

## Special Report:

### Common Small Business Owner Complaints...

### ...And What to do About Them

Across the country small business owners express similar complaints about their business. Low-priced competition, insufficient leads or customers, finding good help, and too little time head the list.

The same principles of sound business management that apply to large corporate giants also apply to a small retail store, a local manufacturer, or a corner muffler shop. In short, the solutions to these common small business owner complaints are not to found in the world of retailing, manufacturing, or automotives, but in the world of business.

This report will briefly show how sound business practices can be applied to any business to address and eliminate these common complaints. We will look at each of the common complaints and then address several solutions for each.

While this report can tell you what to do, it can't do it for you. Ideas without action are useless. For these complaints to become a thing of the past, you will need to put them into action.

#### **Low-priced Competition is Taking all of the Work**

One of the most common complaints expressed by small business owners is low-ball competition. There seems to be an endless supply of businesses who are willing to beat our price.

Many small business owners believe that customers will always go with the low price. This is simply not true. Consumers often pay more money for goods or services. But they must believe that they are getting something for the additional money.

Consumers often pay more for convenience. Corner stores are one example. Many products cost more at the corner store, but the convenience offered makes the savings in time worth the additional money. Similarly with malls—prices tend to be higher, but a shopper can go to many different stores with ease. In both instances consumers know that they will like pay a higher price, but the convenience offered is worth the additional cost.

Consumers will often pay more for quality. If they didn't, we'd all be driving Yugos. After all, a Yugo will do the same job as a Lexus— get us to our destination. But the Lexus does so with greater comfort and dependability. We can get a hamburger at McDonald's or Fuddruckers, but there is a quality and price difference. In other words, when the quality is perceived to be higher the consumer will often spend more money.

Consumers will often pay more for better or more service. A restaurant patron is perfectly capable of parking his car, but often will pay more for valet parking. Similarly, consumers often pay for extended warranties because of the peace of mind offered, ease of repairing or replacing defective products, etc.

In short, consumers will pay more if they perceive that they will receive a greater value. When a product or service looks the same as the competitor's, consumers will make their decision largely on price. If we want to charge a higher price then, we must offer greater value. We must differentiate ourselves and our company if we wish to be perceived as offering a greater value.

The values desired by a particular customer may vary. Some may want convenience, some may want better quality, some may want exceptional service. Some may want all three. Consequently, we should attempt to offer the broadest array of values as is reasonable. And there are many ways that a business can offer greater value to his customers.

When the customer perceives a greater value, he will be willing to pay a higher price. But the customer will not perceive a greater value if he does not know it exists. In other words, we must do more than simply offer greater value, we must also communicate that fact to the customer.

Communicating the values offered by our company is primarily a sales and marketing issue. We will look at marketing first.

The image a company projects is a crucial part of communicating value. For example, a flier that is created with crayons will project a much different image than a four-color, professionally produced flier. The cleanliness and appearance of your signs, your employees, and your vehicles will all project a specific image regarding your company. The explicit message you convey regarding your company is only a small part of your image.

Advertising is the most common and broadest method for communicating the value offered by your company. It is important to understand that advertising must do more than tell the value offered—it must also show the value offered. If your ad states that you are a professional company, but looks like it was designed by a four-year-old, you will send a very mixed message. Again, your image is communicated both explicitly and implicitly.

Consumers do not necessarily purchase the products or services that we sell everyday. They often need to be educated regarding the products and procedures to be used, the services offered, and the intangible values offered. Consumer education helps the customer understand the complete value being offered.

Many small business owners view sales as a necessary evil. They regard sales as something that they must do, but regard it as the “dirty” part of the business. But the truth is, sales is neither evil nor dirty. It is a crucial, and honorable, part of building a successful paint contracting business.

Many small business owners do not have a sales process. They simply provide estimates and hope that a certain number will result in a job. Successful sales requires that a company differentiate itself from competitors. Remember, if two companies look the same, the consumer will go with the least expensive. A proper sales process focuses on building long-term relationships through consumer education.

### **There are Never Enough Leads**

Customers are the lifeblood of a contracting business. Without customers, products or services can't be sold. Without sales, revenues are not generated. Without revenues, you can't eat.

Generating leads is an ongoing process. It requires effective marketing. Effective marketing is comprehensive, consistent, and value oriented.

Successful marketing requires a plan. A marketing plan should address what marketing will be performed, when it will be implemented, and the cost. It provides a road map for our marketing activities. A marketing plan helps us project the results we desire and the means for attaining those results.

As with any plan, the results must eventually be compared to the projections. In other words, we must determine if we are achieving the results we desired. Tracking our leads (the source of our customers) allows us to do this. Tracking leads is simply the process of identifying the source of the leads we receive. This allows us to calculate the effectiveness of our marketing.

It is a documented fact that it costs less to retain customers than to attract new customers. The marketing plan should include a customer retention program—such as a company newsletter, phone calls, postcards, etc. Regular and consistent contact with past customers will keep your name before them and remind them that you want their business. In this context, out of sight really can mean out of mind.

For service companies, proximity marketing— marketing around current jobs—should also be a part of the marketing plan. This type of marketing can include door hangers, fliers, signs, and postcards. Whenever a service is sold, your marketing should immediately begin targeting the neighbors.

There are many other forms of advertising that are effective—a web site, direct mail, door hangers, community papers, and referral services. Each has its pros and cons. Each will be effective in some situations and less so in others.

A comprehensive marketing plan will involve multiple marketing media. A well-rounded mix will keep your name before potential customers and create multiple exposures to your company.

Marketing requires money. That money is an investment in your future. Without a marketing program leads will be inconsistent and insufficient. Without a marketing plan you will never have enough leads.

### **Good Help is Hard to Find**

Another common complaint relates to employees. Many small business owners believe that they must constantly supervise the activities of employees. Obviously, this can be very time consuming and can greatly restrict his ability to complete other tasks.

The Law of Cause and Effect states that every effect (result) has a cause (action).

As a business owner, we know the effect or result we desire. We also know which actions will lead to that result. This is why we often baby sit, or do the work ourselves— we know how to get the desired results. But this creates a tremendous burden on our time and energies. We lament that if employees would simply do things the same way we would, we would have time to

attend to other tasks. The solution is to develop procedures for each task—that is, the steps required to achieve the desired result. When the procedure is followed, the result is known.

When a business has a comprehensive set of procedures, and those procedures are trained and followed, the results are consistent. In other words, procedures will provide employees the instructions required to perform a task the same way the owner would. The owner no longer needs to baby sit—he provides the necessary direction and training, and allows the employee to be responsible for implementation.

There are lots of good workers out there. The trick is to find them and provide them with a culture that meets their needs—both financially and psychologically. Employees want more than simply a pay check—they want to feel appreciated and enjoy their work.

Finding the right employees can be time consuming. But if systems are developed for the hiring process, desirable results are more likely to be achieved. If you simply hire at random— e.g., the guy who shows up—you are not likely to make a good hire. But if you have a process for advertising, for interviewing, etc. you will greatly increase your chances of finding a good employee.

### **I Never Have Enough Time**

One of the most common complaints from small business owners is that there is not enough time in the day. Between meeting with customers, picking up materials, making widget, paying bills, and much more, even the most energetic person can run out of time before he runs out of tasks. But the problem isn't the amount of time in a day—there always has been and always will be 24 hours in a day. The problem is trying to do too much.

The typical owner of a small business wears many hats. He is the salesman, the production manager, the bookkeeper, a trainer, personnel manager, and

much more. Each of these positions carries significant responsibilities, and the owner must struggle to juggle the demands of each position. As long as he tries to wear all of these hats he will continue have insufficient time.

We are going to look at 4 different ways an owner can reduce the number of hats he wears. Each requires different levels of effort and have different time frames for implementation. But when properly implemented they can dramatically reduce the demands on the owner.

The first method we will examine is outsourcing. This method is the easiest and quickest to implement. Outsourcing simply means hiring others to do certain tasks. A small company does not need a full-time bookkeeper, but you can hire someone to spend a few hours a week doing the books.

A second method is to delegate responsibilities. This method involves your current or future employees. Even if you assign a few relatively small tasks to others, the net impact may be a savings of several hours per week. One example of delegation is to assign one person to make bank deposits.

When you delegate a task it is important to train the employee. He must know the proper procedures for accomplishing the task. Don't assume that he will do it your way—he probably won't. Training can also be used to help employees perform their current tasks more efficiently and with fewer mistakes. This can help reduce the time required to manage jobs, and will empower employees to become less dependent on you.

The final, and most complex, method is systematization. This method requires the development of specific procedures for every task within your business. This method takes time, but the benefits are enormous and long lasting.

### **Conclusion**

These common small business owner complaints can be addressed by

developing a plan for dealing with each one. They are not necessarily isolated issues, but rather a symptom of a lack of systems within the business. By developing systems for each part of your business you can achieve predictable, consistent results.

Just as these issues did not arise overnight, so they won't be solved overnight. They take time and perseverance. But the results are well worth the effort.

If you would like to learn more about developing systems and procedures for your business, visit <http://smallbizsystemz.com>