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# smart **Business** matters

Advice for Success!™

## Seven Steps to an Effective Marketing Plan

You don't need a long or complex marketing plan to increase sales. When it comes to creating a marketing plan, remember two things: you do need a plan, and the process of creating it is more important than the form the plan takes. These frequently recommended seven steps will get you started.

**1 Analyze Your Company** - What makes your company special? Think about what your company offers in terms of services and goods. Focus on the unique features and benefits of your products and services. What makes your company different than similar companies — is it your service, your variety, a style, a feeling you're selling? For example, a shoe store may think of itself as "selling service" rather than "selling shoes".

**2 Analyze Your Competition** - List your competitors, and then list each competitor's strengths and weaknesses. Consider direct competitors, other pizza shops for example, and indirect competitors, in this case, other fast food restaurants. Shop your competition to see what they offer customers.

**3 Describe Your Market** - As precisely as possible, describe your primary market — the type of customer who can bring you the most reward. Describe a few secondary markets — other markets you'd like to service. If your market is other businesses, think of the industries, sectors, channels, and sizes in your base. If your market is individuals, think about the demographics of your customer base: age, sex, education, income, background, where they live, etc.

**4 List Your Marketing Objectives** - You should be as specific as possible about your marketing objectives. Starting a new business? Your objectives might be to increase awareness and sales. Maybe you have purchased an existing business and hope to retain customers or target a new customer base. Or perhaps your focus is on promoting a new product or service. Set challenging, yet realistic, goals. Once you've set your objectives, think about how you can measure their achievement.

**5 Create an Action Plan** - It's time to meet your objectives. Keeping your target market in mind, how will you allocate your marketing? Consider the pros and cons of promoting yourself through various marketing channels like print, radio, and television ads; a website; collateral material such as brochures; direct mail; trade shows; press releases; networking groups; e-mails; and more. What do you want to achieve with each method you select? Develop an affordable strategy and create a timetable for each step.

**6 Create a Budget** - You have a plan, now you need to fund it. What will it cost to do research, create materials, purchase ad space, or develop a website? If your budget is insufficient, you'll need to determine if

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# Put Your Accounting on the Fast Track

Choose your accounting software wisely to speed up bookkeeping.

Accounting software on your computer can make bookkeeping a breeze. If you're purchasing your first accounting software program or upgrading from a program that no longer meets your needs, do some comparison shopping to avoid potential pitfalls.

**Define your needs.** Make a list of all your accounting needs and their importance to your business. Some of the many functions to consider are: invoicing, accounts receivable and payable, budgeting, reporting, inventory, time tracking, point of sales, and payroll. If you're selling products, inventory and point of sales features are likely to be more important to you than tracking your time, a feature very important to a service provider.

**Set a budget range.** Ask yourself what you can afford to spend, and consider what you might need to spend in order to best suit your needs. There are many reasonably priced programs to fit small business budgets. Don't pay more than you have to, but don't try to save money by purchasing an inadequate program. It may cost you more money, and time.



**Compare brands.** Once you have your needs prioritized, compare accounting programs. How well does each program match your needs? Is your current computer equipped to handle the software program? How do the programs stack up against your budget? What kind of support do they offer? Three top accounting programs that are used by many small to mid-range businesses are Quick Books, Peachtree, and MYOB. Be sure that the program you choose meets your needs and leaves room for growth. Many programs offer a free trial. Take a potential program for a test drive first.

**Check in with your accountant.** Your accountant knows your business well, so ask for his or her recommendation. It might be beneficial to use the same program your accountant uses to make transferring business information easier. You may want to pay your accountant or other knowledgeable professional to help you set up your new program.

**Make sure everyone gets along.** If you rely on other specialty software, such as database management software, and need to funnel information from that program to your accounting software or vice versa, be sure to check for compatibility issues.

**Specialty Accounting Software** - If the standard mainstream accounting programs seem inadequate for your needs, research industry-specific software programs and ask other industry members what software they have used. Ask the software provider for a trial package, and phone client references.

## Converting from One Accounting Program to Another?



While there's nothing like thinking positive, you should always expect to deal with some conversion issues when moving from one software program to another. To make the conversion go more smoothly:

- If possible, convert after the end of your fiscal year or during a time when business is slow.
- Ask software providers for information that can help you make a smooth and relatively seamless transition and how they can support you during the transition.
- If the vendor does not provide assistance, consider turning to online user groups, an experienced friend, or someone with expertise using that program.
- Before you convert, clean up and update your current database information.
- Take time to print and review reports. Look for and correct any potential problems.
- Back-up your existing data prior to converting to a new program and keep your original program accessible on your computer.

## Do You Know Your ROAI?

In order to determine the effectiveness of your advertising, it's important to evaluate your Return On Advertising Investment (ROAI).



**RESPONSE VS. RETURN.** When we advertise, we tend to assess success by response, and we can get hung up on how many hits our website received or how much our foot traffic increased. But before you judge your advertising success or failure in terms of response, take some time to evaluate it in terms of return. How much money did your ad campaign bring in?

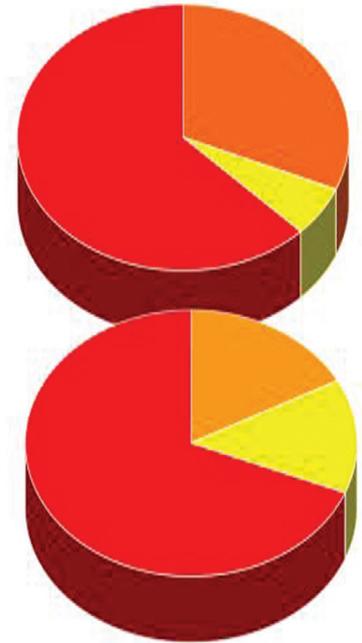
**CALCULATE YOUR ROAI BASED ON RETURN.** Before you begin a new advertisement campaign, evaluate your gross and net sales. After the campaign you'll need to determine the increase in sales that resulted from your campaign. To calculate your ROAI, take that gross sales figure, subtract the cost of goods or services, and divide this net profit by the cost of the campaign.

**WHAT'S A GOOD ROAI?** A whole number is good, and the larger, the better. If your ROAI is 1.00, then you're breaking even. For every dollar you spent, you got one back. If you have an ROAI of 2.0, you got back your investment and earned a dollar for each one spent. It may not seem like much, but you've shown a 200% return on your advertising investment.

**NOW FACTOR IN THE RESPONSE TO YOUR CAMPAIGN.** Now that you have your ROAI, take a look at your response rate. How many customers responded to the advertisement campaign? A ten percent improvement can increase your ROAI by ten percent. If you usually get 100 potential customers coming into your shop during a week, and during the campaign you averaged 110, then your ROAI of 2.0 increases to 2.1.

**IMPROVE YOUR ROAI.** Once you know what your ROAI is for various ad campaigns, analyze the results and use this information to improve future results. Which campaign earned a better ROAI? Is the increase due to media, demographics, advertising style or message, or something else? Could you increase returns from future campaigns by creating a more targeted offer, promoting a specific service or product, conducting more frequent campaigns, mailing a follow-up letter, adjusting your timing, using a different media mix, or by using a specific marketing method? You can use the ROAI calculation to compare and fine-tune marketing strategies and to gauge the profitability of different products and services.

Why can judging the success of an advertising campaign by response alone be deceiving?



Gauging response is a good way to get a pulse on your business, but tracking that alone can be deceiving. Let's say you sent out a direct mail to 500 clients the previous month and had a response rate of 50, and ten made purchases of \$100 each. You make a few changes the following month and send another direct mail piece to 500 clients and have a response rate of 25, but 20 make a purchase of \$100 each. Evaluated solely on response, you might think your second advertisement failed, when actually it was more profitable.

**“Half the money I spend on advertising is wasted; the trouble is I don't know which half.”**

- JOHN WANAMAKER (ATTRIBUTED)

more funds are warranted or if you should change your mix. As a rule of thumb, you should consider setting aside about two percent of your gross sales from the previous year, but new start-ups or product launches may require ten percent. Keep in mind that advertisement is a necessary investment in your business, not just another expense.

**7 Measure Your Progress** - Set aside time to periodically evaluate the success of your marketing campaigns and make adjustments to your plan if necessary. Review your plan quarterly. Focus on fine-tuning your best efforts, and discontinue or adjust strategies that have not succeeded.

## Your Address Book:

### A Source for New Business?

It costs more money to acquire a new customer than it does to retain an existing customer; if you want to increase sales, start with your address book. Are there more services or goods you could be selling to current customers, or have you come up with any ideas on how to offer them creative solutions to reach their business goals? Can they refer you to any other businesses or individuals who may need your services? Set aside a half-hour a day to check in with lapsed customers. Are there new products or services you can offer them? Are you now in a better position to offer better prices, services, or quality than your competitors?

# Take Control of Your Retirement

You're probably more concerned right now with getting by and getting ahead. Yet, like many small business owners, you're probably also concerned about retirement, confused about the many choices available, and worried about the value of whatever funds you've squirreled away.



Now is the time to learn more about the plans (and their tax benefits) that are available for self-employed and small business owners. Once you determine the savings plan that's best for your situation, begin to "pay yourself first" by setting a little aside each week or month. You'll be surprised at how quickly those savings can add up.

Not sure where to begin? Do some investigative work on your own. The more you learn, the better choices you'll be able to make. Visit your government website for more information. Many well-known mutual fund and financial companies also provide information on retirement plans online. You seek out expert advice for legal and accounting matters – your retirement savings deserve the same scrutiny. If it's time to hire a financial planner, meet with several to determine who'll work best to meet your needs. Ask friends, family, and business associates for the name of a financial planner they trust.

## For more information on retirement funds:

In the U.S. visit [www.irs.gov](http://www.irs.gov). Publications 560 and 3998 may be especially helpful. The Social Security Administration site also has plenty of information available at [www.ssa.gov/retire2](http://www.ssa.gov/retire2).

In England, visit [www.direct.gov.uk](http://www.direct.gov.uk) or [www.businesslink.gov.uk](http://www.businesslink.gov.uk) for information on pensions.

Canada's pension information can be found at [www.canada.gc.ca](http://www.canada.gc.ca).

For links to Mexican government websites, visit [www.mexonline.com](http://www.mexonline.com).

Do you want to estimate how much you need to save in order to comfortably retire? Then visit [www.choosetosave.org/ballpark](http://www.choosetosave.org/ballpark) and use the Ballpark E\$timator.