

Moody Purple Cow

In the highly regarded business book Purple Cow: Transform Your Business by Being Remarkable, author Seth Godin talks about the concept of helping your business stand out from the crowd. He asserts that the accepted 4Ps of marketing: Product, Pricing, Promotion and Positioning, just aren't enough anymore.

"Marketers can't get the word out because jaded consumers refuse to share their attention," he says. "The world has changed. There are far more choices, but less and less time to sort them out."

Technology such as TiVo allows viewers to eliminate TV ads and pop-up blockers prevent internet users from being barraged with annoying online advertising. How then do businesses get their message into the hands (and hearts, and minds) of potential customers?

Watch this ad and call me in the morning

One smart technique taking advantage of the ever increasing use of the internet both at home and work is the use of an 'ideavirus' or viral marketing using email.

Viral marketing exploits the fact that people will regularly pass on

'People will pass on cool and entertaining content'

and share 'cool and entertaining content'. Because this content is emailed between friends and known associates, the SPAM and security obstacles inherent in ordinary email marketing can be more readily overcome.

Often the ultimate goal of viral marketing campaigns is to generate media coverage via "offbeat" stories worth many

times more than the campaigning company's advertising budget. Viral marketing is popular because of the ease of executing the marketing campaign; the relatively low-cost (compared to direct mail); and the high and rapid response rate.

A good example of the power of viral marketing is that of RaboDirect an online bank in Europe who used this technique to position themselves as "the straight talking bank", when they launched in Ireland.

By employing a series of ads that emphasize how often we are faced with anything but 'straight talk' in our daily lives, RaboDirect confronts the stereotype of banks who baffle their customers with jargon and false promises. One ad for example shows the window of a florist shop called *Moody Cow Florist*, with a subheading un

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Maximizing the advantage of your Financial Advisor

Having a good financial adviser is vital in today's complex business world and with tax obligations being ever more rigorously enforced. Fees must be regarded as an investment in your business future and not just an unpopular cost. The return on investment can be enhanced if you work closely with your adviser to maximize the available benefits. Here are five tips to help you get better value from your financial adviser.

1 Use your adviser Studies show that at least two thirds of all small business failures could have been avoided if problems were recognized and dealt with earlier rather than later. If you see a problem emerging, talk with your adviser - as you would with your doctor about any health issue. Don't put this off and allow problems to develop and become crises.

2 Bring your adviser into your management team In

most small firms the accountant is treated as a 'necessary evil' and linked with tax returns and regulatory requirements.

Most accountants can advise on other (i.e. non-financial) aspects of running your business, and are usually willing to refer you to other specialists if you need more detailed help with any problem.

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derneath that says "Don't know what you did? Say sorry anyway. Nearly 12 months later this ad is still doing the rounds via email, and still getting attention. Another shows a tradesman's van with signage reading *Clancy Plumbing: "We repair what your boyfriend fixed"*.

This humorous and irreverent marketing approach helped RaboDirect attract almost €50 million in deposits in the month following their launch, and secure €300 million in deposits in their first six months of business, putting them six months ahead of their targets.

Another example of the power of viral marketing is the Australian ad made by the Foster's Group for Carlton Draught beer ...the "Big Ad" used viral marketing techniques before being released on television. Just 24 hours later, the *Big Ad* had been downloaded 162,000 times and within two weeks it had been seen in more than 132 countries.

The viral release of the *Big Ad* was so successful that the television media budget was reduced so as not to overexpose the advertisement. Within days of the campaign being released, the *Big Ad* had achieved ten mentions in major newspapers around Australia, and many more on media sites in the US, the UK, and Europe.

This is the power of the internet and people's desire to share something that's funny, entertaining, and irreverent acknowledges Trevor O'Hoy, President & Chief Executive Officer, Foster's Group Limited. "The point of being different is that you stand out from the crowd. You play on your strengths, and you build success".

Fosters experienced revenue growth of 6.2% in the six months following the release of this marketing campaign.

Criticism comes to those who stand out

While both RaboDirect and Carl-

ton United were prepared to stand out, Seth Godin acknowledges that the "Purple Cow" approach may not be for everyone.

"If you're remarkable some people won't like you. That's part of the definition of remarkable", he says. "Nobody gets unanimous praise... ever. The best the timid can hope for is to be unnoticed. Criticism comes to those who stand out".

So if you're prepared to take some risks in your marketing, your products, your services or even the way you run your business then you *can* stand out and you *will* be remarkable.

To view the RaboDirect Campaign visit www.rabodirect.ie/info/media_marketing/default.asp or to see the Carlton United "Big Ad" go to www.bigad.com.au



'A discovery is said to be an accident meeting a prepared mind.'

Albert von Szent-Gvorgvi (1893-1986)

Maximizing the advantage of your Financial Advisor

3 Follow expert advice Your financial adviser is just that - an adviser, and although you are paying for it, you're not compelled to follow that advice. If you have a very good reason to disagree with the advice you should confront your advisor with your concerns and talk it through. Resolution through communication will map your rewards.

4 Plan your record system Use your accountant/financial advisor to help you design, set up and operate the most appropriate and simplest accounting

system for your business. This will reduce errors and duplication (and cost) and provide your advisor with all the facts and figures to prepare whatever reports and statements are needed by various government departments.

5 Get facts and figures in on time. Good accountants are busy people with many deadlines to meet on behalf of their clients. Having a well-designed and effective set of records in use will give you the facts and figures (i.e. data) your accountant needs to be able to identify

emerging financial and other problems and help you deal with them promptly.

6 Pay your accounting fees on time. Consistent late payment will invariably dampen your advisor's interest in your relationship and their willingness to volunteer advice.

Think of your financial advisor as a outsourced CFO or director of the company - build and maintain a productive working relationship with your advisor as a valued member of your management team.

Profit Vs Cash Flow

A large 20 year study found that nearly two thirds of small business owner/managers did not understand the essential difference between profit and cash flow. In fact, more than 75% of those owner/managers believed they were the same. They were profitable but wanted to know 'Where has all our cash gone?'

The following points highlight the basic difference between profit and cash flow, the serious consequences of not achieving a healthy balance between them, and how you can keep your business solvent.

1 A persistent over-emphasis on sales and profit growth and neglecting cash flow and liquidity will usually result in a serious shortage of cash, an increasing inability to pay your debts as they fall due, and eventually, insolvency. This may also adversely affect credit ratings with banks and suppliers who, re-

spectively, may withhold borrowings and supplies.

2 Conversely holding more cash than is needed can detract from profitability if a shortage of other assets (such as inventories) may prevent you making sales.

3 Many more small business failures are due to insolvency

You report profit and use cash.

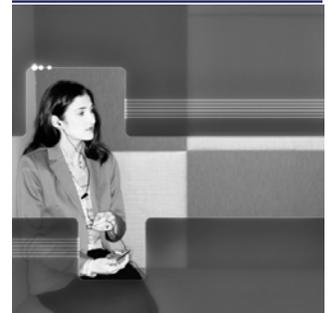
than to lack of profits. Unless you have cash available to pay your operating expenses, failure is not far away.

To have good cash flows and adequate liquidity you must be strategic with your management of cash by doing the following:

- keep up-to-date and accurate cash records (know your cash situation at least weekly),

- use a cash budget (to plan your future cash needs),
- pay attention to keeping sales moving (slow sales lead to less cash received),
- take special care when approving credit to customers,
- put in place (and stick to) procedures for collecting from your debtors,
- control your inventories (buying, receipt, storage and issue of stock),
- control the buying of fixed assets (can you lease instead of buy?), and
- bank all cash receipts and pay debts by check .

If you haven't prepared a cash flow forecast and have a tactical plan for managing your cash then you are at risk—no matter how profitable you think you are.



'Many of life's failures are people who did not realize how close they were to success when they gave up.' Thomas A. Edison (1847-1931)

Business planning procrastination checklist

It is a proven fact that more than 60 percent of small firms do little or no planning. It is not surprising that the vast majority of these firms ended up failing. The following 'reasons' are often given for not planning. How many do you agree with? Please Indicate.

- I don't have the time to do any planning'
- I'm too busy working on today to be bothered about tomorrow'
- I'm not into conceptual thinking'

I just can't get started'

I don't have the specialized know-how to do any planning'

I don't want to have to trust others with my business ideas and secrets'

I need to get immediate results and feedback from whatever I do'

It's pointless to plan ahead when things are changing so fast'

Planning costs too much'

I can't handle uncertainty'

I'm too close to the action to see things clearly and objectively'

Every plan is out of date (and therefore useless) before it's even finished'

I can't understand all the jargon used in planning'

Planning is only for big business'

If you answered yes to any of these, please send us an email for a free consultation. In future issues, we will comment on each of these 'reasons' in greater depth and what to do.

How to build a good business image

Your business has an image – a reputation in the eyes of the buying public. That image may be good or bad, and it may be affecting your ability to succeed. There are many ways to build and maintain a favorable image: here are a few broad guidelines:

Service

No matter what you sell, service is critical to building long-term relationships with customers (i.e. customer loyalty). Service consists of all the intangibles – courtesy, free delivery, good parking, accepting returns, free repairs and alterations, gift wrapping, returning phone calls the same day, 'your BigMac within 3 minutes or it's free', in short, doing whatever it takes to increase customer satisfaction during the whole experience of doing business with you – what has been called the 'WOW factor'

Quality of product and service

To beat your competitors and stay in business, you must be

obsessed with supplying the very best of whatever you sell. Poor quality is costly in terms of customer loyalty, bottom-line results and inevitably business survival.

Location

Your business location is vital for its ability to attract buyers and make sales, especially for retailers and many service firms. Check whether your location is appropriate to the kind of buyers you want to attract. Don't ignore the fact that the quality of any location can change over time.

Responsiveness to customer wants

Being able to rapidly and accurately respond to customer wants requires that you connect (i.e. communicate) with both existing and potential customers to find out what they want of you. Only then can you continue to respond quickly and accurately to their requirements. Unless you do this (and do it regularly) you run the risk of becoming irrelevant to buyers – and every irrelevant business will die from lack of sales.

Prices

Although the motivation to buy is complex and somewhat flexible, buyers generally want 'good value' for every dollar they spend. It follows that, for the majority of buyers, excessively high prices can easily create a negative impression of the business. Setting prices is a key element in good marketing. And requires a thorough understanding of your market and your competitors

Employees

The moment you hire an employee you have delegated part of your ability to impress your customers to someone else. You must set the standards of competence and conduct you want, and lead by example so that your 'front-line' troops are willing and able to help build the image you want to achieve.

Your business image may not be what you think it is. It is what buyers think of you!! Why not take steps to find out what they think of you?

About our consulting services

We're not your average advisory firm. Far from it.

Our membership in the Principal Alliance means you have access to the collective knowledge and expertise of an international network made up of hundreds of professionals who specialize in consulting to small and medium-sized businesses, just like yours.

When you add to that our experience, support and guidance, you can be confident you'll have all the help you need to make your business truly extraordinary.

We can and will do so much more for you than just 'keep the score'.

Our goal is to help you build a

stronger, more profitable business, so you can enjoy greater financial freedom and a higher quality of life as a result.

Contact us today to discuss how we can help you build a business that delivers on its promise—to you, your team, and your customers.



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