a personality, you better follow through with superb service and quality; otherwise, negative word

of mouth will rapidly turn your name into mud.

Although my wife had a great name, her sign, perched on the outside of the building, couldn't be seen unless passing drivers craned their necks. Five years later, when she moved a few blocks away into a high-traffic, upscale strip mall, you could easily see her sign from the busy adjoining avenue. It's amazing the number of people who come into her spa and say, "I saw your sign."

After she moved to the new location, her business stayed slow for a few months and then it boomed. The new location (with much higher rent) was a big factor in this growth. But she had laid the foundation for success in her old place. Low traffic had forced her to hone her marketing skills and to learn the fundamentals of her business. It caused her to manage almost flawlessly, perfect her service, and develop new services. She had to attract customers with ads and mailings and then make them happy enough to tell their friends. It was a tough, consuming struggle. She owed the bank, she owed my company, and when she moved into the new location with its expensive build-out, she agonized through a period of mediocre business and financial peril.

On certain things Diane listened to me. Her first and most important step was to put every customer and prospective client into her computer on a mailing list. Then she began to mail them postcards and letters on a regular basis. These mailers offered special price incentives, explained new products and services, extended personal invitations, and announced skin and beauty clinics put on by outside authorities and vendors. These mailings brought back customers with more frequency, filled in historically slow days in midweek, encouraged inquiries to book their first appointment, and built up customer interest, awareness, and loyalty. This you must also do.

She developed an educational brochure that explained her services and gave the prices. Her brochure answered the customers' questions, and she mailed it to all who inquired. Every company produces a brochure. But for every ten brochures you pick up or receive in the mail, you may read one. John R. Graham gives the lowdown on brochures:

Each year, companies spend millions and millions of dollars designing, printing, and distributing brochures that are never read by anyone other than the people who wrote them. Almost without exception, nearly all the brochures proposed for businesses in any given day should never be produced, because the vast majority are irrelevant to the

cultivation of customers.

1. Brochures do not make sales. Far too often, a brochure is unconsciously viewed as a crutch or even "a substitute" for marketing. Brochures help paint a picture in the customer's mind and communicate a message that may eventually lead to a sale.
2. Even though a brochure can't make a sale, it can make a good first impression. In the split second that it takes to hand someone a brochure or to pull one out of an envelope, the impression is made. Although your brochure may never be read, it has done its job of presenting your company properly.
3. When your brochure speaks, make sure it talks the customer's language. Most brochures, like so many other business publications, start at the wrong place because they're written from the company's viewpoint.
4. Let your customers tell your story. A brochure built around customer comments and interviews packs a lot of power. Instead of publishing an endless array of boring full-color photos of company executives, focus on your satisfied customers.

In some of my early sales brochures I used customer testimonials. Sometimes I see companies use these testimonials, and when I read them they don't ring true. I believe readers doubt sweeping testimonials. Make sure yours cover a specific benefit. Instead of "They are a great company," say "Their air bags saved my life." We began to use vendor testimonials. I got the president of Mocatta Metals, the director of the Royal Canadian Mint, and others to write a brief complimentary letter about the good relationship they had with my company. Then I got several well-known newsletter publishers and book authors to write a nice paragraph about my company. I put them all in my brochure. It builds credibility and sounds believable. You can get vendors like your banker, accountant, printer, and others including any well-known personality you know to do the same thing.

We use questions and answers in our brochure. We include our mission statement. We give bank references. We stress customer benefits. We show them how we can help them, protect them, and solve their problems. We put in our motto. When we occupied a flashy building, we used a picture of that. I include my picture with a written message that spells out our philosophy. In our next brochure we are planning to include a product offer that will get new customers started with us.

Another thing my wife did was to package her services. Her Metamorphosis Day package combined massage, pedicure, a facial, and lunch. It dramatically raised her average sale. The popularity of this package caused her to create additional packages with catchy names such as Body and Sole, Happy Feet, The Wrap Session, The Cocoon, and Spa Evening. She expanded her services to include reflexology, body wrapping, and hydrotherapy. She provided as a free service a complete steam room. She expanded her hours to include six evenings a week and Sundays.

She drilled her staff and gave them firm guidelines on how to treat the clients. Good marketing includes extra special treatment of customers, pleasant greetings, on-time appointments, high-quality service, clean surroundings, fresh towels and sheets, flowers, background music, and nice smells. It means a well-behaved staff, not a bunch of gum chewers talking about themselves and complaining because they didn't get their morning break.

A business owner automatically knows the importance of good customer relations. You need to concentrate on conveying your feeling and instinct about customer service to your employees. John R. Graham passes on the important marketing advice:

The best-laid plans for retaining customers will fail if you can't provide a level of customer service that generates deep bonds of loyalty. That means a great deal more than offering an 800 number or teaching people to answer the phone with a cheery tone. It means getting employees to reverse their roles and begin thinking like customers. A good place to start is to get employees to consider their language. Thought and language mirror each other, and when the right words are used, the organization begins to behave as if they were true. Use the wrong words and the opposite happens.

Here are some words for inspiring customer confidence and, at the same time, influencing an organization's behavior toward improved service:

1. "I'll take care of that for you." Wherever a problem lands first is the only place for it to be solved. The words used must be simple and direct.
2. "I take full responsibility." Can you remember when you last heard these words? When managers, by their actions, continually protect themselves from criticism, you can be certain no one else in the organization is about to take any responsibility. Yet employees will move heaven

and earth when they have told customers, "I'll take full responsibility." If there's a mistake, let's admit it. By taking responsibility we get to solutions - and customer satisfaction.

3. "We want your business." Why should we ever assume that customers know that we want their business unless we tell them?

4. "Thank you for thinking of us." This short sentence is what business is all about. When you walk into a store to make a purchase, you are in a very real sense paying a compliment to that business. Those who work for the company will better understand this relationship when they say, "Thank you for thinking of us." Everyone feels good - the one giving the compliment and the one receiving it.

5. "Consider it done." These are the magic words in business. They make more sales than all the training programs in the world. They keep customers coming back. They set a company apart from all competition.

Every business has only one reason for existing: to make something happen for customers, on time. That's what business is all about. Customers want to be reassured that you will do what needs to be done, not that you'll "try your best." "Consider it done" makes the person saying the words feel in charge, and the customer is left with the assurance of being in good hands.

Diane began to advertise in local interest and local business publications. She turned to her vendors for help in developing ads. They provided her colorful photographs that gave her advertising a professional look. Vendors are an important source of marketing help. (Once in a financial crisis I relied on a vendor for a six-figure loan.) The most common assistance you can obtain from vendors is called cost-sharing. They split the cost of your ad. For example, most of the dealer ads you see for gold coins are being cost-shared by the U.S. Mint, the Royal Canadian Mint, or other mints. My company takes advantage of these cost-sharing opportunities whenever practical. Push your vendors for this kind of help. If you become especially important to someone, you have tremendous leverage.

Diane arranged barter deals. (Yes, barter can be an important marketing strategy.) She traded gift certificates for ads in numerous publications. She exchanged cash and gift certificates to the Minnesota Timberwolves for an ad in their game program and an announcement over their P.A. system at every game. Many of her clients are the wives of Minnesota sports stars, team owners, and execu-

tives who have become regular customers. A gift certificate brings in people for the first time who otherwise might not come. Then they become paying customers. You can trade gift certificates for a whole host of services and merchandise.

She went to the major hotels in town and gave the concierge a gift certificate and her literature and asked them to refer people to her. She donated gift certificates to charity auctions, banquets, or golf tournaments and thereby picked up a few good customers. She made presentations to groups and corporations. She networked and told as many people as she could about the Day Spa. She wrote articles about her spa and managed to get several mentions in the local press.

She went to a neighboring hair salon with the following proposal: We'll send a mailing to each other's customer list endorsing the other's business. We will give a number of special gifts and incentives to encourage these new customers to come in. For the cost of a small mailing we can each generate a number of new clients.

This arrangement is called a host-parasite relationship. A few years ago my company mailed a list of newsletter subscribers, and the newsletter editor recommended my company in the newsletter. In exchange the newsletter mailed a subscription offer to my customer list, and we recommended they subscribe. You can piggyback your company on other people's mailings, and you can use their list in exchange for a similar service or for a fee or percentage of the gross sales. You can use this strategy to sell additional products or services to each other's customers.

Finally, my wife hit the jackpot. She ran ads in the major daily newspaper that showed an attractive view of a lady standing with a robe draped across her back. (She got great placement on her ad. Always try to make sure the paper doesn't bury your ad under several others.) The picture aroused curiosity, and the ad had fabulous readership. It offered gift certificates, and she ran it for several weeks before the holidays. For three days prior to Christmas she stood at her counter with her receptionists and sold gift certificates over the phone and to a long line of people waiting. Her ad generated over \$100,000 in gift sales. It had taken her almost six years, but she had turned her new business into a big success.

As a final strategy Diane rented booths in local trade shows and exhibitions. At the Women's Expo she brought in several of her massage therapists. She set up special chairs and offered a free five-minute mini-massage of the neck and shoulders. Women lined up. She gave away liter-

ature and accumulated 6,000 names.

At one time my company exhibited regularly in financial shows. We occupied the premier space at the largest show in New Orleans. As you came in the front door, we had the first eight booths. Rather than use the backdrop and tables provided by the show, we contracted with a display builder. Our state-of-the-art display folded up and could be shipped anywhere. This colorful, professional display stood out over any other booth. Unfortunately, the promoter of the show got into our same business. We lost our premier location. Every year we were shunted farther and farther back into the recesses of the hall and our booth space cut. Finally, in frustration we dropped out.

These shows are expensive, so you have to sell a lot or get plenty of leads. We ran a video to help bring people in. Sometimes at a large show the demand for literature can get too expensive. You may want to have an inexpensive flyer as a handout piece. We would rent a room or hall at the expo, and our speaker would give workshops and sales speeches. Our handout piece promoted our speaker and encouraged attendance. We sent our best salespeople. However, you must remind the staff to keep standing, smiling, and to stay in the booth.

In *Getting Business to Come to You*, Edwards and Douglas ask, "How can you pull the right people into your booth so that you have the opportunity to talk to them or demonstrate what you do? If you aren't able to hook people's interest in three seconds, they will walk on. How will you get them to stop at your booth?"

They answer:

1. Have some visual element or activity that serves as a magnet to catch the attention of everyone walking by. This magnet can be an interesting sign, a photo, a video, or even music. Studies show that a photograph will work 26 percent better than artwork.
2. The exhibit should have one central theme. The décor, banners, materials, layout, and design should support one theme, and what you offer should be unmistakable.

Sometimes you get business the easy way, without struggle and expense. These customers come to you by referral or word of mouth. Three things can happen after people see your business or complete a transaction.

1. They can say bad things.
2. They can say nothing.
3. They can say good things.

As everyone knows, people spread their dissatisfaction far and wide. (That's why you must deal in a hurry with any customer problems that arise.) In order to have them tell others positive things, you need to serve them flawlessly, because most of the time they won't say much at all.

People tell others about things (movies, new restaurants and stores) because it makes them feel important to be in the know. Or they tell them because it makes them feel good to be helpful or give genuine assistance (tailor, repair service). New openings, new products, new sales, get you word of mouth. David F. Ramacitti tells the best strategy: "The number one thing you can do to promote positive word of mouth about your business is to deliver more than you promise - consistently."

That kind of service leads to referrals, the cream of your new business. Referrals cost nothing and go straight to the bottom line. You can marginally improve on the number of referrals you would normally get by asking your customers for referrals. You can offer them a premium or small gift for sending people in, having them call, or getting their names. In a recent mailer we told our customers that we would send a free copy of a book we published to anyone they thought would enjoy reading it. We got names for future mailings, and it also led to direct business once these new people read our book.

As your company grows, you tend to use more outside marketing services. You need to make the call on who does what for you, to give your approval of the finished product and control the costs. I once did a joint venture with a designer who believed we could do the packaging of the product if we first got a great photograph. We used an incredibly expensive photography studio. They must have taken two hundred pictures and charged us more than it would have cost to get a company who specialized in packaging to do the whole thing. Years later when my company did a catalogue, I found an inexpensive photographer who did an adequate job. I'm not into paying an elite vendor an exorbitant fee for services that are slightly better than what somebody else does. Shop around and look at their prior work. Bid out your jobs. Here are some of the specialized services you will use.

Packaging. Since it can make the difference between a product sitting on the shelf or selling, your packaging should educate and captivate like any ad. Some companies or designers specialize in packing, and ad agencies have

professionals and experts on the subject.

Photography. You need to get a professional whose pricing is within reason. As you grow you will develop a marketing or ad department, and sometimes these employees will have special skills such as photography. Unfortunately, a lot of people think they're hot photographers.

TV Ads. You have to decide between corny, inexpensive stuff (sometimes done by the station) or more glamorous and professional ad agency work.

Point of Purchase Displays. Give the specialists your copy and your graphic ideas, and let them do the job. You need to critique and proof their work.

Typesetters. Over time you need to develop a sense of proportion and feel for an ad. Proof your typesetter's work and send it back as many times as you want for improvements.

Exhibits, Displays, and Trade Show Booths. The builder will customize it to your specs or create it for you.

Ad Agencies. I've always felt you can do as well in-house for a lot less money. Naturally an agency is a must if you can't do this work yourself or if you get too big. It can be a problem to get their full attention or to find someone who really understands and gets into what you do. I've found it difficult to get people to do good work on time. If you're deadline-oriented and push for quick results, you can be frustrated. I used to blow my stack at my ad agency. The I brought it in-house. It was less frustrating.

Printers. They lowball you for the first job and then hike the price on reorders. Get bids. Once you find a printer that's deadline-oriented and works in your interest, you should try to maintain the relationship. But still get bids.

Mail House. I've wanted to strangle some of them. When you find a good one who gets your mailing out on time, consider yourself blessed. Once I sent out a mailing piece as a test and waited for results. None came. We were terribly disappointed and abandoned the strategy. Exactly a year later a big response started coming in. The mailbags had been sitting somewhere for twelve months.

List Brokers. Make them work for their money. They should be able to find the best lists for your direct-mail program.

Sign Companies. I've never found one that didn't make me wince when they quoted the cost. General contractors and malls know the best companies.

Public-Relations Firms. They can be hugely expensive. Big companies spend lots of money here. I've used them for specific tasks like getting endorsements from newslet-

ters or for radio and TV appearances. View them as good for short bursts of publicity. A few months will do. The longer you use them (and pay them), the scantier the results. How much can they say about you after a few months and still keep it fresh? I once entered into a retainer agreement with a P.R. firm. I paid them a substantial fee every month. After ninety days we weren't getting any new publicity, and I had to negotiate my way out of the agreement.

You also need to have a marketing budget and establish an amount each month devoted to marketing. Growth and profits should primarily mean more money for marketing. You should always be experimenting and searching for marketing that works. Once you get a hot concept, beg, borrow, and steal to do more of it. Go to the max of what you can afford once you create a winner. Should you continue to market when you're losing money? Yes, or you will ultimately go out of business. If you have several marketing strategies going at once, always push the big winner and cut back on everything else. Keep testing the backup strategies; bring them along slowly but do have them ready.

I had a great marketing concept going with a newsletter writer. We mailed an offer to subscribe to the newsletter. A subscription cost \$400. Enough people subscribed to pay for the mailing. Then to get leads for our sales staff we mailed a second offer to everyone who didn't subscribe. If they sent in the enclosed return card, we would send them two free copies of the newsletter (back issues). We claimed these two issues carried the most pertinent and explosive information the author had ever put down on paper. It worked great. We got tons of new leads. Then his son got involved in running the company. He inexplicably nixed our arrangement. Without warning our best strategy came to a halt. If we hadn't had a backup marketing scheme ready to roll, we'd have run out of leads.

Another thing you need to know is how your competitors do business. Read their literature. Call them on the phone. Make a purchase from them or walk through their store. Read their Web page on the Internet. Analyze their advertising, marketing, and promotions. Try to get a handle on their mission and objectives. You should stay abreast of your competition to learn things that can be used to boost your sales. However, you can never look to your competition for direction. That's because most of them don't have a clue. For every minute you think about your competitors, think eight hours about your customers.

When I was new in the gold business, I set up an elabo-

rate monthly investment plan for people who wanted to buy a small amount of gold bullion each month. It was complicated, expensive to market, an accounting nightmare, and the margins were small. I soon realized it would never be profitable. We got a few tire kickers but fewer sales. The customers clearly were not going to go for it. I abandoned the project. About a month later one of our competitors sent out a massive (and expensive) mailing announcing the kickoff of a great financial scheme, a monthly gold accumulation plan. They got what they deserved. Don't emulate a competitor unless what you copy has proven to be successful.

Watch the mail so that you can be sure to check out your competitors' offers. Scrutinize the mail to follow what the direct mailers dream up. A constant flow of innovations pour through your daily mailbox. Notice the boring or scruffy-looking mailers that are a waste of money. See what you can adopt to your use. If you receive a certain mailer again and again, you will know that it's working.

A business doesn't usually think of its pricing policy as a marketing strategy. If you hold your prices at astronomically high levels, nobody will do business with you and you will fail. That's proof that pricing and marketing are synonymous. Don't use a lot of add-ons to jack up the price. Your price should be complete. When my gold store sells a coin, we don't charge an additional fee for the plastic holder that holds the coin. Also, break the pricing units down so they're convenient. Consumers don't want to buy a big lot or excessive amounts. Don't penalize with pricing. I once checked out of a motel two hours late and rather than pro-rate the charge, they nixed me for the whole night. Sometimes a business will take advantage of customers who have no idea what the right price should be. Others push up prices in a crisis or shortage. Also remember that consumers expect to get discounts for volume purchases. They want the price to be out in the open, easily understood, and including everything.

It's dangerous to raise your prices, especially if you get overexuberant. Small raises (even if they're frequent) cause far fewer waves than a big jump. When we sold our water-vending business in Florida, the new owner immediately raised the prices. We had charged a dime for a gallon of water. They jumped it to a quarter. It made the customers so angry many of them boycotted the units. Volume fell off by two-thirds.

As a rule of thumb the higher the price of the product, the fewer people in the business. It takes a big investment

to manufacture autos. It takes a lot less to make a hamburger. The lower the price of the goods, the more competitors you will have.

Although you have only so many marketing dollars, you must nevertheless stay on top of new marketing technology. Quite possibly you will find a new high-tech strategy that turns into a winner. An 800 number turns your company into a national enterprise. You don't have to open far-flung offices if you learn how to capitalize on toll-free numbers. 900 numbers seem to work only for a handful of enterprises. Sometimes the phone company won't enforce collection of these bills.

Every business has a fax, but few use it as a marketing tool. In his book *eMarketing*, Seth Godin covers the possibilities for fax marketing.

There are three main ways to use fax technology for marketing:

- Fax on demand. Customers call a number and request specific documents, which they receive right away in their fax machine. [In your ad or catalogue you give people a number to call, and your company sends them a fax with more extensive information on the product.]
- Database to fax. A computer extracts information from a database to respond to a caller's inquiry, and faxes that information to the caller. [A caller gets plugged into a computer that pulls out the information they want and faxes it to them.]
- Fax broadcasting. A business sends a personalized document by fax to a number of contacts. [You fax an information sheet, a marketing letter, or an ad to your customers.]

Another new technology is known as Audiotext. A computer stands in for a person. When you call a movie theater to find out what's showing or call your bank in the morning to find out your balance, that's Audiotext. It takes your call automatically, gives you information that you ask for by pushing the touch-tone numbers on your phone (interactive), and it can record your voice. It's a slick way to handle certain business applications.

Interactive voice response cannot only be used in Audiotext, but in point-of-purchase displays and kiosks (automatic teller machines [ATMs]). In a store the customer pushes a button, and the point-of-purchase display delivers a pitch. A spice store next to my mall location in Scottsdale has a lifelike replica of a cheerful old gentleman who discusses products in the store whenever a customer

pushes his button. That idea caused me to put a recording in my store extolling the virtues of precious metals on a Muzak line that plays periodically at the sound level of background music.

Some companies promote their products on interactive floppy disks. Others use CD-ROMs to include an entire catalogue of products that they mail to prospects. This information will often be scanned on to a computer screen or can be presented on an overhead projector, so it's particularly apt for business-to-business products.

If on-line marketing turns out to be the business blockbuster that everyone predicts it will be, then you will need to capitalize on it. The Internet's open twenty-four hours a day, year round, and you don't need to staff it. On the Internet you can provide more information than in a thick catalogue; you can add and subtract products and change prices at will with low production costs and low overhead. You're on a level playing field with your biggest competitors. Company size has little relevance.

You can build a mailing list on the Internet, and you can send this target audience commercial offers through e-mail. You don't usually send bulk unsolicited e-mail. There's no equivalent to direct mail on the Internet. That means advertising must be interactive. Consumers must request information from you first. You can, however, promote your on-line services in standard print advertising. You must get people to look at your Web page. That means you need to provide an extensive selection of educational information for the consumer to read.

Interactive advertising expert Jonathan Pajiou advises, "A typical digital ad, if done properly, will convey much more information than an ad in any other media and do it in a much more friendly manner. An interactive ad will allow the consumer to pick and choose what information he/she wants to view and the order in which it is viewed. Additionally, if properly executed, the ad won't really seem that much like an ad that the typical consumer is used to." Although you're trying to sell something, you avoid the appearance of trying too hard to sell something.

In his "Online Marketing Handbook," Daniel S. Janal explains: "Clearly, the most exciting interactive sales and marketing tool to date is the Internet's World Wide Web, also known as the Web and WWW. The Web lets you create a virtual shopping experience through the use of hypermedia - a combination of text, pictures, and sound that consumers can access to learn more about your company and its products and place an order. A home page, which is really a series of pages and files containing text,

pictures, and sound, can be compared to a catalog or to a store because customers can read about products, see them in action, and place an order. A home page will usually include an overview of the company as well as point-and-click access to product or services information, access to online catalogs, product order forms and other literature."

He continues, "Because of the high degree of interactivity, companies can have the luxury of creating sales presentations that are tailored to each customer's individual needs. Also, marketers can create multiple selling propositions - a different reason to buy for each customer. In this manner, everyone who visits the Web can get personal treatment. At its best, the Web creates a personal selling experience. Customers can see a demonstration of the product in full color. They can hear a step-by-step explanation of how to use your products to cook a better meal, listen to the eggs cracking, and watch a happy family eating the food.

"Best yet, creating a Web site and the supporting pages doesn't cost an arm and a leg. With the right tools and training, anyone can design a page and have it loaded onto a computer server for the whole world (literally) to see. The Web is truly every person's printing press."

He goes on, "Two ways to determine whether marketing is successful are to find out how many people have seen your message and to identify who they are. You can find out how many people visited the home page and each individual page. This can be a boon to marketers who are testing messages and features. They can see which information was requested and how often. They can determine which sales pitches work more effectively.

"However, the Web does not identify customers. It only records the name of the machine from which the user is making a request. Consumers must give you that information directly. You can urge them to do so by requesting they sign a register book or send e-mail. You can entice them to send their names and addresses by granting them access to other areas of the home page or by offering free software or products."

If you are a newcomer to on-line marketing you need to find a service provider to create your Web page and supporting material. Compare a few and check them out with their previous clients. These providers will get you the right mix of graphics and text. You should be able to adapt most of your present (educational) literature and, if necessary, write new text. Don't let anybody forget you're doing this to sell something. Make it easy to order your products.

You can connect to the Internet on your own, or preferably you can get on someone else's system (rent space from a host). You can also join an electronic mall that provides on-line shopping services. Unless you're a techie, you need to discuss these issues with consultants and get outside help.

Whenever you run an ad, send out a mailer, or launch a marketing campaign, you have high hopes for the results. Frequently, however, the results are disappointing. I have spent considerable marketing money on promotions that failed miserably. In fact, most of the advertising I've tried either failed or brought marginal results. You must expect to be disappointed. It takes experience and many attempts to finally get something to work. However, you will find that on rare occasions a certain ad will pull fabulously well. This will surprise you because it comes like a bolt out of the blue. My wife advertised her business for years before she had a spectacular response from a newspaper ad. Her newspaper ads had always produced marginal results. Suddenly everything clicked. The same thing has happened to me. More than likely the market (consumers) becomes more interested in the product or it suddenly becomes timely or trendy and the ad or mailing works like never before. It just means that you need to keep picking away with ads and promotions until you hit a home run.

From time to time in your marketing attempts, you will suffer such severe setbacks and problems that it will sap your spirit. Their failure can place your whole enterprise at risk. The more you pioneer or trailblaze, the more it seems you will suffer these setbacks. The owners of new business establishments will sometimes experience periods of doubt, great anxiety, and outright fear. It is these times when Napoleon Hill's philosophy of success can succor you and give you the strength to continue. These are the words that kept me going in the worst imaginable circumstances:

Those who have cultivated the habit of persistence seem to enjoy insurance against failure. No matter how many times they are defeated, they finally arrive up toward the top of the ladder. Sometimes it appears that there is a hidden guide whose duty is to test men through all sorts of discouraging experiences. Those who pick themselves up after defeat and keep on trying, arrive; and the world cries, "Bravo! I knew you could do it!" The hidden guide lets no one enjoy great achievement without passing the persistence test. Those who can't take it simply do not make the grade.

Those who can "take it" are bountifully rewarded for their persistence. They receive, as their compensation, whatever goal they are pursuing. That is not all! They receive something infinitely more important than material compensation - the knowledge that every failure brings with it the seed of an equivalent advantage.

There are exceptions to this rule; a few people know from experience the soundness of persistence. They are the ones who have not accepted defeat as being anything more than temporary. They are the ones whose desires are so persistently applied that defeat is finally changed into victory. We who stand on the sidelines of life see the overwhelmingly large number who go down in defeat, never to rise again. We see the few who take the punishment of defeat as an urge to greater effort. These, fortunately, never learn to accept life's reverse gear. But what we do not see, what most of us never suspect of existing, is the silent but irresistible power which comes to the rescue of those who fight on in the face of discouragement. If we speak of this power at all we call it persistence, and let it go at that. One thing we all know, if one does not possess persistence, one does not achieve noteworthy success in any calling.

Lack of persistence is one of the major causes of failure. Moreover, experience with thousands of people has proved that lack of persistence is a weakness common to the majority of people. It is a weakness which may be overcome by effort. The ease with which lack of persistence may be conquered will depend entirely upon the intensity of one's desire.

The starting point of all achievement is desire. Keep this constantly in mind. Weak desires bring weak results, just as a small amount of fire makes a small amount of heat. If you find yourself lacking in persistence, this weakness may be remedied by building a stronger fire under your desires.

SALES

There are three ways to grow a business. You can get new customers, you can get bigger orders from your customers, or you can get your customers to order more often. Which of these is the best? It's far more profitable to get a larger order or a repeat order from existing clients. Your biggest expense lies with getting the customer in the first place. Most businesses devote most of their energy to securing new customers. They seldom take full advantage of their existing customers.

Most companies appreciate their customers but in a

lukewarm, wishy-washy way. They lack the intense insight that it's not new customers, but old customers who are the key to growth and profitability. I don't believe the company exists that fully maximizes the potential inherent in its customer base. Most business owners fail to market satisfactorily to existing clients. This is the greatest blind spot in business.

Years ago when I first hired marketing expert Jay Abraham, he instructed me incessantly on reselling my customer base. He persuaded me to take steps that led to marketing programs which capitalized on our greatest asset - our customers. First we bought a computerized printer. At the time this was new technology. It printed personalized letters in quantity. Up to that time we had mailed a haphazard solicitation to our customers once or twice a year. We concentrated mainly on bringing in new clients, and after the first order we left it up to them to call us and reorder. Although we had salesmen that out-called, they had pretty much drifted into the habit of waiting for incoming calls.

Next we bought a machine that signed my name to our letters in real ink. So all day long the printer coughed out personalized and informative letters to individually addressed customers, and the arm of the signature machine cranked incessantly, signing my name. Every customer began to get these personalized letters on a regular basis. The results were spectacular. We just kept selling more and more.

Jay Abraham taught me, "Your best prospects are your existing customers. If you've been putting all your marketing efforts into acquiring new customers, stop and divert some of your resources into reselling, up-selling, and cross-selling to those same customers. In every way possible - through package inserts, regular mailings, special offers - stay in touch with those customers and get them used to buying from you."

You don't have to start these customer contacts with elaborate mailers. As mentioned previously, an interesting letter from you will suffice. At times you can use an inexpensive postcard. These mailings keep you in touch and make your customer feel special. Primarily, they are selling tools that create reorders and additional business. You can use them to thank customers for their purchase and to make them feel good about what they bought. This cuts down on returns. You can make special offers or give them preferential pricing ahead of the public. At one time I sent 75,000 letters out to customers and prospects every month. This letter generated hundreds of thousands of

dollars in orders each time we mailed it. Over time I turned this modest letter into a regular newsletter.

It bears repeating that you must build a mailing list of customers and prospects. Many small firms overlook this necessity. Get names on your computer. Divide the list into customers and prospects. Develop a formula to age the list. Separate customers between actives and inactives, old prospects and new prospects. Mail these lists until they are no longer responsive. That may be twelve times a year or only twice. If you track results, you will know how often to mail.

In 1980 the price of silver rose to astronomical levels. It got so high that people began to sell their silverware to their local coin dealers. My company bought bulk amounts of this scrap silver from dealers all over the country. Much of this silverware, including silver utensils, went to the refinery to be melted. We decided to hold back the better sets of silverware. Soon we had a bulging inventory of silverware sets.

When the price of silver plunged, we had hedged the silverware in the futures market and suffered no loss. Unfortunately, the falling silver prices killed our main business, the sale of gold and silver. We started to lose a lot of money. By that time we had been in business seven years and had built up a big mailing list of customers and prospects. They had all read our literature, and many of them trusted us.

So what did we do to break out of the killer slump we were in? We cross-sold our customers. We prepared a report with plenty of pictures of the various patterns of silverware. We told how we had saved these silver sets from the melting pot. We called the sets "pre-owned silver" and pointed out how new they looked and how reasonably they were priced. Since we had bought them for their silver bullion value only, we could add a big markup and still be competitive. We sent out the first mailing. Our phones lit up. We did a land-office business in high-profit silverware and turned the company's fortunes around. The mailings were so successful we rented outside lists. Eventually we sold out of our silverware and had to go to silverware vendors to get more. Without our customer list and an effective cross-selling strategy, we might have gone out of business.

Once your company builds up a sales force, you must direct your marketing toward generating leads. Today we call this database marketing. It's a two-step process. The prospect responds and the salesman closes. To the extent you generate leads, you can grow your sales force and sub-

sequently your company. The sure sign of a growing company is plentiful leads.

When I started my company, I got a list of members of an exclusive men's club and began to call them for appointments. I made inroads, but this type of cold-calling wears you down. You get a lot of rejection. It's so much easier to call a prospect than a stranger. I soon noticed that people who responded to my ad turned into buyers much more easily than the people I cold-called for an appointment. Too much rejection erodes the will and heart of your sales force.

If you must cold-call, so be it, but you will have greater sales success and a more permanent sales force if you furnish them leads. John R. Graham tells us, "Marketing has a very special job. Its task is to create the right buying environment so that customers are primed when salespeople call. The goal of marketing is to create leads for the sales force. The job of the salesperson is making the sale, closing the deal. But this generally doesn't happen. Instead, salespeople are goaded into finding their own leads! What a waste of time and talent - and lost sales."

In other words, sales don't come first, marketing comes first. Marketing sets up the salesmen by making the customer know and respect your company before the sales call. That means marketing must become the driving force of your organization. Graham puts it this way: "Marketers ask the questions 'What does the customer want?' 'What does the customer expect?' 'What are the conditions we need to create so the customer wants to do business with us?' In other words, marketing makes sales easier."

Before my company hired any salesmen, I held the job. I managed to secure a few endorsements from newsletters, and I fielded the incoming calls. We sent out a weak brochure to the people who made an inquiry. We tried to have the lowest price. In fact, our main marketing plan, if you could call it that, was to attract and keep customers with a low price. Over the years I have watched my competitors fail by the score because they insisted upon maintaining the lowest price. My whole industry suffers from fear of losing a deal and a worry that they may not get all the business. In reality, they should be concerned only with doing the profitable business.

Somewhere along the line I began to realize I couldn't afford to market or attract good salespeople with razor-thin margins. However, in the beginning I made the mistake of selling too cheaply. Good marketing cures the need to rely on price. It changes your perception in the eyes of customers. My company has become more than just a

place to buy. We give good advice, make astute product selections, and provide hard-hitting information. We give away books and send out a regular newsletter. We have an image of professionalism and extra value. These are the things you must do to build up your company.

John Graham tells us:

Every company has, at some point, said, "We want the business, so we'll take a bath on this deal to get our feet in the door. If we don't get the price down, we'll lose the sale."

The problem with such "loss leaders," of course, is that the exception becomes the rule. In order to get the business, they cut the price. Again, and again, and again. Companies then get used to operating on increasingly slimmer margins, creating the need for ever higher sales volume to compensate for the losses. The truth is, if the company really had something worth buying, and its marketing people did their jobs, the firm wouldn't have to give up a dime.

My company made other mistakes. When orders came in, we filled them and filed them away without keeping a list. When inquiries came in, we sometimes failed to get their name and address, and if we sent them our brochure, we didn't keep track of their name. We failed to follow up on orders. We didn't send mailings to customers after a sale, and we didn't even call them back to secure a reorder. Our literature failed to address the needs and concerns of our clients.

Eventually we began to put our customer names on a computer list. I hired several salesmen and put them on the phone to take orders. I aimed our ads at getting new customers and neglected my growing list of existing customers and prospects. Eventually Jay Abraham persuaded me to do a colorful mailing piece that offered all our products to our customer and prospect list. The enormous response blew us away. Some customers didn't even know we carried certain products, a sure sign we were failing to educate our clients and keep them informed. Up to that point we had failed to maximize the potential of our customer list. That first mailing piece that worked so well changed us forever.

We began to make regular mailings to our customers. We started to use direct mail to get prospects. We added more salesmen, and we began to out-call prospects. The switch from waiting for incoming calls to making out calls made a huge difference in sales. Just as important, we

began to call our existing customers for additional orders. They became our biggest source of business.

The salespeople that you need to put your company on the map are hard to find. Most salesmen and saleswomen can't sell. They have the title and they may hold down sales jobs, but they can't sell. These people represent a danger to you because they apply for your sales jobs and you hire them. You could hire ten salespeople to work on the development of a new product, and all of them could be poor at sales (even though they looked and sounded good). The product would fail, and management would write-off the product when in reality a poor sales performance was responsible. The product or service never had a chance.

If you have a sales force of a hundred people and you've been reasonably fussy about who you've hired, they will contribute as follows: Twenty percent will be your main profit contributors. They will always be at the top. Sixty percent will make a small contribution to profitability. The other twenty percent eat up leads, run up expenses, and sap your resources. They are costs.

You need to upgrade your sales force continuously. That means hire and fire. Some sales jobs require expensive long-term training. It can't be helped. Despite the high training costs you must still get rid of the low-end producers and replace them with big producers. Only twenty percent of the sales applicants you hire will make the grade. So to build up to a hundred salespeople, you must hire five hundred applicants. Four hundred will fail, quit, or be fired. About five percent of your sales force will be superstars. You need to hire a hundred people to get one. If you are keeping a high percentage of your sales hires and you seldom fire, you probably need to upgrade your sales force.

In order to sell efficiently a salesperson must be able to establish a rapport with other people. That means that introverts, shy individuals, or people with serious inferiority complexes may not fare well in sales. Extroverts with good personalities and high levels of self-confidence make the best salesmen and -women. However, a person can be shy in a crowd, backward in front of a group, or quiet in nature and still be good at sales because it's what happens one on one. Can they make friends, get a rapport going, and build confidence with that one person? In a sense a good sales personality takes control of the relationship between seller and buyer. They lead. They give direction. They are in charge.

I'm not sure you can teach that ability. Furthermore,

I'm certain you can't teach the second most important aspect of sales success, which is hard work. Most people tend to be lazy. You can hire ten great extroverts who can establish rapport and be in charge throughout a sales call, but only a few of them will make calls consistently over the long term. Many of these people experience immediate success, then lack the discipline to perform steadily. They waste time, reach an income level that's satisfactory, and never fulfill close to their potential. They drive a sales manager crazy.

A third requirement is the ability to think big. Many salespeople ask for orders in line with what they can afford to buy. Others are afraid they will lose a sale if they ask for too much. So if you have a salesperson who only tries to close little deals, you have a wasted talent. You can sometimes teach the ability to think in bigger terms. Experience can make a small hitter grow. The problem ties in to some extent with a salesperson's income expectations. People who want to make a lot of money usually do bigger deals. So find out how much income your sales applicants desire.

A few great salespeople have a touch of larceny in their hearts. They can talk people into anything. These people are fine to hire. You just need to train them to be honest, and the minute they break the rules, jump all over them. Keep them on a tight chain and discipline them if they speak with a forked tongue. Initially, they will test the limits of your system, but after you spank them a few times, they tend to settle in and follow the rules. A few, of course, are incorrigible and you must fire them. You must keep your sales force honest at any cost.

Alcohol and drugs are always the enemy of your sales team and harm productivity. Some good producers have a weakness for chemicals. Too much success can also corrupt individuals and turn them toward these devices. You need to monitor such abuses closely. Let it be known you don't tolerate chemical abuse and have counseling and treatment readily available. You need to have the guts to fire your biggest producers, no matter how important they are, if they have chronic chemical problems or break the rules.

A great salesperson may have drawbacks. These big producers can be difficult, egotistical, and hard to manage. You can't give in to their manipulations, and you must win the showdowns. To build a great sales force you must hire and fire a lot of people, treat them fairly, and let them make a lot of money. A high income gets you the best people and keeps them contented.

Telemarketing represents a specialized type of selling

that should be utilized whenever possible. It costs less. It covers a lot more ground, and you can rapidly build your company with it. Don't get telemarketing confused with someone pestering you at dinnertime to make an appointment for a siding salesman. Professional telemarketing doesn't waste time making unsolicited calls.

What kind of product or service lends itself to telemarketing? The answer has three parts:

1. It should be a unit with a high price.
2. There should be enough mark-up in it to pay the telemarketers a good commission.
3. After all expenses are taken out, there should be a nice profit left.

In other words, you aren't going to have much success telemarketing a \$19.00 item. Of course, if it's one of many items (from a catalogue), that's a different story. Ideally, out of a \$300 profit on a sale, a third would go to the telemarketer, one third would cover your costs, and one third would be left for you. Apply that loose formula when analyzing a product for its telemarketing potential.

It's a poor policy to telemarket to the phone book. Let's say you sell tires. You can call all the tire dealers in the yellow pages, but you need to better qualify these prospects or at least let them know in advance you are going to call them. With a good program of lead generation your salespeople won't burn out. Your telemarketers are always going to prefer calling leads. A competent telemarketing firm does not make it too tough for the telemarketer to sell. If the closing ratio is too low, the salespeople leave.

You need to mail your prospective buyers an offer that stimulates their response. These response cards should be entered on your computer list and handed out to your sales force soon after you have fulfilled the offer. You should put your promotional material and a good strong letter in with the fulfillment mailing. Once your telemarketer sells them something, they go off the prospect list. After a few months you can once again hand out those that didn't buy and have a different salesperson call.

If you call raw leads from a mailing list, you should send them a setup mailing advising them of your forthcoming call. This mailing should be an interesting commentary that briefly tells them to expect your call. You should mention what you will be talking to them about and ask them to listen. Set your prospects up the same way. Mail them and call them. Let a decent interval elapse. Mail them again and call them again. Persistence really pays in

telemarketing.

Always have a toll-free line prominently displayed on all your mailings so that the prospect can call you for more information or to order. You can let your telemarketers handle these incoming calls rather than take them as house accounts. This makes a nice perk for your sales force. If you begin to get a lot of incoming calls, some of your salespeople will slow down their out-calling in hope of fielding these incoming calls. If you get too many incoming calls, you actually risk ruining your sales force. Consequently, you must lecture them about staying on the phone. Make sure any incoming calls are handed out equitably.

Once you've run an ad to hire telemarketers, screen them with a brief intelligence test. The smarter your sales force, the more persuasive they are. There are no absolute formulas for hiring good telemarketers, but I've had the best luck with mature people over thirty with prior sales experience. If they've been a sales leader somewhere else, they tend to work out well. In telemarketing you have to recruit, hire, and fire almost constantly if you wish to build a highly professional sales staff.

No matter how much screening and testing you do, it's still a hit-and-miss process. If they're not productive in sixty days, in most cases they never will be and you need to cut them. My company pays a salary for the first six weeks and a higher than normal commission for three additional months. This enables them to break into this straight commission job at a workable pace and not go without income.

Some telemarketing companies have two tiers of callers. The first tier calls the leads and finds out if they are interested. Then a "closer," or more experienced salesperson, takes over and calls them back. We let our newly hired brokers perform this function. They call scores of leads. They mail these prospects special reports and then begin to take orders. If they fail or quit (and a high percentage do), we take their new clients and good prospects and pass them out to our brokers. These brokers do a good percentage of their business with these prequalified people. In other words, those brokers who don't work out generate a number of qualified leads before they leave.

Keep everyone on the phone for the entire eight-hour day. You will note that the top producers stay on the phone relentlessly. Others sluff off. A good sales manager keeps everyone dialing. It's always a battle to keep everyone working for a full day.

You also need to monitor what your telemarketers say.

You must make sure they don't make false claims. Some companies use a script and make everyone follow it. Others have a script for new employees only and let the veteran telemarketers employ their own selling skills. My company doesn't use a script, but we do a lot of role playing beforehand. Install a monitoring phone to make sure the salespeople stick to the truth. The telephone company can fix you up with a special line that listens in on these conversations.

Public speaking on a local or national basis can often lead to big business. It's a form of selling. Until he passed away, we employed an excellent public speaker, Jesse Cornish, to give talks at seminars. At times we put on seminars in major cities and advertised them to our clients through direct mail. However, most of the time we attended other people's seminars where Jesse was a guest speaker. He packed them in. Since he doubled as a salesman, he became a big profit center in his own right. Clients would line up to buy from him. He had a self-effacing charm, and he complimented everyone so lavishly they loved him.

Gold was red-hot in the late seventies, and that was his heyday. I don't believe he ever asked for an order; they just took it away from him by the millions of dollars. This mixture of timeliness, celebrity status, soft selling, and product popularity can be positively lethal (to your competitors). If you have a talent for public speaking, or if you have someone on your staff with this ability, there are plenty of local groups or national seminars interested in hearing about a timely or fascinating topic. You need not give a sales pitch, but you can discuss the interesting aspects of what you do and give a solid mention of your business. This soft-selling approach works wonders.

In certain situations you can use salespeople on a short-term basis or cyclically. When the price of gold was high, many people sold their gold rings and broken gold jewelry to coin dealers. Once we got a big accumulation, we sent it to a refinery. The margins were good. We only needed more. Consequently, we hired six proven salespeople and sent them around the country calling on dealers. Our gold scrap business soared. They acted more as goodwill ambassadors and simply by asking people to do business with us they multiplied our volume. It's amazing how many industries never ask for business. If you're not asking for an order every day, you are missing out.

We have found that sending out a newsletter on a regular basis helps the sales force and builds sales. Our newsletter covers economic and financial topics and closes

with a specific offer and a call to action. The salespeople follow up the newsletter mailing with extensive calling to customers and prospects. We always see a surge in volume during the week our letter hits.

John R. Graham tells us, "In reality, a newsletter is a special communication vehicle that allows you to talk to your customers on a consistent basis in ways that you can't achieve through advertising, brochures, direct mail, cold calls, or office visits. Here's why. Every company acquires experience, skills, and specialized knowledge from helping customers solve problems. A good newsletter will take that knowledge and translate it into helpful information that any existing customer or prospect can put to good use."

A newsletter does the following for you:

1. Makes price less important
2. Builds your credibility
3. Enhances customer loyalty
4. Locks up big customers
5. Opens the door for salespeople
6. Keeps you in regular contact with your customers
7. Keeps the customers informed

Here's some more advice from Graham:

To create a newsletter that people actually want to read, use the following guidelines:

1. Provide information of immediate use to the reader. No one gives a hoot about who was promoted to president or who won the Employee of the Year award. Nor do they care that you've just sold your one billionth paper clip. What they do want to hear is:

- How you solved problems for other customers
- New ways to use your products or service
- Tips for using your products or service to increase their efficiency, productivity, profitability, and competitive position
- Expert advice that pertains to their industry.

2. Provide a good mix of information. Few people have the time or inclination to read a single six- or eight-page article. Ideally, your newsletter should be four pages, with a feature article occupying about a page and a half at most. Devote the rest to "short takes" and "tidbits" of information, of the "Helpful hints from Heloise" variety.

Again, keep the information relevant. You might, for example, provide:

- Information about new management techniques
- Industry and business trends
- Explanations about the technology behind a breakthrough product
- A calendar of upcoming seminars, conferences, trade shows, and so on
- Book reviews
- Specialty software program reviews

At some point you need to think about your company in a broad philosophical fashion. Where do you expect to be in ten or twenty years? You need to write down your specific goals and define precisely your company's mission. Write down a single sentence that states this mission and relay it to your employees. For example, "We are the fastest-growing widget company in the world." You must also get a focus on exactly what your business does and who it serves. You need to know your customer, know what they want, know who they are, and know where to find them.

David F. Ramacitti suggests you ask these six questions:

1. Who are we?
2. What do we do, and why do we do it?
3. Who do we do it for, and why do we do it for them?
4. What could prevent us from doing it?
5. How will we promote our business?
6. How will we know if we are successful?

According to him, the answers to these questions also serve as a marketing plan for your product or service.

When I started out in business, I carried a semblance of a marketing plan in my head. My hit-and-miss marketing attempts taught me what worked. They taught me about my customers. Whenever I branched into something lacking a sound marketing plan, I lost money.

Ramacitti gives insight into the marketing plans of great corporations.

A marketing plan for General Motors or Coca-Cola fills several thick notebooks - and this is for just one product, because each individual product gets its own marketing plan.

There will be pages and pages of information on the target audience, demographic analyses of who buys the product

and why - age, income, where they live, occupation, how they spend their leisure time, and naturally, lots of data on which media they prefer.

There will be pages and pages of information on how the company will promote the product, descriptions of the creative concepts behind the promotions, storyboards for TV ads, mock-ups of newspaper and magazine ads, drawings of point-of-sale displays, and, of course, complex charts of media purchases, including which network programs the ads will be on and which print media they will appear in.

There will be pages and pages of information on how the product will find its way into the marketplace; how it will be distributed, what stores it will be in, and how it will get shelf space allocations.

There will be pages and pages of economic data: detailed information on the cost of manufacturing, distributing, and promoting the product and lengthy analyses of the expected sales trends, market share, and profitability of the product.

And, if this were a marketing plan for a new product being introduced into the marketplace, you could add 50 percent to the length of the plan.

Large companies rely on firms that specialize in marketing research. These companies get them the facts they think they need. They find out all they can about the consumers of their product. They want to know their sex, age, education, and income. They interview, they call on the phone, and they survey. They hold meetings or focus groups to get consumer sentiments. Despite this refined market research, large companies frequently lay an egg with new products. You may never use these marketing services, but you should be aware of what's going on with the bigger firms. They have a lot of money to burn on trendy research.

Lisa Fortini-Campbell gives a large-company perspective: "You need to understand the facts of a marketplace: how big it is, whether it's been growing, who the competition is, how they're positioning themselves, how successful they are, what trends are affecting the market and, in broad strokes, who the target consumer is, and how they see your brand.

"This is where surveys, industry statistics, opinion polls and the like can be helpful. They give you data - the facts, things you need to form your own insights. This is your foundation, the solid facts on which your larger insights will rest."

You will sometimes hear marketing terms such as cluster analysis and benefit segmentation. These statistical studies uncover the varying benefits consumers expect from a product. For example, some people buy toothpaste because they want to freshen their breath; others wish to stop tooth decay or brighten their teeth. Knowledge like this enables a company to target their marketing to specific niches or segments of consumers. They even go further by segmenting attitudes, psychological makeups, consumer needs, and more.

David F. Ramacitti explains the evolution of marketing:

In the 1970s, as marketers used market research to learn more and more about their markets, a major transition began that has remade the face of modern marketing. In their efforts to gain a competitive marketplace edge, sophisticated marketers discovered that the large mass markets they were gearing their products and promotions for actually had lots of submarkets, or niche markets. For example, the housewife consumer category wasn't just the still-in-the-home suburban-mother-of-two traditionally depicted in ads. The housewife category could also include a working mother, a single mother, and a childless wife, which, in turn, could be broken down into a younger newly married wife and an older empty-nester wife. Marketers discovered that the real people in these niche markets tended to have specialized needs, and that by developing and promoting products that would appeal to just these specific needs, they could get a competitive marketplace edge.

In other words, a marketing Pandora's box was opened, leading to all kinds of product fragmentation (segmentation), audience fragmentation, and media fragmentation.

As a company you have to have lots of money in order to commission exotic marketing studies and research. Start-up companies can't afford much of this. It would be nice to have more information, but not when the cost makes the data of marginal value. You can generate market research yourself by talking to your customers, questioning them, and studying their habits. You can uncover your target market with an internal tracking system that tells you the demographics and buying history of your customers. You can use their zip codes to lead you into whole neighborhoods of clients. You can segregate your big users and go after more of the same. As an entrepreneurial newcomer you will have to get along without exhaustive market

research. That won't hurt you much. The more exotic the marketing research, the less its value.

Another marketing exercise for you to think about is something called positioning or a unique selling proposition. Good marketing positions your product in a positive way in the mind of your customer. Kevin J. Clancy and Robert S. Shulman write in *Marketing Myths That Are Killing Business*:

Sometimes the positioning can be as short as one word. Remember the "Uncola"? Some brands are associated with one-word or one-thought positioning strategies: Volvo - safety; Marlboro - masculinity; Pepsi-Cola - youth; Mercedes - engineering; diamonds - forever; Charmin - soft; Compaq - performance; Clorox - brightening; Heinz ketchup - thick. Others are tied to more complicated but nevertheless compelling ideas:

Visa - accepted everywhere they don't take American Express
 Apple computers - easy to use
 BMW cars - the ultimate driving machine
 L'Oreal - because you're worth it
 Crest - fewer cavities
 Federal Express - trust us to get it there overnight
 Sure - confidence and security
 Tylenol - safer than aspirin
 United Airlines - friendly skies and friendly service

In talking about positioning, marketers and agency folks define it in different ways. It's "the story you want to imprint in people's minds about your product and why it's better"; "the solution your product is offering to address buyers' problems"; "the bundle of attributes and benefits you want to tell people about," or simply, your "unique selling proposition" - the reason consumers should buy your product rather than someone else's.

You need to write down a unique positioning statement that works for you and can be conveyed to customers and employees. Ramacitti reminds us, "The fundamental goal behind all forms of promotion, whether paid advertising or direct mail, whether in-store banners or a special event, is to establish the unique position of your business in the minds of your customers or potential customers."

If you diligently apply the marketing and sales strategies we cover in this book, you will ultimately become a smashing success. At times in your career you will com-

bine your marketing skill with luck, and money will pour in at an astonishing pace. Danger lurks with too much success. That's because success carries the seed of its own undoing. When the money mounts up, you may begin to think too highly of yourself. Edmund Burke said, "There was never a point of pride that was not injurious to a man." Memorize that wise sentence. Success tends to breed arrogance and pride. Emerson called it "the insanity of conceit." Success can make you crazy, and the cocksure decisions you make can eventually ruin you. Only the rarest individuals can experience success and not lose their perspective. Most take on an unseemly hubris.

Your ego will be your greatest enemy. How will you handle success? Chances are you will lose your precious humility and become arrogant. You won't be able to see yourself as others see you. You will think you're humble while you're not. Thus you make foolish decisions that impair your future and ruin your success. At one time everything I touched turned to gold. I couldn't make a mistake. Then everything went wrong. As much as anything, my self-importance steered me onto the shoals of adversity. No doubt I benefited from the ensuing pain and struggle, but it would have been better to have been unaffected by my success.

Watch for these unmistakable signs that you're losing control of your ego:

1. You lose your temper quickly
2. You browbeat your employees with angry outbursts
3. You blow up at service people
4. You ignore people of low station
5. You squander money
6. You can't find time for anyone
7. You get nasty with your family
8. You lose self-discipline over sex or alcohol
9. You make decisions in order to impress people
10. You talk loudly or boisterously, and let others overhear what you're doing in order to show off
11. You brag
12. You seek credit for everything good that happens
13. You resent others getting credit
14. You use your power in some coercive fashion
15. You demand respect and reward apple polishers
16. You enjoy flattery a bit too much
17. You get rid of good people who disagree with you

If you adopt one or two of these traits, then the "insanity of conceit" has caught up with you. Remember: "There

was never a point of pride that was not injurious to a man." The big tip-off on the health of your ego is how you treat others.

Some entrepreneurs, athletes, and entertainers enjoy so much success they become "grand." This means they have assumed the status of demigods in their own mind. They treat everyone with indifference, contempt, or anger. Of all the human conditions, this conceited perch threatens the sharpest reversals. You have my sympathy if you make so much money you become "grand." If you can somehow manage to retain your humility, you will save yourself from agonizing hardship and pain. It's worth your closest attention and greatest effort.