

The Economic Stimulus Package Inside Every Business

Harnessing Your Untapped Potential Can Counteract the Recession—
Examples: 3 Simple, Low-cost Actions to Quickly Boost Revenue

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Many business owners and executives are struggling to keep their profits and revenue up as demand tanks in the recession. Doing so is essential—in light of nervous lenders and suppliers, and key employees who'll seek a safer job. It's all about getting their business through a major storm with its key assets, and value, intact. That said, sinking demand is among the toughest challenges in business. Yet there is a way to counteract its effects...

Let's face it, no business runs at its full potential. It's *why* there are incentive compensation plans—so that executives will find ways to realize more of that potential. Finding and harnessing a business's untapped potential can counteract the drop in revenue, and the more severe profit decline, caused by sinking demand. (We'll show how to use that potential to grow revenue, by stealing market share, in a moment.)

As an executive, you can think of your untapped potential as the *economic stimulus package* that's right in your business. In a *Chief Executive* magazine CEO roundtable in May 2008, I presented more than 50 areas of a business that are often overlooked or underappreciated in terms of their potential. You can tap into some of them within weeks, with the resulting gains following close behind. But the first question is...

Will Realizing Untapped Potential Amount to Anything?

Consider this, about IBM, as reported in *Leader to Leader* (Winter 2003, pp 10-14).

In 1990, IBM's licensing royalties from its intellectual-property portfolio were \$30 million. Then IBM *decided* to take better advantage of that portfolio. By 2003, licensing royalties had grown to more than \$1 billion, a 3,233% increase. The resulting profit is roughly equivalent to what would have come from an additional \$20 billion in product sales.

In IBM's case, mining just its intellectual property's untapped potential could have compensated for a \$20 billion sales decline, or 22% of IBM's \$89 billion 2003 revenue.

Who would have thought that just one element of IBM's untapped potential could offset a 22% drop in revenue? Interesting question: How had IBM thought about its intellectual-property portfolio through most of the 1980s?

Having seen the light, IBM has harnessed other aspects of its potential:

- Its move into services.
- Better leveraging its sales force by acquiring software companies (so they would have a broader product line to offer customers).

And it continues to do so.

There's substantial untapped potential in every company. Bringing the three areas below closer to full potential can dramatically increase revenue, at your competitors' expense.

Three Simple, Low-cost Ways to Increase Revenue Quickly

- 1 **Get 'em to like you better.** That is, improve how customers and prospects feel about your business, your brands and what you offer. Those feelings have made the company's revenue what it is today—because people decide to buy, buy again and refer their friends, or not, based on that feeling.

Just as food does not originally come from the supermarket, revenue does not originally come from the sales force—it comes from customers. Their decision to buy comes from winning their hearts and minds. Which starts with where they think you're coming from. The leader's role is to shift the way the company *thinks about* its prospects and customers from “those who buy” to “those whose lives we're working to improve.” Really. Once prospects and customers feel that you're actively trying to better their lives, their powerful inborn need to return the favor will kick in.

Here's an example. The Wall Street Journal recently reported that Heinz, the ketchup maker, put up supermarket displays that explained how consumers could prepare a \$10 meal for their family using Heinz's pasta sauce, pasta, ground beef and salad. Heinz helped customers stretch their budgets, at a time when it matters. Wanna bet they'll buy again and remember the brand that helped them out?

If your company can get just a few percent more of your prospects to choose what you offer over your competitors' offerings and a few percent more of your customers to buy again soon, and refer their friends, what would it do for your revenue (and profits)?

Another powerful boost can be simply how the company answers the phone and how quickly it answers customers' email. Customers should get a clear sense that the company thinks of them *as people*—that they're important, respected, welcome and that their time is valuable. Then they'll “like you back.”

- ▶ ***Beef up your value propositions and the promises behind your brands.*** Try making them *truly compelling*. One quick way is to strengthen your guarantee. Another is to turn products/services into solutions to customers' problems. And of course, many companies are pricing and bundling products to provide greater value.

Here are a few of the other ways to enhance your value proposition:

- An engaging staff—“I buy from the business often, just because I like the people there.”
- Teach the customer—Examples: Years ago, Charles Schwab taught its customers financial literacy. REI, the outdoor-equipment retailer, now teaches customers how to avoid getting buried in an avalanche.
- Customer-centered design (the two above are quick; this one can take a while)...
 - . Performance: Under Armor—athletic wear that wicks perspiration away from your skin. Polartec fleece: warmth without weight.
 - . Convenience: Salesforce.com—no software to install, or maintain; no capital outlay; no servers to buy and support to run it on.
 - . Style/pizazz: A recent suggestion from Gregory Bean, of Greater Media newspapers, on how to fix the automakers: Give us our cars back! Cars that made people want to buy, like the original Ford Mustang, with improved innards, but with the pulse-raising styling they had, instead of what Bean terms today's “motorized shoeboxes.”

Now about your brands—how prospects and customers think about your company and what you offer. It means something to them. Your brand can be *a covenant* with the buyer that your product or service will be as advertised and that you'll stand behind it.

The most powerful example I've heard is from a company whose name I don't know, that makes high-performance dive suits for challenging environments, serving customers like the US Navy Seals. Their brand: "If our name is on the suit, your diver will return." Another example: Avon. Their powerful brand is about three things: helping women look their best, celebrating sisterhood and enabling women in the developing world to have brighter, more independent futures because they're part of Avon's sales force.

What's your brand covenant? What can you do to strengthen it and make it resonate with your customers?

A final point here is that to enhance either the value proposition or the brand, you first have to know what your customers most want.

- ▶ **Communicate the value your business offers as persuasively as possible.** This is done with ads that drive purchases instead of just being artsy or entertaining, like Superbowl 2009's. Example: OnStar's ads about drivers in distress. Prospect's reaction: I want that!

Most advertising is ineffective, or worse. It's all about the company, the brand or the product, with no attention to what it will *do* for the customer or user. The worst ads come across as a gorilla thumping his chest and roaring, "We are great, buy our stuff!"

This is fixable. And it's much more about the message you use than the media you choose. To persuade, you first have to find the customer's "buy button," the emotional reward your prospect wants. Then craft your message so that reward comes across.

Sometimes you know what the buy button is. Sometimes finding it requires research. The button is *always* rooted in an emotion. For example, both high-fashion clothing and high-end TVs are sold with the *same* underlying message—that if you buy our product, people will think you're cool. Believing that people will think you're cool, the buy button in this case, is the emotional reward of making the purchase. Like the Ford Mustang.

Once you have the buy button, you can craft a message that pushes it, using implicitly or explicitly the phrase, "so that." FedEx long advertised: Absolutely, positively overnight (*so that* the sender didn't have to worry about the package getting there the next day).

Now it's true that in a recession some customers and prospects won't buy, either because they're conserving money or because they don't need to (for example, automakers cutting production don't need as many car seats). But in most cases, a higher percentage of people will buy (and buy yours) if given strong reasons. Reasons such as they like your company or product better, they find what you offer high value or you made them "have to have it."

You can get a sense of where you are and where you could be in the exercise, next page.

Your Untapped Potential Can Get You Through the Recession

The six actions you just rated tap only a small fraction of your company's full potential. Other major categories include your management practices, your set of opportunities and the alignment and passion of your people. Your biggest upside will come from considering a full range of possible actions, then going full speed on your best shots—the actions that will increase your results the most, in the timeframe you need, that you can realistically pull off. *Those actions are the economic stimulus package for your business.*

An Exercise for Executives

The chart below lists the above ways to boost revenue (and with it, profit). To get a sense of what you can do to increase revenue, rate your company along the gold scales. Mark where you are now. If your scores tend toward the left side of the scales, it could indicate that there's an upside waiting to be realized.

Some Powerful Ways to Increase Revenue

<p>Improve how prospects and customers <i>feel</i> about our company, brands and products/services, so they'll choose ours.</p>	
<p>Increase how often people buy.</p>	
<p>Get more of them to tell their friends.</p>	
<p>Beef up our value proposition.</p>	
<p>Make our brand promise more compelling.</p>	
<p>Make our marketing more persuasive.</p>	

To help executive teams consider their options and pick their best shots, Great Numbers! now offers full and half-day stimulus-package design sessions. In these, we'll work with you and your team to find and assess the actions that will most effectively get your business through the recession, intact and vigorous.

The Bottom Line...

Executives have alternatives to just going down with the economy or cutting the workforce. Most of the assets these alternatives can harness are already in the company and harnessing them is either free or low cost. Although workforce adjustments might still be needed, creating your business's own stimulus package will bring generally happier outcomes.

About the Author

Drew Morris is the founder and CEO of [Great Numbers! LLC](http://www.greatnumbers.com), a results-improvement consulting company that helps executives maximize profits, revenue and economic value, using the techniques and tools they've pioneered and described in *Chief Executive* magazine.

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