

Strategies for Success—Billings Business News

Weak Economic Times Demand Strong Business Leadership

Joe Michels, PhD, P.E., C.P.L.
Solomon Bruce Consulting LLC
Billings, Montana 59106
www.solomonbruce.com

Challenging economic times like those we are currently facing demand equally robust business leadership skills if your business is to remain both viable and successful. Now is the time to make some of the changes, do some of the things that you wanted to do when you were busy, but never had the time to think about implementation. Remember, everyone is facing the same business conditions, those businesses that are successful are the ones who took action and did something different when the world appeared most bleak.

Here are some strategies that as a small business owner you should review to consider if changes and improvements can be made in your business.

Review your product inventory levels. How much money do you have tied up in inventory? What is selling, what is not? Can you discount the products not selling, retrieve the money invested and use those funds to buy more inventories that are selling? Remember that approximately 20% of the inventory generates 80% of the sales. Reduce inventory if products are not selling, increase inventory in products that are selling.

Clearly identify your break even point. Identify both fixed and variable expenses. How much sales do you need to break even each month? What fixed expenses can be reduced or eliminated to reduce your break even point? Attack this with a vengeance—let no rock go unturned. You will be amazed at how you can reduce expenses if you really try and remain diligent to the mission.

Study and analyze your customers. Why do they shop with you? Good product selection, convenient location, great hours, friendly, knowledgeable staff? Which types of customers shop with you—government, commercial, personal? How does your customer find you—internet, newspaper, phone book? These are all questions that you need to know, especially now. Once you know this, you can develop marketing strategies to reach these customers more effectively.

Collaborate with other local community businesses. Other businesses are experiencing the same business conditions that you are. Through joint business collaboration, each of you can cross market each other's products. A paint store, flooring dealer and furniture store can all work collectively to market each other's products. A beauty shop, clothes store and shoe store can each cross market products. A jeweler, clothes store and restaurant can work together. Out of box thinking will yield some ideas that may have been dismissed previously. What you are looking for here is what Covey describes as "Win-Win". If you seek it, you will find it.

Pay attention to the big box stores. They have in-depth marketing and analysis departments. They track nationwide business trends and then introduce those trends into the local market. Watch what they do. A small business may not be able to compete on price, but they can always compete with great service, friendly, helpful, knowledgeable staff and amenities that the box store does not provide. Free coffee, free gift wrapping, free local delivery are all ideas that a small business can provide that the big box stores normally do not because of corporate policy. These amenities become a competitive niche that you have against the big box stores.

Remember Mark Twain's old football adage, "It is not the size of the dog in the fight, it is the size of fight in the dog." Keep a positive mental attitude at all times. Remember, your competitors are in the same economic environment you face. Capitalize on a competitor's cutbacks—better hours, opening earlier, closing later, different product lines—above all, here is where a strong positive mental attitude is paramount. We will get through this crisis—perhaps not tomorrow; however, we will get through it. Feeling sorry for yourself, constant negativity will not result in bigger sales; however, it can result in substantially lower sales. Stay positive at all times.

Find ways to provide increased value for your products. Customers buy value—those that are strictly focused on price will shop at the big box stores. However, the small business owner is in the ideal position to provide increased customer value. This increased value may mean charging more than you did previously, charging for services that were previously included as a cost of doing business. If you decide to charge for something that you previously did for free, I suggest that you increase the price of the products, but NOT charge a nuisance fee. If you previously gift wrapped for free and now decide to charge for it, increase the price of the product \$3.00 instead of adding on another \$3 on top of the purchase price for the gift wrapping. The end result is exactly the same, however, the customer feels better to have his purchase gift wrapped for "free".

Strong business leadership is the key to successful business operations during trying economic times. If you want more ideas to compete in these challenging economic times, call Solomon Bruce Consulting LLC. We'll help you become more competitive!