Stealth Marketing

How to Outmaneuver, Outwit, and Outmarket Your Most Formidable Competitors… Before They Know What's Hit Them

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Table of Contents

Instant Reference to Jay Abraham's

Stealth Marketing Strategies & Tactics

Introduction

Here's a quick question: What is the main propellant of practically any business — the mechanism that keeps it alive and thriving? If your answer is "marketing," I'm relieved. And I'm happy to tell you that you're one of few people in business today who has grasped this fundamental truth.

Marketing is the mainspring of every business. After all, marketing is the science of getting people to come in and try your product or service, getting them to come back again and again, and getting them to purchase more when they do come back. It incorporates sales, advertising, product design, public relations and a host of other ingredients that are less obvious. Without marketing, you lose customers. And without customers, you lose business.

To put it bluntly, marketing can make the difference between the life and death of your business. Yet, marketing, which is the prime mover of businesses, is one of the least understood and most underutilized facets of business today.

Not only is this sad, it's frightening. Because now, in these competitive times, the importance of marketing is even greater than before. Why? In this wildly unpredictable and changing marketplace, businesspeople must have an edge or they won't survive —they'll lose their share-of-market to their competitors.

The more I study the problem of how businesses can stay ahead in competitive times, the more I'm convinced it boils down to one principle — marketing. So now's the time for you to tune up your marketing — to make sure you're getting new customers coming in, old customers coming back, and customers purchasing more.

I've always taught the simple fundamentals of marketing — the obvious marketing techniques that make a lot of money — because I believe they're the most powerful. After all, you can do all sorts of non-traditional marketing, but if you ignore the basics, the money just won't come as easily.

Now, it's time to get back to the basics. It's time to put your marketing into place (if it isn't already). And if your marketing is in place, it's time to refine it so that it's razor-sharp. This report will help you to do so. It's filled with numerous marketing ideas and concepts that any business can institute immediately.   Read through the many principles, tips, techniques, theories, and case studies I've compiled for you, and you'll be able to face the marketplace and your competitors without fear.

You'll learn how to implement stealth tactics in your business to outmaneuver your competitors and gain market share.

You'll learn how to leverage — use the assets you already possess — to increase your profits manyfold.

You'll learn that the prospect of growing your business is not a time for panic and uncertainty. Rather, it's a time to take on a whole new opportunistic outlook on how to market and how to run your business. It's a time to be innovative, dynamic, and a bit nontraditional in your thinking and business endeavors.

You'll come out miles ahead of your competitors. Why? Because very few business owners, maybe only one in a thousand, know the dynamic marketing techniques I'm about to impart to you — ideas that can increase your profits up to 20 times over — that's a 2,000% growth!

After reading this report, you'll have learned hundreds of techniques that will allow your business stability and growth, a renewable stream of cash flow, and opportunity to outpace your competition and to position yourself as an industry leader.

It seems unreal. But — trust me on this — you'll soon see and understand the most profoundly simple, yet the most powerful, money-making marketing techniques that will help you keep your business afloat. They're ideas which you might think are obvious to everyone — but they're not. Only a very few know and understand them — and even fewer actually employ them. As one of those few, you'll not only learn how to keep your business alive and thriving, but how to bring it to the forefront of your industry. That's what you want, isn't it?

If it is, then dive right into *Stealth Marketing: How to Outmaneuver, Outwit and Outmarket Your Most Formidable Competitors Before They Know What's Hit Them.*

Good luck and good marketing!

Jay Abraham

The Abraham File

An Introductory Overview to
the Principles and Techniques
of Jay Abraham

Many of you who have ordered this *Stealth Marketing* report, have not had any previous contact with me or my marketing philosophies and techniques. To set the stage for you to fully absorb the information you're about to learn, I'm reprinting, in its entirety, *The Abraham File.*

This brief segment will provide an overview that will ground you in my most important concepts. I also urge those of you who have already purchased my materials, to re-read *The Abraham File.*

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Introduction: Who is Jay Abraham?…*by Howard Ruff*

A lot of people ask that question.

Some of them will still ask it after they've read the first few pages. "There's nothing new here," they say. "I already know all this stuff — it's common knowledge among us <u>experts.</u>" With all due respect, those unfortunate people will probably never comprehend a very simple, fundamental truth. All the musical notes had already been discovered before Mozart came along. I hope you understand what I'm trying to say.

Jay Abraham uses the building blocks everyone knows about to create <u>financial castles</u> like nothing anyone has ever seen before. And even though every single one of his techniques uses <u>leverage</u> to <u>multiply your marketing dollars beyond belief,</u> they're all based on a concept so corny that some people snicker when they see it in print. That is:

Marketing is what happens while you're being good to your customers. What could be more satisfying than being "good" to someone by fulfilling his/her needs? What could be more "noble" than telling the truth about your product? What could be more rewarding than making money — lots of money — at the same time? Please read on so you can decide for yourself...

Chapter One: Seven Marketing Concepts They Won't Teach You at Harvard Business School

Concept Number One: People are silently begging to be led. They are crying out to know more about a business' product or service.

When you educate your customers, you'll see your profits soar. Think about your own experience. When you consider buying any item or service — for yourself, your home, for your family, as a gift, or for your business — you often don't know as much about the product as you would like to. And, if you have unanswered questions about a product, you're less likely to shell out money to buy it.

Yet, when a company or salesperson takes the time and initiative to objectively educate you about all the products in the field you're making a purchase in, they gain your trust and favor immediately.

Your reaction to being educated is not unusual. Education is a powerful marketing technique. Educate your prospective buyers about everything (including a few of the bad or less positive aspects of your product or service) and you'll sell to almost twice as many people as you do now.

This one concept — educating your customer — will gain you a dramatic advantage over your competitors.

Concept Number Two: Tell people what specific action to take.

Few businesses realize that they must lead the customer to action, in addition to developing a compelling marketing plan.

People need to be explicitly told how to act to obtain your product or service. Therefore — and this is incredibly important — every sales call, letter, commercial, or personal contact should make the case for your product. Give prospects a brief education, then take them by the hand, figuratively speaking, and tell them what specific action to take next.

If you're selling an impulse item, and/or if the offer is for a limited time, tell your prospect to get in touch with you immediately. And don't be abstract. If you deal by phone, tell them to pick up the phone and call a specific number.

Concept Number Three: Marketing is the ultimate financial leverage.

When you run an ad, it costs you "X" dollars. Whether the ad generates 10, 100, or 1,000 sales, the cost of the ad is fixed. So if you have been content generating 10 sales from an ad that costs you $1,000, and I can show how to generate 100 or 1,000 sales from that same ad space, then your leverage improves 1,000% to 10,000%.

Now you should be asking yourself, "Can I get an ad to produce 10 to 100 times greater yield for the same dollar?" The answer is a resounding "Yes!" Simply test different headlines, body copy, themes, basic propositions, and offers. Very carefully analyze the results each ad generates (something very few sellers ever do). You'll know immediately which offers produce more sales, profits, or customers.

Concept Number Four: Advertising is nothing more than salesmanship.

As obvious as it should be, virtually no one really understands this basic concept. Advertising via radio, television, magazines, and direct mail should all be constructed and implemented in the same demanding way that a salesperson makes a pitch to a prospective customer.

Each ad should make a complete and compelling case for the product. The ad should also advocate your product to the prospective buyer in an educational, informative, and factually supportive way. Your advertising should create visions of a multifaceted product in the mind of your customers.

Many marketers scorn long, "reader-type" ads or long, meaty commercials and opt for short, abstract, cutesy advertising. But remember, advertising is salesmanship. Would you tell your salespeople to stop their presentations in mid-stride? Would you tell them to make less than a complete and compelling case for your product or service? Would you tell them not to ask the prospect to make a buying decision — to take action, if you will? Would you instruct them to be flippant, cute, or oblivious in the way they communicate with prospects? Of course you wouldn't!

So, don't let your advertising fall into the same expensive, nonproductive trap. Once you learn the difference between salesmanship and "cutesy" advertising, you'll have an immediate advantage over virtually every one of your competitors.

Concept Number Five: People don't appreciate what you've done for them — or will do for them — unless you educate them to the facts.

One of the saddest marketing mistakes I see, is the failure of businesses to educate their customers about the unique advantages offered them. If you've reviewed 100 different manufacturers of the products you sell, let your customers know. It'll impress them that you've screened out products that don't have the quality, endurance, warranty, manufacturing support, service guarantees, or dependability you know they want. Perhaps your guarantee is three times longer, or covers five times more problems than your competitors'. Your customer won't know that unless you tactfully point it out.

Concept Number Six: Bonuses can make a profound contribution to your overall sales proposition.

By carefully acquiring high-perceived-value (but low-cost) bonus products, your firm stands head and shoulders above its competitors in terms of real value provided to the customer. There are an infinite number of both tangible and intangible bonuses a business can "package" into a sales proposition.

Concept Number Seven: Turn the table on the risk factor when making a sales proposition.

Customers always see the risk being predominantly borne by them — not the salesperson or business.

If you are the first company in your field to remove that obstacle and assume the risk for the customer, you'll gain an incredible advantage. Most businesses de-emphasize the guarantee. If you emphasize the guarantee and give customers something valuable as a bonus, you'll probably get a sale.

* * *

Chapter Two: The 10 Biggest Marketing Mistakes Everybody is Making, and How to Avoid Them

Almost every business with which I have consulted, is guilty of no less than 10 major marketing mistakes that I had to correct immediately, before I could improve their profit performance.

You, or your business, are probably making these same 10 mistakes, so this short primer should improve your business' performance in just a few weeks.

I will teach you an entirely fresh, new way of viewing your marketing. A logical perspective that may seem like it should have been obvious — but probably wasn't — until it was revealed to you.

Eliminating just one or two of these 10 errors can catapult your business beyond everyone else's. Incorporate all of them and the sky's the limit. Literally.

Marketing Mistake Number One: Not testing.

The purpose of testing is to develop maximum performance from every marketing effort. Yet, it's amazing how few companies ever test any aspect of their marketing and compare it to something else. They bet their destiny on arbitrary, subjective decisions and conjecture. This is sad for a number of reasons...

First, we don't have the right, or the power, to predetermine what the marketplace wants and what the best price, package, or approach will be. Rather, we have the obligation, and the power, to put every important marketing question to a vote by the only people whose ballots count — prospects and customers.

How do we put a marketing question to a vote? By testing one sales thrust against another. One price against another. One ad concept against another. One headline against another. One TV or radio commercial against another. One follow-up or upsell overture against another.

I could go on and on. The point is — and this is not guesswork — when you test one approach against another, and carefully analyze and tabulate the results, you will find that one approach almost always substantially outpulls all the others by a tremendous margin. You'll be amazed at how many more sales — or how much larger an average order — you can realize from the same effort.

For example, if each of your field salespeople averages 15 calls a day, doesn't it make sense to find the one sales "pitch" or "package" that will let them <u>close</u> twice as many sales and <u>increase</u> their average order by 40% to 100%, with the same amount of effort?

Remember, salaried salespeople cost you the same fixed amount whether they make one sale a day, three sales a day, or more.

So, tomorrow, have your salespeople try different pitches, different hot-button focuses, different packages, different specially priced offers, different “bumps” or upgrades, or different follow-up offers.

Each day review the specific performance of each test approach, then analyze the data. If a specific new twist on your basic sales approach outcloses the old approach by 25% to 50%, doesn’t it make sense for every salesperson to start using this new approach?

Test every sales variable. You can easily achieve immediate increases in sales and profits. Any positive or negative data can help you dramatically improve your sales efforts. Test different directives to the reader or listener on how to respond — what action to take. Test positioning in the front, back, right-, or left-hand side of the page. Test where your commercials run.

Make specific offers and analyze the number of responses, traffic, prospects, and resulting sales for each specific ad. Then compute the cost-per-prospect, cost-per-sale, the average sale-per-prospect, average conversion-per-prospect, and the average profit-per-sale against your control ad or sales pitch. This reveals the obvious winner, the new control that you will keep running until a better control beats it.

And testing applies not merely to outside sales efforts, but to every aspect of marketing. Test your prices. Every situation is unique, so I implore you to test several different prices. You’ll be amazed at the differences in order size and overall profit one price will produce over another.

If you run ads in newspapers or magazines, test different approaches, different headlines, different hot-button emphases, different packages, different rationales, different pricing, and different bonuses on top of the basic offer.

But don’t stop at merely finding those approaches, offers, prices, or packages that outperform the others. Once you identify the most successful combination, your work has just begun. Now you should find out “How high is high!”

Keep experimenting to come up with even better approaches that outpull your current “control.” Your control is the concept, approach, offer, or sales pitch which has consistently proven, through comparative testing, to be the best performer. Until you establish your control concepts, techniques, and approaches, you can’t possibly maximize your marketing. Once you find control concepts or approaches, keep testing to see if you can improve on their performance, thereby replacing one control with a better one.

An ad costs you the same amount of space, production time, or airtime whether it produces 100 prospects, 1,000 prospects, or 10,000 prospects. Therefore, you should test different ad approaches and find those that outpull all the others, then use those approaches to maximize your investment. Test everything starting right now.

Marketing Mistake Number Two: Running institutional advertising instead of direct-response advertising.

Almost every print ad, mailing piece, or radio or television commercial I see, is institutional-type advertising.

Most institutional advertising tells you how great the company paying for the advertising is, or how old and stable they are, or some other cute and noncompelling foolishness.

Institutional advertising, as practiced by most advertisers, is pure folly. It doesn’t convey any compelling reason for the reader to favor your business over another. It doesn’t make a case for the product or service you sell.

The claims made by most institutional advertising are pathetic — “Buy from me instead of my competitor, for no other reason except my selfishness and avarice.”

Institutional advertising doesn't direct the reader, viewer, or listener to any intelligent action or buying decision. It does nothing but take up time, space, and attention, and wastes enormous could-have-been-productive assets.

In contrast, direct-response advertising's very name is self-explanatory. It is designed to evoke an immediate response or action — a visit, a call, or a purchasing decision from the viewer or reader. Direct-response advertising tells a complete story. It presents factual, specific reasons why your company, product, or service is superior to all others on an analytically and factually supported basis, as opposed to the mere conjecture used in institutional advertising.

Direct-response advertising is salesmanship in print or over the air. As salesmanship, it makes a complete case for the company, product, or service. It overcomes sales objections. It answers all major questions and it promises performance or results, and it backs the promise with a risk-free warranty or money-back guarantee.

Direct-response advertising directs people to action. It compels readers, viewers, or listeners to visit your establishment, call you, send in money, or drive their auto down to trade it in on a new model. Used effectively, direct-response advertising can produce tons of super-qualified, favorably oriented prospects. At its best, it literally compels people to call, write in, or buy.

And, you can analyze the value, profitability, and performance of virtually any direct-response ad you run, because it produces something you can track, analyze, and compute.

Institutional advertising produces no results to speak of. If you are running institutional ads, change them to direct-response. Give your prospects information that's important to them, not to you. Give them facts and performance capabilities of your product or service. Or tell them about your guarantee. Give them reasons why your product is superior to your competitors', on a human basis that the prospect can understand and appreciate.

Direct-response advertising is much more effective than institutional advertising because your prospect doesn't care one iota about you or your motivations. All the prospect cares about is what benefit your product or service renders to him or her. How will your product improve the prospect's situation and save him/her effort, time and money? How will your product or service improve the prospect's life, and why?

Then, after you've built your case, tell the reader, viewer, or listener precisely what action to take. Tell them how to get to your business, what to look for, and whom to ask for. Tell them how and whom to call. Tell them what to do when the salesperson calls. Remind him/her of the risk-free purchasing deal. And, most important of all, tell them what results they can expect from owning or using your product or service.

Give your prospects the answers to these kinds of questions and you'll own your market. Pure and simple. By merely switching over from institutional to direct-response advertising, you should improve your productivity many times over.

Marketing Mistake Number Three: Not ascertaining and developing your "Unique Selling Proposition" (USP) and articulating it clearly as an integral part of all of your marketing.

Failure to develop a USP in advertising is almost as common as failing to use direct-response advertising.

The USP is the distinguishing advantage you hold out in all your marketing, advertising, and sales efforts. It is the philosophical foundation of your business, and its essence should pervade everything you do.

The formulation of your USP depends on that specific market niche you have already carved, or wish to carve out.

Your USP may be that you only sell the highest-grade products in the industry. Your USP may be that you sell your products at the lowest markup in the industry. Your USP may be that you provide more information, education, and service than anyone else in the industry. Your USP may be that you have everything in inventory at all times — no out-of-stock, no waiting, and no back orders. Your USP may be that you maintain 24-hour, seven-day-a-week service for your customers. Your USP may be that you maintain five times more service personnel than anyone else in your industry, so you can respond in three hours instead of three days.

Marketing Mistake Number Four: Not having a "back-end."

Most companies never address the back-end or residual part of their businesses. But the back-end is all-important. In one of my mailing pieces, I talked about one of my clients who offered to sell a collection of rare coins to his new customers for just $19. He actually lost a few dollars up front on every sale.

"Up front" is the key, because of the 50,000 people who bought a coin set at $19, nearly 10,000 came back and bought on the back-end for $1,000 or more. My client made $2 million (yes, $2 million!) on the back-end.

But that's just the first step. Once every three months, this client goes back to the original 50,000 people who bought the $19 coin sets and gets at least 250 people to buy at least $1,000 more in coins. At a 25% markup, that translates into $50,000 in back-end profits every three months, above and beyond the $2 million I've already told you about.

Also, my client goes back to those 10,000 people who originally bought something for $1,000 and gets about 1,500 of them to buy more within the first nine months. The average additional order is $5,000, which makes my client another million-plus. And those 1,500 customers keep ordering an average of 1-1/2 times a year. That means an additional $1.5 million every year comes from the back-end.

The back-end is vital to any business. Look at the above illustration. If my client had only made that first $19 sale and not cultivated the back-end, he'd have missed out on many, many millions of dollars in business, and he would have actually lost money on the customer.

Until and unless you can identify how much back-end business you can expect, you won't know how profitable or unprofitable an ad, sale, customer, or promotion really is. For example, if you run $10,000/week ads in the newspaper, and they produce $9,000 in retail sales, it looks like you are losing $1,000 or more (I'm not figuring the cost of the product sold or services furnished).

But are you losing in the long run?

If you induce those new customers to purchase a similar product or service from you within 45 days, you double the value of the customer, and all of a sudden you're far into profit instead of loss.

Motivate them to come back once every three months and repeat the average transaction, and you've set up an annuity. All from an original $1,000 loss, which you subsidized. But within three months, or less, the back-end business should offset your subsidy several times over.

The same dynamics apply to salespeople and sales. If a salesperson costs you $2,000 a month in base salary and all he/she sells each month is $2,000 in new business, it sounds bad. Yet, if the new customers do repeat business, or if you develop a back-end that converts normally one-shot sales into repeat customers, you accrue fabulous future income even if your salesperson loses you money at first.

If every month you bring in 20 customers who initially spend $100, and you get them to spend $100 every three months, soon you'll have 600 people spending $100 every three months. That's $60,000!

Another part of back-end dynamics is harvesting the "residual value" of a customer. This takes a lot of thought, experimentation, and careful analysis.

Look for logical product or service extensions to offer your customers. Experiment with salespeople "locking clients into" an ongoing purchasing commitment. Experiment with capturing their names and telephone numbers and mailing them a specific offer, or making a specific offer by phone and measuring the response.

If you are basically a one-product or one-service company, seek out other products, companies, or services to offer your customers as your back-end. Be open-minded about other products, services, and companies that might fit, based on either demographics or areas of interest. Religiously, work the back-end over and over again. Ironically, most businesses <u>rarely</u> try to resell their current or previous customers. <u>You</u> should do it <u>constantly.</u>

Marketing Mistake Number Five: Failing to determine and address your customers' and prospects' needs.

Ninety percent of the businesses I look at never precisely determine the needs, desires, or requirements of the people to whom they are trying to sell.

How can you expect to adequately fill someone's needs if you never take the time to understand them? It's laughable! Yet few companies seek to meet their customers' needs. Those companies that do understand their customers' needs, and attempt to satisfy those needs, seem to end up with all the business. You can end up with all the business too, if you'll take the time to learn what your customers need and want. Let's probe the problem a little.

To induce someone to favor you with their business, you normally have to offer them some need-filling advantage. Let's review just a few of the possible needs people want filled...

They want products that offer convenience or better quality. They want things that last longer, save time, look better, perform more functions, are state-of-the-art, save money, make life less difficult by saving effort, generate more money, or make their owners more effective.

What do your customers want or need most in the product or service you offer? Do they want the convenience of knowing they can go down the block and get it from you, or the knowledge that your firm stocks or offers more items, or sizes, or products than any other company? Do they want the top-of-the-line product or service? Or, do they want highly personalized service, attention, advice, and instruction?

Perhaps they merely want to acquire the kind of goods or services you sell at the lowest possible price. Or maybe price alone isn't what they're after — maybe they want the best guarantee or the best service to support the sale.

I don't know which need, or which combination of needs, your potential customer seeks more than anything else, but that customer does seek fulfillment of some singular need or combination of needs, and sometimes he or she doesn't even fully realize it. But once you find and fill that need, you'll own your business niche.

If you don't know what needs your customer most wants you to fill, start by recognizing that no one can be all things to all people. You'll dilute your image as a need-filler if you try to do that. So, first determine which needs you can fill, consistent with who you are, what your business is, and how you operate.

Then talk to clients, prospects, and customers, and have your salespeople do the same. Experiment with the image you convey in your advertising and promotion. Monitor the consensus and gauge the feedback. Let your customers tell you which specific needs they most want filled, then determine which of those needs you can actually fill.

Then, don't merely fill those needs silently. Make sure your customers, prospects, salespeople, and your entire marketplace learn that your business listened and that you finally did something to satisfy the needs of your customers. Continuously (albeit tactfully) inform, educate, and outright "point out" that your company is filling those needs for your customers. Change your ads to feature these specific need-filling advantages. Have your field or in-store salespeople point out what you are doing. Send out letters that do the same. Phone your customers and inform them that you're prepared to fill their needs.

Once you determine precisely what your customers' needs are and you commit to fulfilling those needs, then do it.

If you decide that service is the critical element, offer the best service, the fastest service, the most skilled service people, the most knowledgeable staff. If top quality is the need you decide to fill, don't offer mediocre goods! If you claim to be the best-quality business, make darned certain you're a regular fussbudget about what you sell. If you promise the lowest price, keep that promise. Integrity requires it. If you don't genuinely fill the needs you purport to fill, your customers will soon abandon you.

Marketing Mistake Number Six: Forgetting, or never recognizing, that you have to both sell and "educate" your way out of a business problem. You can't just cut the price.

I am frequently asked to help a company out of a problem. Often, I bail a company out of an inventory overstock or I stimulate patronage for some service or product that's just not selling.

How do I do it? What's my secret? The answer is so basic and simple — and obvious — you'll laugh. I tell my clients to tell their customers and prospects the truth. For example, if you've had 9,000 widgets gathering dust in your warehouse for six months, and you have $90,000 tied up in them, but no one's asking for widgets, write a letter, or display ad, or TV/radio commercial that tells your customers and prospects that: **1)** you have a huge inventory of widgets; **2)** the widgets are good for such-and-such; **3)** you are interested in selling them retail; and **4)** their quality composition/constructive service functions and performance criteria are such-and-such.

Then tell people what other retailers or wholesalers would normally offer these or comparable widgets for, and tell them the price you're willing to sell a widget or a specific quantity of widgets for. Then tell the prospects why you're selling the widgets to them so cheaply — the real reason — but with a delightful embellishment. For example, tell the prospect the truth — that you have 9,000 widgets in your warehouse and the real rush is over until next fall, so you'll sell them for your actual cost, or even for cost less 20%. But add to that explanation a parenthetical exclusive qualifier like...

"But we're only offering this value to our best customers as a reward for your patronage." Or... "But we're only making this offer to new, first-time customers who buy an equal amount of other products or services." Or... "We're only making this offer available to people who buy (some other very specific product)."

An important point — in fact, it's vitally essential — is that your customers and prospects won't understand or appreciate a value, or a bargain, or a service, or a benefit, unless — and until — you first educate them to appreciate it. Merely offering a product or service at a specific price (even the best price) doesn't generate excitement or a response until you tell people what they're getting, what a value it is compared to other products and services, and why you can offer such value.

This applies to any problem.

When your business has a problem (say you've taken money or advances for a product or service) and something goes wrong, precluding you from fully or promptly or properly rendering that service, never, ever fail to acknowledge your screw-up. That's the sure way to commit integrity suicide. Be up-front and honest. Call, write, or individually approach your customers and apprise them of the problem.

Tell them precisely what you were supposed to do, and tell them why you can't fulfill your obligations. Tell them with certainty when you will be able to perform.

And this is the clincher. Give them some wonderful consideration to compensate them for being put out. Give them a small gift that costs you a lot less than the profit you'll lose if you're forced to return their money. Or, send them a discount coupon, or rebate a portion of their original purchase price. Whatever consideration you offer, tell them why you're doing it, apologize for what went wrong, thank them for their business, and assure them honestly that you can and will rectify the problem — that everything will be put right by such-and-such a time or method.

Marketing Mistake Number Seven: Failing to make doing business with your company easy, appealing, desirable, and even fun.

It surprises me that most companies never put themselves in their customers' or prospects' position. Why else would they make doing business with them so hard?

If someone calls your company and a telephone operator is their first contact, can that operator make a compelling response to the prospects' or customers' requests?

When people come into your store, how well-versed are your sales clerks? How much time have you spent in preparing dialogues, phrases, questions, and advice for your people to ask or offer to customers?

How willing are you or your people to answer questions and render truly informative advice, even if it does not directly or immediately benefit you?

How easy is it to find things in your store?

How conscientiously do you follow up on sales requests, orders, and inquiries?

How well do you keep customers informed on the status of their order?

How much do you take your customers, prospects, and business for granted? By merely stepping outside your office and walking up to your business wearing the hypothetical shoes of a prospect, you may see a lot of flaws in your operation. Once they are remedied, you can dramatically improve your current and repeat business potential.

By making it inviting, easy, informative, nonthreatening, educational, inspiring, and fun to do business with you, you'll loft your company above your competition.

Remember:

1) You cannot service too much.

2) You cannot educate enough.

3) You cannot inform too much.

4) You cannot offer too much follow up or follow through too far.

5) You cannot make ordering too easy.

6) You cannot make calling or coming into your business too desirable.

Marketing Mistake Number Eight: Failing to tell customers the "reason why."

Whenever you make an offer, ask for a sale, run an ad, have a salesperson make a proposition to a customer or prospect, or offer a product or service for sale at a specific price, always tell the reason why.

Why can you sell a product or service at a lower price than your competitor? Is it lower overhead or volume buying? Do you buy odd-lot inventories? Do you not give all the services? Why is your price so good?

If your price is high, again, tell the customer or prospect why. Do you offer a product far superior than the norm? Is your product made with demonstrably finer materials? Is your product designed to last or perform 2 1/2 times longer than your competitors?

Why is your price so high? Is it handmade? Is it made twice as durable, or with three times the personal stitching or handiwork of some machine-made similar product?

WHY?

If your price or the package is an especially appealing value, tell me why you're making the offer to me. Is it because I'm going to order from you for the first time, and it's an exclusive offer to first-time customers? Or, is it because you got a great purchase on all or part of the components in the package, and you want to pass the savings on? Or, is it because you're overstocked and you want to get your capital out of slower-moving inventory, so you're able and willing to sell me your product this one time only at an actual loss far less, in fact, than what any other company could or would legitimately offer the product or service for?

Please, tell me your reasons why! Why should I patronize you instead of your competitors? Tell me what you are doing, will do, or will avoid doing that makes favoring your firm better for me than dealing with someone else. Why can your salespeople handle my purchase better than someone else?

Tell me all the reasons why.

The more factual, believable, credible, and plausible reasons you give me for dealing with you, the more compelled I am to favor you with my business.

Marketing Mistake Number Nine: Not sticking with marketing campaigns that are still working.

Many companies change campaigns indiscriminately in mid-stream. In the process they:

1) Don't let the cumulative effect of a winning concept work for them.

2) Don't allow the dynamics of testing to work for them.

3) Make a patchwork quilt of their company's image and persona.

Business people get tired of their advertising and marketing campaigns long before the marketplace ever tires of them.

Remember the section on testing at the beginning of this report? Don't violate the tenets I taught you! Test to find out which ad, marketing, or sales approach works best. Then, only change or alter that approach if and when a new ad or concept outperforms your "control." Continually experiment with new ideas, ads, and concepts without abandoning the one that works best. If an approach works, don't arbitrarily abandon it — only replace an approach when you've verified and validated a more successful and profitable successor.

Most ads or commercials produce only a modest percentage return every time they are run. Direct-response ads usually produce a .5% to 3% response. You may have to run them 200 times before you even begin to saturate your market.

Just because you are sick of seeing, hearing, or watching the same marketing does not mean your marketplace is also sick of it.

The only vote that's relevant is the vote of the marketplace.

Test, test, test — test different concepts, approaches, and ideas, but never, ever abandon your control until you find something that pulls better. Reread the section on testing. When you are tempted to abandon a winning, producing, profitable approach that you are tired of, try to develop new approaches using a related or similar view.

If you've found the combination to your customers' responsiveness, keep going until the combination stops working.

Marketing Mistake Number Ten: When preparing ads, TV and radio commercials, or direct mailings, forgetting to focus on the intended customer and NO ONE ELSE.

How many times have you scanned an ad in a newspaper or magazine and not had the slightest idea what it was all about, or who the information was intended for?

Ads, mailing pieces, or commercials all need a headline.

A headline is an ad for the ad. Its purpose should be to reach only those who are most qualified to be a prospect for your proposition.

Without exception, humorous, abstract, or circuitous ads or commercials are a waste. If you run ads in general interest publications, TV, and radio, and your product is pest control, you should not use headlines or opening statements like, “Got the bug to clean the house?” or “This problem affects every homeowner.” Instead, fashion a headline or opening that states the purpose of the ad and qualifies the reader.

For example:

“If your home is plagued by ants, roaches, mice, or rats, we can eliminate the problem with our exciting new monthly maintenance service.”

If you sell plumbing supplies to the contractor market and you run ads in *Contractor* magazine, you shouldn’t run ads that begin, “The best source of them all.” Instead, craft a headline that states your proposition, such as:

“If you are looking for a source of quality plumbing supplies, we sell them exclusively to contractors at 15% over our cost, with 45-day invoicing and an added discount for orders over $2,500.”

Address your target audience in the headline with teaser copy or the opening line. If you want to reach people over 45, for instance, say:

“If you’re 45 or over and thinking of adding to, replacing, or acquiring life, health, or disability insurance, this information...”

Or…

“Insurance coverage for people over 45 with no physical, no waiting, no restrictions.”

If you’re trying to reach health- or weight-conscious people for membership in your health club, use a headline or opening line like this:

“Here’s a way to become tight, lean, attractive, radiant, and remarkably healthy in just 45 minutes, three times a week.”

If you want to reach people interested in furniture, don’t use a cutesy headline. Instead, try:

“Looking for a $1,500 sofa value for just $475? We have 150 in stock right now.”

Or…

“We sell expensive furniture at deep discounts — our average price is 45% less than the manufacturer’s suggested price.”

Whatever you sell, and whomever you want to reach with your story or message, be specific. Telegraph your message directly to your prospective customers, and tell them what you’re offering.

If you want to reach working women who don’t have time to cook, say:

“Here are 24 fast, easy, inexpensive dinner ideas especially created for working women who don’t have a lot of time to cook.”

I could go on and on, but remember these points:

1) Attract the attention of your target audience in your headline or opening remarks.

2) State your proposition or offer.

3) Use the rest of the ad to develop, support, and present your offer and your reasons why the prospect should embrace it.

4) Finally, tell the prospect how to act.

From now on, always telegraph your message only to the people who are your primary prospects. And never again be content with humorous, nonspecific, or abstract headlines or ads.

* * *

Chapter Three: Case Studies

Case Study Number One: The little coin company that couldn't

Let's start with my biggest success of the early 1980s, Investment Rarities, Incorporated. I first met IRI in 1978. I was introduced to them through a previous job I held, selling esoteric investment, lead-generating programs to financial service companies. Investment Rarities was a little company that somehow got included on my prospect solicitation list.

I remember the first time I came in contact with them via telephone. Their president was cordial, but totally oblivious to anything even closely resembling an articulated master marketing strategy.

But almost in spite of themselves, IRI had built a profitable little brokerage business solely off a single referral relationship they enjoyed with a popular financial newsletter publisher.

But when I pressed IRI to find out what they did with a lead once it came in, the president was nearly dumbfounded. They mailed to inquiry/referrals a self-serving (not education-rendering) cluster of nonmotivating sales rhetoric — then they literally threw the lead away if the prospect didn't immediately buy something.

They never, ever solicited that person again. At first I was incredulous.

That feeling was quickly replaced by one of opportunism when I realized all I could do with a client like this. Here's the strategy I subsequently mounted for Investment Rarities:

First, I focused their overall corporate orientation toward logical and "obvious" thinking. I carefully and pragmatically explained to IRI's executives that, if someone was interested enough to call up or write in for more information, they warranted a concerted follow-up effort.

Then I drafted entirely new educational material to send out to inquiries and referrals.

Next, I composed elaborately personal acknowledgment letters to accompany the educational material. A typical letter reminded the inquirer that he had contacted IRI seeking more information on the investment case for gold, silver, and/or rare coins. It then presented a very easy-to-comprehend and remarkably compelling primer on the appropriate subjects, and went on to caution prudence and conservatism in any initial investment the prospect might decide to make. Finally, the letter advised the prospect to first talk through his desires, fears, and motivations with a knowledgeable precious metals specialist (I never, ever referred to them as brokers) before jumping in, <u>even if they were not going to favor IRI with their purchase.</u>

This approach won people over in droves.

I followed that up by formulating a long-term strategy for profoundly increasing the marginal net worth of a customer to IRI. I based this strategy on the knowledge that all other precious metals investment companies we were competing with were trying to load people up with all they could sell them, then burning them off never to deal with them again.

I decided to posture IRI as a nurturing, long-term, committed, concerned brokerage house interested first and foremost in seeing the customer profit ahead of itself.

To bring this "USP" goal within range, I established a new marketing philosophy for the sales staff: **Never** load up any customer. Rather, if anything, undersell, first putting the new customer into gold <u>before allowing them to even consider silver or rare coins.</u>

The commission on gold was smaller, granted, but by only allowing the customer to get started on gold, we did them a safer, better service and predisposed them toward buying silver next, rare coins next, then adding back to gold holding, etc.

This long-term, patient, ultra-professional approach won over so many new customers that IRI quickly shot to over $500 million in sales, and enjoyed the highest reorder factor in the industry.

Of course, not all this was attributable to the basic marketing strategy I just explained. A few other "twists" helped make it possible.

For one, once we got a prospect in, we sent out a series of follow-up, educational (never hard-sell), informational mailings that appeared to be personally sent from IRI's president. We did this by using laser printers and all sorts of high-grade word processing equipment. Sometimes we'd send out over 200,000 quasi-personalized letters a month to customers and prospects.

I designed groups of letters for each category — customers, silver inquirers, gold prospects, rare coin conversions — and we progressively kept advancing our customers' and prospects' knowledge and motivation base by sending out still more instructive, educational letters.

We never sent out pure sales rhetoric.

Instead of sending out stupid hyperbolic letters, I had Investment Rarities acquire the rights to all sorts of impressive, prestigious, valuable, and "objective" articles. We generously offered this material FREE on a no-obligation basis to any and all who were interested. Soon, the requests numbered in the hundreds of thousands, and the inquirers converted to customers at better than 7%.

In addition, I have never believed in building a company's entire business on only one or two pillars. That makes the structure far too precarious. So I broadly expanded IRI's base. I established a referral/endorsement program in which I induced 12 of the country's biggest financial newsletter publishers to regularly endorse Investment Rarities in exchange for a modest share of the profits generated.

Concurrently, I put on extravagant, free seminars and, instead of having some salesperson from IRI be the key speaker, I paid through the nose for well-known economists and best-selling authors that drew attendees by the thousands.

And I devised elaborate follow-up programs that cross-sold, cross-pollinated, upsold, and resold customers, prospects, and suspects.

Case Study Number Two: The little magazine that grew by redeployment.

International Entrepreneur's Association was the forerunner of Entrepreneur's Association. They published a magazine-formatted newsletter called *Entrepreneur* that, every month, recounted and revealed to members and subscribers the two most noteworthy, "up-and-coming," generic, small-business concepts in existence. The real hot and promising new concepts — like tune-up and lube shops, balloon stores, one-hour photo developing, and yogurt shops.

Entrepreneur's Association also put on "Start-Your-Own-Business" seminars across the country.

Neither the subscription sales of the newsletter nor the seminar sales were very profitable. But, we found an innovative way to make them lucrative.

Here's what we did...

Each month, after an issue of *Entrepreneur* newsletter had already gone out to subscribers, we had our editorial staff take that issue's two feature articles — which typically ran 10 to 15 pages each, covering that month's two most promising new businesses — and turn each one into an elaborate, self-contained "start-up" manual.

We did this two ways:

1) We embellished the basic editorial content of each article with a bit more meat.

2) To the specialized information about that specific business, we melded generalized, boiler-plate information necessary for anybody to know before starting any type of business. For example, how to use an attorney, how to incorporate, incorporation vs. sole proprietorship, how to get free public relations, how to "go-it-alone" if you don't have to acquire a franchise, which franchises are best, etc.

We turned each succinct little article into extremely useful and desirable "start-up" manuals that I started selling through a quarterly catalog mailing for $49 apiece.

In the first full sales year, we shipped out almost 200,000 reports. Not bad, considering we were originally losing money on the newsletter itself. But once the newsletter was turned into a production source for new reports, our profits really took off.

Each month, with each new issue of the newsletter, we added two or three more reports to our inventory, until we had 250 reports. Then we started recording the speakers at our "break-even" seminars and turned each recorded session of expertise into a $29 tape or a $49 transcript, and sold 100,000 copies.

Next, I recombined the reports, tapes, and transcripts into what I dubbed "The Entrepreneur Institute's Collection of Best Reports," wherein for $199 we'd package together the best start-up reports on, say, service-related, or food-related, or low-investment, or automotive businesses. We'd also add various transcripts originally taken from the seminar series, such as "How to Negotiate" or "Advertising Made Simple."

We sold tens of thousands of these combinations, too.

All told, the company got up to $21 million a year solely by redeploying their back-end assets all sorts of different ways.

Case Study Number Three: Building a million-dollar company...free!

Icy Hot — Oh, what a learning example this proved to be!

I met a man who owned a 100-year-old "very old-time" patent-medicine production company selling a hokey-sounding analgesic balm — a glob of gelatinous goop called Icy Hot. He wanted to make Icy Hot the nation's most successful mail-order patent medicine in history.

At first I thought he was crazy. Then he explained the method behind his madness...

He had carefully studied the arthritis remedy market and concluded that he could make aggressive inroads if he could create a powerful promise wedded to a mystique-type product with a charming persona. The only problem was, he didn't want to spend a dime on advertising.

There was, however, an innovative twist... He was willing to spend 115% of the initial selling price to acquire a new customer.

He taught me not to look at advertising from an abstract, nonquantifiable perspective, as almost everybody else did. Rather, he was willing to spend money only when he knew — absolutely — that he'd acquire a customer for the expenditure.

And, he later explained, for every new "start" or first-time customer he put on his mailing list, he got one out of three people to reorder over and over and over again for life — or until someone came up with a cure for arthritis.

The average customer, in fact, ordered six more times a year, forever!

So it made enormously good sense to me when I put a pencil to his equation...

The product sold for $3. It actually cost him a bit more than 48¢ to manufacture, package, and ship out a jar. He was willing to give someone $3.45 to sell a $3 jar. Practically speaking, he really was spending only 93¢ — the 45¢ he lost on every sale, plus the 48¢ cost of the product.

And for the 93¢ loss, he got nearly one million people to try out his product at least once. Three hundred and fifty thousand came back at least six times a year at an average order each time of $10. So — for a one-time loss of about $930,000 he added $21 million a year to his business, **of which over half was real profit.**

A $930,000 loss — not all incurred at once — produced a $10.5 million annual profit.

That alone is remarkable, but let me tell you how we persuaded people to take all the marketing, advertising, and promotional risk for us. It's quite fascinating.

I approached magazines, mail-order advertising agencies, and radio and television stations all with the somewhat novel proposition of running ads for Icy Hot whenever they had unsold time or space, or the opportunity to insert something in a package they were sending out.

I'd allow them to keep all the money people sent them and I'd send them 45¢ on top (remember, it sold for $3 and I was offering to pay 115%).

Until I did this, no one had ever paid or offered to pay someone more than the full selling price in exchange for assuming all the selling risk.

This offer took the advertising marketplace by storm, and in just under a year I had set up — solely on a variable/contingency basis — over 1,000 separate arrangements with magazines, newspapers, television stations, radio stations, catalog companies...you name it!

And each and every day, we'd get 5,000 to 10,000 new orders for first-time customers. And one out of every three of those would reorder over and over again forever. Plus the advertising we secured — at absolutely no charge — generated unbelievable demand at the retail level for our product, which we'd originally decided not to sell in stores.

We conservatively figured that in one year, our P.I. (per inquiry) advertising for Icy Hot, generated **over $10 million worth of advertising exposure at no charge.**

In fact, retail demand for Icy Hot became so acute, due to all the free advertising, that we "accidentally" forced retail distribution and built up a $4 million retail business on top of our mail-order sales, all without EVER sending one salesperson into the field. All we had to install were telephone order coordinators to maintain and manage the retail business.

EPILOGUE — the product became so successful that the people at G. D. Searle, the big pharmaceutical house in Chicago, bought the company for many millions of dollars.

All this from the single idea of not spending money on advertising, but only spending money for customers generated. Can this concept apply to anything you're doing?

Case Study Number Four: Aircraft parts by mail.

No one can possibly believe you can successfully sell aircraft parts to major aircraft and aerospace companies by mail, yet that is precisely what I did in 1982.

I picked up a most challenging client, a 30-year supplier of fittings for hydraulic workings in the control apparatus of airplanes and rockets.

Until then, the company had built business solely by word of mouth. They were profitable, but so spoiled and conservative and understaffed that they wouldn't fund my initial request for four salespeople.

So I improvised by using sales letters in lieu of people to circle the globe.

First, I assembled a list of all the prospective companies my client could sell to in the free world. It numbered approximately 1,000.

Then I crafted separate, very specialized letters, each with a different sales focus.

One offered last-minute supply if production ran out of fittings.

One offered to buy surplus parts.

Another offered to save them at least 40% and 30 days on any fitting they bought.

Another offered 48-hour order fulfillment worldwide. I cannot precisely remember which ones worked and which were marginal. A subsequent letter generated nearly 50 new orders that turned into long-term relationships.

The company devoted all their marketing efforts from then on to sales letters and follow-up calls — and the business grew.

This story, while admittedly succinct (I cannot reveal most of the actual details for confidentiality reasons), illustrates how adaptable my techniques, and now YOUR marketing techniques, can be. You can make virtually any application you wish to! And, since all you ever risk is the modest cost of conservative testing, you owe it to yourself to attempt all sorts of fresh marketing applications.

Case Study Number Five: How to boot your sales out of sight!

Sound silly? Well, back in 1981, cowboy — or more properly "western" — was the fashion rage (at least it was here in Southern California).

I had this client who was selling $1,000 to $5,000 western boots and the market turned bad on him. He was beside himself because he had a massive cash investment in his inventory of exotic boots.

He called me in to help. Here's what I did:

1) First, I learned all I could about the difference in construction of high-grade exotic boots over cheap, run-of-the-mill cowhide boots. Exotics use miles of fine silk thread, have delicately hand-tanned, perfectly matched exotic hides, are built on hand-assembled wooden lasts, etc.

2) I persuaded my client to not only allow me to write a fascinating reader-type ad, but also to enable me to price his boots at a moderate but "real" reduction under manufacturer's suggested list.

3) I listed exact quantities of each style and brand of boot and honestly stated that once my client sold these he would never have boots of this quality available at <u>any</u> price. By the way, they were very hard-to-get brands.

4) I put a deadline of three days on the offer.

5) I gave everyone a six-month, unconditional, money-back guarantee.

We sold out hundreds of pairs of extremely expensive boots, to my client's absolute delight. It's important to understand what I tried to convey in my ads. It was this:

1) That if you have ever thought about owning a pair of dress boots, these are probably the most beautiful, intricately made, comfortable boots in the world. Each pair is almost a work of art in itself.

2) That the available supplies are supremely low, and to replenish the supplies would take months. This was totally true.

3) That most people don't realize how comfortable boots could be compared with ordinary footwear.

4) That the representation of renowned bootmakers on display was so magnificent that, even if you don't buy, you owe it to your sense of fashion and art appreciation to, at the very least, personally view the boots and try on at least one pair.

This very simple, straightforward approach, conveyed through a disarmingly humanized reader display ad, pulled like a magnet. A similar approach can probably work wonders for you, too.

Case Study Number Six: Nothing as bold as gold.

THE AUSTRALIAN BULLION COMPANY. I met a delightful man in late 1980, who ran the U.S. operations for the famous Australian Bullion Company (ABC for short).

When I met him, he had a huge problem:

1) He'd acquired a ton of jewelry items he couldn't sell back when gold was soaring at $800 an ounce or higher.

2) He had no money left for promotions.

I looked at his inventory and, frankly, he had nearly $150,000 worth of disparate, one-of-a-kind items — all of which were nice but none of which were great. Worse yet, he'd always operated a retail walk-in store and knew absolutely nothing about marketing. I determined that mail order was his fastest, safest solution and I created a shockingly powerful "full-page" ad to be run in the West Coast edition of *The Wall Street Journal.*

The headline of the ad read:

How to Buy $800-an-Ounce Gold at $400 Prices

I commenced, in the prefacing three paragraphs of the ad, to explain how the ABC acquired all this gold jewelry back before gold began selling for $800 per ounce. I explained that for the ABC to replace the jewelry today, it would cost them nearly double wholesale, and since they only had odd-lot quantities of each piece, they were offering the jewelry by mail and telephone order only on a first-come, first-served basis for 1/3 less than the asking price they'd originally retailed the jewelry for back when gold was selling for $400 — which was nearly 2/3 less than the price they'd now have to ask for similar jewelry.

<u>That ad sold out all $150,000 worth of jewelry in less than three days.</u>

And, in fact, it resulted in subscriptions totaling more than $50,000.

Plus, it established a posture I subsequently built on continuously — that the Australian Bullion Company was a huge discounter. They went on to sell thousands of pieces of gold jewelry a year until the company sold out to a large international firm.

By the way, instead of sending back the money to all the people whose orders came in after we sold out, I devised a neat letter.

In essence, it said this:

Your order arrived after we sold out on what you wanted. We can, of course, return your check or charge card request uncashed.

But we'll lose your goodwill. Rather, we'd like to do cartwheels to win your ongoing business. So, we've made an arrangement with the original manufacturer of the item to order for you another item, and if you instruct us to go forward, we'll sell you that item for the same price you sent us plus a mere $25 additional to cover our added processing and handling expense. Quite frankly, we're not making any real profit, but it's worth our while for your goodwill.

This letter saved 80% of the orders. And, quite frankly, my client made about 20% on the reorder plus the $25. All told, he made an extra $15,000 for sending out my letter.

EPILOGUE: The original ad and the "salvage" letter I've just outlined to you generated 1,200 new customers who reordered over four times on average and represented an additional residual business for my client that exceeded $500,000, all for no real additional marketing or advertising expense.

Keep in mind that, while it costs a lot of money originally (i.e., to run the display ad in *The Wall Street Journal*), the cost-of-sales to resolicit a customer after they've been acquired is negligible (it's merely 50¢ for a direct-mail letter, or $1 for a phone call). So a customer's real value to you becomes far greater after you've originally sold him or her.

This profit dynamic is rarely comprehended by most people I deal with. I hope you perceive the lucrative implications.

Case Study Number Seven: The marketing test concept.

In 1982, I was promoting full-priced ($95 to $295 and higher) financial newsletters throughout the hard-money marketplace. But what started out originally as a really lucrative field was rapidly becoming cluttered with more and more "mediocrities," as I like to call them, diluting the inelastic and rapidly maturing limited market.

It got so competitive, and the marketplace turned so ambivalent, that I actually stopped promoting full-priced publications.

Then, while contemplating the glut of $95 to $295 newsletter competitors, I came up with a wonderfully simple idea. Why not identify the five or 10 top quality newsletters that were written by — fundamentally — such poor marketers that virtually no one had ever heard of them (though they possessed unimpeachable track records for financial acuity). Then, why not persuade these people to allow me to offer NEW SUBSCRIBERS ONLY a one-time opportunity to subscribe to their publications for 85% to 95% less than they were normally charging?

My promotional rationale, as I explained it to the publishers, was that these advisors were so confident in their ability to make their profit through renewals. They knew that anyone making thousands of dollars from their advice would have no objection whatsoever to renewing at year's end at full price, since they'd be paying for it with but a small portion of the profits the newsletter made them.

Add to this the unusual financial dynamics of a newsletter. It costs a mere $3 to $10 in "hard costs" to put out a 12-issue subscription to a publication that ordinarily sells for $95 to $295. And I promised to pay to all the publishers that went along with my marketing test concept their real hard fulfillment costs. So they bore zero financial risk in allowing me to try out the concept.

I called it "Marketing Test" because I developed the marketing rationale that the publishers wanted to find out through this limited offer (we restricted maximum numbers allowable at the low price) what impact price alone had on persuading someone to subscribe.

Did the marketing test work? Wow, did it ever!! In year one alone, we sold over 650,000 discount subscriptions. I made, net (on average), about $3.75 per subscription.

Since then, everyone has "knocked off" my concept and I believe well over one million subscriptions have been sold profitably using this approach. You could readily and easily adopt the marketing test approach to any application wherein you have a high-price-perceived, low-cost-to-fulfill product or service, and a high likelihood of renewal or residual business recurring from new customers you bring in.

Case Study Number Eight: The famous New York Stock Exchange seminar.

This one gave me the most informative insight into major corporate thinking (or myopia) imaginable.

A while back, in 1982 I think, a friend who was vice president in charge of West Coast operations for the tax-advantaged investment department of a very, very well-known, prestigious New York Stock Exchange firm came to me literally imploring me to create a "powerful" (as he referred to it) display ad for a major tax-saving investment seminar he was preparing to hold on the West Coast.

I really wasn't eager to work on the project. First, because no direct compensation was being offered other than the obvious prestige that might accrue to me for creating winning ads for this major stock brokerage firm. Also, every word of copy I penned had to pass muster with the New York legal department.

My friend provided me with numerous examples of the previous ads he and his firm had run for former seminars, none of which had drawn more than a handful of attendees. They were not only terrible, they said absolutely nothing and had no cogent headline. The body copy was confusing, vacuous, and extremely abstract. The basic promise was equally as terrible. But boy, was the layout clean and oh-so-professional-looking!

I saw immediately why their previous ads pulled so meagerly. They offered no big promise and were totally uncompelling, relative to their call to action.

I actually became excited about creating a display ad for my friend that would pull 60 to 150 attendees. His firm's previous attempts had never pulled more than a dozen people.
So I started collecting what I considered important information:

1) What was the key thematic purpose of the seminar?

2) Who were the prominent speakers, and why were they worth listening to?

3) What were the criteria or requirements of someone to be eligible to attend? (It was, in fact, a net worth in excess of $250,000).

4) What was the outline of the intended 2-1/2 hour seminar?

5) How could someone reserve a seat?

I put this material together into a totally straightforward and extremely factual reader-type display ad that began something like this:

> **An invitation for 100 "qualified" investors with a net worth exceeding $250,000 to attend an extensively revealing 2-1/2 hour seminar on tax-advantaged investment strategies that reduce taxes markedly, while increasing net worth. Hear famed tax expert ______ painstakingly explain his basic investment strategy for maximum legal tax avoidance and optimum capital gains potential.**

I enumerated the credentials and specific accomplishments, not the least of which included a listing of corporate clients, that the seminar speaker possessed.

I further listed the express objective, benefits-wise, of staging this seminar which, by the way, was to explain as many safe, workable, and legal investment tactics for reducing or eliminating altogether a high-income or high-net-worth individual's tax bill. And I listed very exacting eligibility criteria for attending.

Frankly, I loved my reader ad on behalf of this client. My friend liked it, too. But the "biggies" in corporate New York hated my ad with a vengeance.

Why? Because it wasn't their image of short, lightweight, pretty, passive, noncommittal copy.

To shorten a disgusting story, we went around on the ad for a month. Finally both sides compromised. I agreed to their "castrating" my ad by about 90%. They agreed to run it one time only in the boonies somewhere. Which they did.

Surprise. Surprise. The emasculated version of my ad that they ultimately ran still pulled 110 attendees — all totally qualified. Remember, their best ad previously had pulled only 10 to 16.

I got so excited anticipating, logically, that they'd want to run replicas of my ad all over the nation and that I'd get credit and a fast $10,000 fee I'd asked for if they continued using the ad.

Once again, keep in mind that my ad, which was no larger and cost no more than the ad they'd previously used, pulled 10 times greater. And, I later found out, it produced a three times higher conversion rate of attendees to clients.

And yet, they never again ran my ad.

Why? Because the president of the firm had never seen or approved my ad. He was out of town during all our arguments. A "daring" executive vice president had taken the authority for approving the watered-down version.

When the president saw what I'd created, he became livid and killed the entire project because...You guessed it. It didn't look like an ad he'd want to be associated with.

I politely pointed out that the 110 qualified investors who responded to the ad obviously felt otherwise, but the president didn't care. I was shocked. But I learned that results and performance often take a back seat to image in big corporations.

EPILOGUE: About six months later, the New York firm decided to try another seminar program. Did they "dust off" my proven, winning ad? Heck no.

Instead, they hired a supremely image-conscious Madison Avenue agency who charged them, I was told, $25,000-plus to write a new medicinal ad which they ran in a major Sunday business section of a huge newspaper. How'd the ad do? It drew 18 people. You figure it out.

Case Study Number Nine: Results you can bank on.

The profit potential for your company from building bonuses into your offers can be immense.

Correspondingly, there may be very lucrative opportunities for you to "package" your firm's products or services and offer them to other companies to use as bonuses or premium purchase inducements.

Many times, just by putting one firm together with another, you can make enormous profits, once you start experimenting with packaging.

Which brings me to — ME AND THE BANK. Actually, I'm going to give you a double case study here. It has to do with two separate banks.

First, bank one. This was a large, national, hard-asset-concentrating financial institution that specialized in making loans for precious metals purchases.

Their ads were horrible and were only marginally effective. I approached them with an irresistible proposition.

If I could devise a way to increase the size, frequency, and results of their advertising, would they give me the overage above and beyond what they were already spending if it cost them nothing?

They didn't fully understand my proposal, so I restated it this way...

You're spending "X" on advertising in national publications. If I can get you two to three times that exposure for absolutely no added expense, and increase the productivity or effectiveness of the ads by many times, plus generate "found" money from advertising subsidy firms, could I keep anything I brought in over their out-of-pocket?

They said, "Okay."

So I went to two of the biggest precious metals refining companies in North America and persuaded one to put up 100% and the other to put up 75% of all costs up to $40,000 and $50,000, respectively, to finance ads promoting the bank's willingness to finance investment purchases of the two refiner's "trademarked" gold and silver ingots.

Until then, the bank had been spending about $20,000 a month to run their own small, ineffective ads. By getting them $50,000 in nonmatching commitment from one refiner, and $50,000 that only cost them $10,000 in real cost from the other, I provided them with two month's worth of advertising that totaled more than double what they were used to spending — and it was actually costing them $30,000 less than they had budgeted.

I asked as my fee for arranging the transaction the $30,000 savings.

The bank grudgingly agreed. Grudgingly I say, because the director found it unconscionable that I could, in a two-week period, structure deals that the bank itself should have and could have effected, but was too unimaginative to engineer.

So they did, in fact, pay off. But as soon as the first "co-op" ads ran out, the bank used a technical loophole to cut me out of ongoing participation, even though I'd conceived, engineered, and negotiated the entire concept. I was disappointed, I'll admit, but I did make $30,000 for less than two weeks' work.

There's an epilogue to Bank Story A.

The ads I engineered for the bank were extraordinarily powerful, pulling 1,500 to 2,500 qualified investor leads each time they ran. But they were subtle, very high copy-content reader ads, and guess who hated them with a passion? You guessed it — the president of the bank. We got into a violent argument about how an effective ad should look. He wanted the ads to be pretty and clear. I wanted them to be informative and almost editorial-looking.

It was his bank, so he won out. After my two-month deal ran out, the bank went back to their old, dumb, non-benefit-oriented ad formats and their response rates (number of leads generated per ad run) dropped nearly 90%.

MORAL: You must decide whether you want your ads to be effective or aesthetic. The price you pay for false "aesthetic" is a diminishment of effectiveness that's usually profound.

Actually, to me, there's an aggravating second epilogue to this story.

After I lost the client — because, you'll remember, it's unconscionable for anyone to make that much money in such short time — the bank tried out another idea I'd given them.

Since 80% of their business before I'd come to them had emanated from gold dealers selling their customers leveraged purchase plans financed by the bank, why not let the dealers participate in the deal by selling them leads resulting from the ad, for 1 1/2 times real cost of acquisition?

Leads cost about $10 to produce with my ads. The bank offered to sell dealers great leads for $15. Remember that the bank was getting almost all their ad costs defrayed by the money the refiners gave them. With the co-op deal I set up (and which the bank sustained after our deal was over), plus the selling of leads to dealers at a profit (that I'd originally proposed), the bank was actually making approximately $10,000 on every $5,000 in display ads they ran, a 100% profit!

How can you engineer co-op or lead-sharing advertising deals to defray your expense or turn an expense area into a profit center? Think about the possibilities, then approach synergistic businesses and see what kinds of inventive deals you can set up.

Now, Bank Story B.

There is in my state a large, well-known bank that developed a gold and silver division, selling solely to their one million existing banking customers.

The business they were doing with one million customers was, frankly, less than 1/50 the volume I was doing with 120,000 customers for another client of mine.

I hatched an interesting plan.

I approached the large bank on a no-risk proposition. They could keep 100% of the sales and profits they were currently earning.

I'd take over the entire marketing function solely on spec or contingency, wanting to be paid 25% of the increased profit I generated with the bank maintaining 100% control and approval of all copy, concepts, approaches, etc.

Furthermore, I'd lined up nearly $1 million worth of co-op advertising, so the cost to the bank to expand their precious metals operation by potentially $500 million was nil.

I originally made the proposal to them four years ago. But the division head of the bank was a politics-playing mediocrite (a mediocrite, for those who don't know, is someone content with mediocrity or average performance, achievement, and service) who didn't want to ever rock the bureaucratic boat. He always had to present my risk-free, no investment, totally nonvolatile proposition to "just one more division head" before we could go forward.

Just for fun, once or twice a year when I need a good laugh, I call the division head of the bank to see what's become of my no-risk proposal.

"We're still considering it. I'll get back to you in a week," he invariably replies.

Parenthetically, I might add that I used the two biggest concepts I'd originally developed for and was saving to use with bank B for a different client. In its first six months, it generated $20 million in sales, all at a massive up-front profit.

You tell me why big corporations hate the profit motive so much! Or why they seem so averse to optimizing profit in a business they operate!

Case Study Number Ten: Bringing home the risk.

This case study concerns itself with posture — or how you and your position or proposition is perceived. As a preface, I'd suggest that you read either (or both) of Robert Ringer's books, *Winning Through Intimidation* or *Looking Out for Number One.*

When I started consulting, I learned an interesting lesson on posture. People hated to be more at risk on me than I was on them. Keep in mind, I'm going back quite a ways, but always I would find high resistance at whatever level I tried to price my various consulting services, unless I deferred the bulk of my anticipated compensation.

For example, when I first started out, I'd get $5,000 for writing an ad. Back then, people thought this was a high amount, and I experienced considerable resistance. So one day, purely on a whim, I decided to ask for $15,000 instead of $5,000, with $6,500 down and the remainder ($8,500) due and payable <u>only</u> if my ad worked.

Amazingly, this approach worked like hotcakes — immediately increasing my "up-front" fee income by $1,500, or 30%, and every time I hit a winner, I'd pick up a windfall $8,500 additional. This same interesting phenomena evidenced itself when I was negotiating long-term consulting relationships.

I used to charge $100,000 a year back in 1978, payable $25,000 down and $6,000 a month for 12 months.

And I picked up two to five clients a year that way. But of 20 to 50 I solicited, most clearly balked at my terms.

One day, again just as an experiment, I tried an interesting approach. I told my prospective clients that I wanted to make a minimum of $100,000 from them, but all I wanted down was $15,000. I'd take the rest on a 25%-of-the-profits basis. I pointed out to them that instead of their being $100,000 at risk on me, I was $85,000 (or 85%) at risk on them, since I'd only taken 15% of my anticipated fee.

That risk transference worked like magic. And it taught me to put risk on my part, not on the clients, for maximum appeal of my sales proposition.

Case Study Number Eleven: Pay only for results.

Claude Hopkins had a fascinating illustrative lesson. Back in the beginning when no one offered a guarantee, new advertisers started saying, "Try it for a week. If you don't like it, we'll return your money." Then someone conceived of sending the goods without money down, and saying, "Pay in a week if you like them." That proved many times as profitable. Of course, today you have to compensate for the non-credit-worthiness of many people. But one famous advertising man long ago stated the profound difference in this way:

> "Two men came to me, each offering me a horse. Both made equal claims. They were good horses, kind and gentle. A child could drive them. One man said, 'Try the horse for a week. If my claims are not true, come back for your money.' The other man also said, 'Try my horse for a week.' But he added, 'Come and pay me then.' I naturally bought the second man's horse."

When I was in the lead-generating business, I used a simple, but extraordinarily effective proposition. It was:

"Don't pay for advertising. Pay only for results."

My percentage-of-the-increased-profit solicitation was based on the (almost) irresistible offer, "If I give you a dollar you never would have had before, would you give me back a quarter?"

Think of more risk-free propositions and ways of making the offer to your customers. Then try them out and analyze the results. And, when you set up your compensation program, consider some of the possibilities barter provides you. Here are a few examples from my files...

In my garage is a 1986, fully loaded Chevrolet Corvette roadster. It's worth $40,000, but I didn't pay a cent of that. Two years ago I owned a mailing list I'd accumulated over a three-year period. The list numbered about 120,000 names, and I rented it out about 15 times a year. So it made me about $200,000 in rental income.

I had a friend who really wanted to get a discount on a usage. I liked him, but I don't like to compromise my prices. I prefer giving value in other ways. So I told him I'd give him unlimited personal use of all 120,000 names to mail as often as he wanted for a new Corvette. Then I tantalized him a bit.

I pointed out that if he mailed my list at least five times a year for two years, he was getting a $120,000 value, plus, if he could negotiate a better-than-sticker deal on the Corvette he was, in effect, getting the list for less than 1/3 of its real market value.

He got excited and spent two solid days negotiating prices on new Corvettes, until he bought one for just $32,000 that stickered for $40,000. I would never have spent that much time negotiating price.

Next, he made me agree to furnish him, at my expense, a computer tape of my list (which cost me all of $400 to produce).

For that, I got receipt and conveyance of one very fun, brand-new, fully loaded Corvette.

This is not the only automobile I've traded list usage for. About a year earlier, I traded the unlimited usage of the same list for a Rolls-Royce sedan. Also, one time I traded the use of that same list to another person for an insert in a newsletter that I, in turn, sold to another company for $25,000.

Trades offer inordinate opportunity to use leverage to transform nothing into a lot.

It has as much to do with your ability to create perceived value and stimulate desire as it does your ability to approach, solicit, and negotiate.

Chronicling a few other interesting trades might be idea-stimulating to you.

In the past, I've traded consultations for inserts in newsletters, magazine and radio ads, automobiles, electronic equipment, musical instruments, gemstones, jewelry, guns, trips, furniture, copyrighting, artwork, clothing, interior decorating, products I resold, and even insurance policies.

In fact, I still trade consultation services for all sorts of products and services.

Barter is such a wonderfully "leveragible" transactional tool for ANY company to utilize, that I strongly urge everyone to seriously consider it.

Case Study Number Twelve: Package the deal!

About four years ago, I had a client who desperately needed a premium bonus to offer previous customers for repurchasing. He told me he was willing to spend $4 to $6 for the bonus, but he lamented his terrible difficulty in finding a high-perceived-value, relatively exclusive product or service he could "tack on" to a purchase — a bonus that would compel an old, inactive customer to want to purchase again. He was quite desperate.

I offered to put together a suitable premium/bonus for him, provided it was clearly understood and acknowledged by all concerned that as long as I met or exceeded their $4 to $6 criteria, I could make a fair profit in exchange for involving myself. I point this out because they were a percent-of-profit client of mine, as well.

Once they agreed, I found a magazine/newsletter subscription agency that had a fabulous sampling/trial arrangement with 100 different, very desirable publications wherein they (the agency) could allow people to "try out" up to 20 selected publications for nothing. The agency received a percentage of all renewals.

I could acquire their program for zero dollars. But to preserve goodwill, I offered them $1 and guaranteed them 10,000 new customers for which they would probably realize a 5% to 15% conversion rate.

I then took the package, modified it slightly with the subscription agency's approval and permission, and offered it to my client for $3 which, of course, was $1 to $3 less than they were willing to pay. So they were absolutely delighted — plus the perceived or "real world" dollar value of the package I offered them exceeded $150, and all they asked their old customers to spend to receive this "bonus" was $69 on a keep-the-bonus, 45-day, 100% money-back guarantee basis.

They — my client — loved the package. Their old customers loved it even more and they SOLD 20,000 people.

I picked up $40,000 in "packaging" profits in a mere 30-day period just for putting the bonus program together. The subscription agency made $20,000 they hadn't expected. I got a generous participation on all renewals, as well as a profit share from my client, too.

All on the up and up, so everyone came out happy. More importantly, the concept of "packaging for profit" really hit home for me.

* * *

Section One

Twenty-Five Step-By-Step Strategies
to Outmarket Your Competitors

As one of America's highest-paid marketing consultants, a lot of people have called me desperately searching for ways to keep their business growing; to make a lot of money for all the effort they put into it.

Ironically, all of these people are searching for some complex, high-tech — almost mystical — solution.

The answer to their question (and your question) is much, much simpler, easier, and expedient than you ever imagined.

First, all you have to do is take a deep, deep breath **and relax**...and let your <u>unstressed</u>, logical mind regain control of your thinking. Then, with my direction, do the obvious (and often overlooked) implementation of programming that I am going to lead you through.

My goal is to show you that your greatest leverage is <u>not</u> your ability to borrow money from a bank — although that doesn't hurt. Instead, it's your ability to increase profits from the same quantity of marketing expenditures and efforts you're already making.

Now, I'm not an extraordinarily bright person. What I know, and what I teach, is common sense — not high-tech, fancy jargon. I'll be telling you about simple things like testing, direct-response ads, life spans of ads, customer needs, and taking the risk out of buying for your customers. You'll soon see that it's the simple things that produce tremendous profits, so let's get going.

Of course, everything has become tighter and tougher these days just because there is so much more competition, and consumers aren't as easy to reach as they used to be.

The weaker businesses are failing and will fall to the wayside. That's why it is so important that you fortify your business so it will be protected against the idiosyncrasies of the consumer and the tactics of your competitors. You don't have to be a victim of the tides. You can rise above the competition and profit during these competitive times.

As soon as things tighten up, your identity, your reputation, and your uniqueness become essential to the survival and growth of your company. Your USP can serve as a shield during these competitive times; it is the single most compelling reason why a customer does business with you instead of with your competitors.

* * *

Stealth Marketing Technique #1: Work Your Current and Past Customer Lists

The first thing to do, is identify and start conscientiously working your current and past customer lists.

Why? Because you spent hundreds, thousands, perhaps even hundreds of thousands of dollars, initially, to locate, court and close those people. You ran huge newspaper ads, paying to reach millions, when in fact you ultimately only induced dozens or hundreds to do business with you. Or you spent a small fortune on the sales efforts your staff made initially contacting, or calling on, all of the suspects and prospects to locate, identify and sell the customer.

Once you've developed a customer, you have the most cost-effective, direct access to the single best source of future business there is.

All you have to do is intelligently work <u>that</u> list, and rework it over and over again. By intelligently, I mean logically.

First, contact the customer by letter, phone, or in person, acknowledge his or her importance, and then make a powerful and compelling case as to the **"reason why"** (this is critically important) the customer should be interested in taking advantage of the product or service you're now offering. Make certain you can actually proffer a **reason why** (or multiple reasons why), then lead the customer to action. Tell him or her **why to buy, how to buy, what to do** and **why they should do it now.**

If you <u>can't</u> answer compellingly and simply **all** these points — you <u>must</u> concentrate your focus on these critical issues (and if necessary get your staff, vendors or industry trade groups to help you) until you can smoothly, concertedly, powerfully, and intimately express them in a manner people will respect, believe and (most importantly) respond to! Acknowledge the adversity your customers are facing, let them know that you appreciate and are concerned about their circumstance. And, adjust your offers accordingly so they'll understand how you have shown your concern. They'll reciprocate your concern with their sales dollars, maybe not today, but certainly in the future.

Your customer base is a group of individuals who have obviously purchased from you before. Leverage off of the reasons that they previously purchased from you, and stoke in them the essence of those reasons once more.

Most business people don't work their past customers at all. And those who do work their past customers, produce only a fraction of the potential they're capable of producing.

Satisfied customers like to be, want to be and <u>are</u> already favorably predisposed toward working with you or doing business with you. They are simply silently begging to be led. By that, I mean they want to repurchase — ironically, they really do. But it's up to you to expend the effort, the energy and the necessary overture to lead the customer back. There's an infinite number of ways this can be accomplished. For example:

A) Offer your customers one time, preferential pricing to induce them to do business with you again.

Here's a sample sales letter that a service business could use:

Mr. John H. Customer
1209 Arlington Avenue
Milton, Iowa 00000

Dear Mr. Customer,

I've been thinking about you a great deal, and I've decided to do something a little bold but perhaps very much appreciated by you, once you understand the method behind it.

Simply put, I've just started an automatic, ongoing, subscription-based service that I'm inviting my better customers to take advantage of, whereby we automatically render to you on pre-established, appropriate intervals our cleaning service [or our tree-trimming service or auto detailing service or rug shampooing service].

Our technicians [or lawn care specialists or auto mechanic experts] will come to you, determine through consultation with you exactly the level of continuing service you require, and at the same time every month [or week or three months] automatically perform that service for you.

We'll keep your home [or yard or car] at the level of perfection you want and expect, automatically, without you having to worry about contacting us.

In addition to scheduling our service at the intervals appropriate for you, when you sign up for this service, you'll also get, **free-of-charge,** our interim catastrophe insurance. In other words, if something happens to your carpet we will come out and spot clean or repair it at no charge [or if something happens to your car and the wax job on it wears off between detailings, we'll come out on the spot and improve it at no charge].

What's all this cost? A lot less than you might imagine, and certainly a lot less per visit than it would if you engaged our services one time only.

Why is it such a savings? The answer is very logical, actually. I have employees on my payroll whom I have to pay whether they work or not, and for some inexplicable reason, everyone wants to avail themselves of my services on Mondays and Fridays. Nobody seems to need our services on Tuesdays, Wednesdays, and Thursdays, but I have to keep my employees on the payroll just the same. I have workers sitting on their thumbs during the middle of the week, with me paying them $15 and $20 an hour to do nothing. It's to my advantage from a utilization standpoint to bring in revenue — even if it's not maximum revenue — on the off-days.

If you will allow me to schedule these services at times that are more convenient to us but fairly appropriate for you, I'd be delighted to pass on the savings. By the way, when you agree to allow me to set you up on this ongoing subscription service, you're never obligated to continue.

At any time, if the service is no longer appropriate, or our performance is no longer satisfactory, or you have any problem or dissatisfaction, you can cancel on the spot. Moreover, if ever our service doesn't measure up to the discriminating standards you expect, all you have to do is call me personally and I'll either re-perform the service or refund your money, whichever you prefer.

Knowing how important a clean carpet [or a clean car or well-manicured shrubbery] is to you, this service will be particularly appreciated. I think you'll also love the annualized savings — both in time and money.

Unless I hear otherwise from you, I'll be contacting you in the next two or three days just to set up the schedule and work out your requirements. Or, if you would rather not have me phone you, simply send back the enclosed reply card with your specifications.

Sincerely,

Jack Mayhill
Mayhill's North City Cleaning Service

B) Notify your customers of sales or specials ahead of the general public.

One quick note: Your offer must be so compelling that it prioritizes your product or service in the minds of your prospects. You have to convince them that your product or service can help them, and your offer must support this by making it unusually easy or affordable for them to conduct business with you.

Here's a letter a luxury car dealer might write to his top-end customers:

I'm Writing to Alert You to an Opportunity
I Think You'll Want to Know About

Dear Mr. Customer,

As somebody who is really interested in exotic automobiles, I thought you would like to know about the special AMG Mercedes 560SEL that just came out of Germany.

In case you're unaware of it, the 560SEL is probably the Cadillac of Mercedes. No pun intended. It's basically the most exotic, well-appointed, powerful, streamlined, intimidating, formidable version of the Mercedes that has ever been created. It's got a special contour back, special high-performance additive, and decorative components that distinguish it above and beyond every other Mercedes in the area.

But it's got a disarmingly handsome understatement about it that makes it stand out when it's driving down the road, heading down the highway, or parked impressively in front of an elegant restaurant. We've only got three of these in stock right now: One in dramatic black, the others in midnight blue and knockout red.

I'm writing to you not knowing if this is too rich or too powerful for your interest. But I would feel terrible if I didn't alert you to the fact that we have these in stock and are going to make them available to the rest of the marketplace in about three weeks. When the ads break, we fully expect to sell all three of them in a matter of weeks.

I'm writing you for three reasons. One, I know you love Mercedes. Two, I know you own a 320, and it's a beauty. Three, I would like to have your car on my used car lot and I am willing to offer you an extraordinarily generous trade-in allowance and in the process, offer you the 560SEL at $7,000 less than we are going to advertise it in the in the newspaper three weeks from Sunday.

If you would be interested in driving this car, call me tonight or tomorrow morning. If it's not too late, I'll have the car ferried to your office or your home to drive for the next three hours, with my compliments. If it doesn't take your breath away, both in performance and beauty, send it back. If it does take your breath away, we'll take your Mercedes and process the paperwork for you.

Sincerely,

Ronald Fischer
North Hill Mercedes-Benz

C) Offer better customers a limited number or exclusive availability first.

If you have products which are tangibly and quantifiably able to be documented, particularly as it relates to the economic health of your customers, you are in a good position to address your customers during even the worst of times.

You are assured they will read your material because of its potential impact on their finances (an obvious concern). Take advantage by sincerely and convincingly offering your expertise along with your product or service.

Below, is an example of how to alert customers to a limited-availability item…

I've Got to Get This Off My Chest Before I Explode!

Dear Mr. Phelps,

I'm writing to alert you to an opportunity that I think is very appealing [or very significant or applies to you, etc.] Each year, Acme Widget Manufacturing gets in a jam and they overproduce certain hi-performance widget models. Then they've got to figure out what to do with them.

Because my firm is the largest distributor of Acme Widgets, Acme usually calls me. The last time they had 35 extra of these widgets, they called us and we called our preferred customers. We sold every one of them within 48 hours. In fact, we oversold by 25 which we could have fulfilled on if we had had product.

Acme just contacted me 10 minutes ago to tell me they have 64 Model 12W3 Turbo Widgets they've discontinued. They asked if I wanted them and I said yes.

I have 500 customers. I'm sending this letter only to my preferred customers — those I think would most appreciate these widgets and to whom I would like to pass on the most value.

These are the very same widgets you'd pay $878 for. They carry the same 240-day "no-questions-asked" guarantee. They are the same except for the fact that Acme has decided to no longer manufacture them and they're no longer on the market. If you'd bought them from any dealer (including us) last year, you would have paid $800 to $1,200.

Because we pay cash and because Acme knows we won't indiscriminately promote them in the marketplace, we were able to buy their last remaining inventory of Bi-Turbo Widgets at such an advantageous price, we can pass the savings on to you. We can sell that same $1,200 Widget for $419, and if you have any reticence about it being appropriate for you, you can use it for 30 days at our risk. If it's not absolutely a wonderfully performing Widget, you can send it back to me because I'm quite sure I'll have 25 others waiting on a stand-by list for it.

Nevertheless, we've got these 64 Widgets available — they'll be in our warehouse in seven days. I'm sending this letter out to only a handful of preferred customers who I really want to do a service for. You're one of them. If you're interested, please call me personally — or call my assistant Mary Smith within the next two days, because frankly, there aren't going to be that many left. I hope you're able to take advantage of it.

Jim McNamara
McNamara's Performance Widgets

D) Educate your customers and nurturously explain complex products/services to them so they can appreciate the benefits your product/service offers them

Selling a high-ticket or luxury item does not have to be difficult. You must carefully acknowledge the issue of price, but quickly counter with the offer you have in mind. You cannot avoid the price: It will be a concern for 99% of your customers. However, you can turn the price issue into your advantage by selling the features and quality, and underscoring the tremendous value they will be receiving.

Here’s some sample copy a custom furniture dealer might use...

The Patterns of the XYZ Custom-Designed Oriental Rugs
Are Carefully Selected to Ensure that Each Rug
Is its Own Unique Work of Art

The fabric is handmade by craftsmen in a family-owned mill, where they still weave fabrics the way they did 100 years ago. Each yard of fabric contains ____ feet of silk and other natural-fiber threads, and patterns are intricately worked into the fabric with artistic precision — one strand at a time. Embossing is meticulously supervised by the same ruthless perfectionist who oversaw the creation of the magnificent rug that graces the floor of _______.

This factory produces only 4,500 yards of hand-woven, hand-embroidered, hand-inspected, quadruple-lined fabric each year — only enough material to make ___ rugs in an entire year. We have secured the entire production of the factory for the month of May, and we are accepting inquiries regarding our custom-designed rugs. But please, don’t ever call us unless you can wait patiently for three months, can afford the best, and can appreciate a genuine, one-of-a-kind work of historic art.

* * *

I could literally go on and on about working your current and past customers. But remember this...

It may have cost you $100 or $1,000 initially to "buy" or acquire a new customer. That's taking the cost of running ads or commercials or sales efforts and dividing it into the number of ultimate sales resulting. However, the cost of reselling an existing customer once you've acquired them is negligible.

See for yourself... It cost $100 or $1,000 to acquire or generate that customer in the first place...but only 60¢ or 70¢ to mail them a powerful and personal letter once you've captured their business.

It only costs a few dollars to call that customer on the phone. And perhaps $15 or $20 to visit them in person. All this is a far cry less than you'd have to spend on the outside market to bring in a new customer.

So first, and foremost, work your existing and inactive customers hard and often. It's easy, inexpensive, immediate, and the return will out-produce any other option you have available.

Stealth Marketing Technique #2: Stop Spending So Much On Ineffective Advertising

People find it interesting that I advise so many clients to cut down or eliminate entirely the costly institutional advertising they do.

There's a solid reason for this...

Institutional advertising, or the practice of running ads that are designed simply to keep your name in front of the public, is folly.

Institutional ads are ineffectual, non-trackable, and a blatant dissipation of your resources. These ads are totally ineffectual and accomplish nothing more than transferring your wealth from your treasury into the treasury of the radio station, newspaper, or magazine. **It's not the media's fault.**

I try to get my clients to understand this logical fact: **Advertising is salesmanship *en masse*.** It's either salesmanship in print, salesmanship on the air, or salesmanship in the mail. It's not blind, nebulous, or innocuous statements that say nothing, make no case, or compel no one to action.

But few, if any, business owners truly or properly understand the very purpose or reason for running an ad. **It's to stimulate a direct and immediate response** — either a qualified inquiry, phone call or visit to your facility — or better yet, to promote an instant sell. Nothing else warrants expending the lavish monies ads cost.

How do you tell the difference between an institutional ad and a direct-response ad? Very simply... An institutional ad is not trackable, its purpose is merely to put a company name in front of the general public. A direct-response ad is trackable — it asks the reader to respond in some way (by phone, by mail, by coupon) — so you can measure the effectiveness of the ad.

Direct-response advertising will help prevent you from blindly throwing money into the coffers of the radio and TV stations, and the newspapers and magazines, because you can measure whether or not your ad is effective. After all, if your ad isn't "buying" customers for you at a dollar amount equivalent to your marginal net worth, you might as well stop running the ad.

Until a company understands the purpose of an ad and how to construct and formulate it, I advise my clients to hold off and stop throwing their money away. (You'll see how to formulate a direct-response ad later in this section).

Stealth Marketing Technique #3: Follow Up

After doing any mailing to a past, current or prospective customer (or even to a rented prospect list), follow it up with a low-pressure, information-oriented telemarketing effort.

Tests have proven that telemarketing following any mailing enhances total results by 300% to 1,000%. **Let me restate — 3 to 10 times more sales result if you follow up by phone <u>after</u> mailing a letter.**

Telemarketing is a really powerful sales medium. It's very effectively used in cold-calling, but this is the most difficult job in marketing because consumers have an inherent repugnance for it.

It's best used under the auspices of service to your customers. Here, somebody buys something or the service is rendered or scheduled to be rendered, and you then call under the auspices of service to be sure that everything went right: "And by the way, Mr. Schmidlapper, because you're a new customer, you're entitled to add, instead of the 10-gauge piping you bought, 25-gauge piping that we'll install for only 20% more." It's a wonderful device to use.

When you use your sales letter to invite people to call you, it is without a doubt the most effective use of telemarketing. And, when customers call in to talk to some knowledgeable person (it's termed in-calling as opposed to out-calling), you're getting a tailor-made wonderful opportunity to upsell them.

Calling current customers is even easier and more successful. You're serving their needs, showing an interest, being informative: "Mr. Schmidlapper, the boss just wanted me to call. You haven't bought for a long time and he doesn't know if you're unhappy with us, if you found something else, or if your needs might have changed. Maybe you just don't know when to risk your money. We've come out with a brand new widget that we're going to promote in the newspapers and on TV. A lot of people will buy it. We have a limited supply, but because you've been a good customer, he wanted me to call and extend to you a wonderful offer that I don't think you can afford to say no to. The product is going to sell for $350 in the marketplace and we think we're going to sell our whole supply once we promote it starting about December 22. If you'd like, I'll be glad to have a truck bring one out to you any time in the next three or four days and we'll let you try it out and write us a check — not for $350, but for $225. Try it out for the next 30 days; at the end of the 30 days I'll call you back and if you're unhappy with it, we'll be glad to bring it back and return your money. If you like it, you will have gotten it ahead of everyone else and for 35% less. We're doing this, not because we're concerned we won't sell out the product, but because we'd rather sacrifice $100 in profit to regain your goodwill. You were a very valued customer and still are in our eyes. So we wanted to extend this offer to you. Would you like to try it?"

Telemarketing has tremendous potential.

Be flexible! Listen to everything that your prospects are saying, because they do know a lot about your business. In fact, you may actually learn how to structure your pricing by listening to your prospects' objections and concerns. Your customers will appreciate your ability to adapt to their needs.

Telemarketing is a very, very powerful device if used right, but most people don't use it right. You can shoot past your competitors by doing so.

Stealth Marketing Technique #4: Keep Following Up

Keep following up tenaciously with any customer or prospect that comes into your sphere. If someone visits your business, writes you, calls you, etc. — don't drop the ball.

Obviously these people are strongly motivated and interested in your product or service — perhaps they're not quite ready to finalize their purchase — but they're close. By nurturously and tenaciously following up, you will move them to decisive action.

Keep calling, writing, calling, writing, etc., always making certain that every direct or indirect contact you have with them conveys useful information — not mere sales hype — and is effective in logically advancing the commitment process **to completion.** And once you convert those prospects to customers, continue to contact them. Here's why...

The Concept of the "Moving Parade"

Customers' desires and circumstances constantly change. Here's an example of the moving parade concept that should bring it home for you…

I bought a small house some years ago and used an interior designer to help me decorate it. I could only afford to do a modest job on half the house, spending about $20,000. I ran out of money, and though the designer knew the house needed a lot more work, she never called again. Had she called me six months later when I had saved $10,000 more, and shown sincere interest in what I was doing, she'd have gotten the living room remodeling job I gave to someone else. Had she called me with a piece of furniture she thought I would like, she'd have sold me the $5,000 sofa I bought from someone else. And had she called me 18 months ago as I was about to move into a new 4,000 square foot home, she would have gotten the $150,000 I spent on decorating.

The point is that *people's circumstances keep changing.* By merely showing regular interest and continually communicating with old customers and prospects, you increase your chances of prospering.

Concentric Circles: Your Key to Bigger Profits

Here's another example of how continual contact can increase your profits:

I once persuaded a coin company client of mine to offer prospective customers a $23 starter coin set at cost. Through advertising and direct mail, 30,000 people sent in for it. The client then went back to those 30,000 people and got 3,000 people to buy at least $1,000 worth of coins (that's $3 million in sales). Within six months, he went back to those 3,000 people and sold 1,000 of them $3,000 to $5,000 worth of coins (that's at least $3 million more). Then my client went to *those* customers and sold 150 to 250 of them an average of $10,000 more (that's another $1 million plus).

The original 30,000 people who spent $23, of which the coin dealer made nothing, eventually bought more than $7 million worth of coins in concentric circles, all profit for the dealer. That idea was worth $50,000 a *month* in commissions and fees for me, paid happily by a grateful client.

Stealth Marketing Technique #5: Use Risk Reversal

Consumers are hesitant towards purchasing any product or service (especially major purchases) — and people don't want to make the wrong decisions.

If you can overcome that hesitation to take action by offering to guarantee their purchase and reverse the risk of buying, you'll get a lot more business. That's a given.

Think of it this way... If a customer comes back to you with a problem, a complaint, or a change of mind, you'd probably give him back his money anyway, right? But few companies have the willingness to make the guarantee of risk reversal a strong part of their sales proposition. I say "risk reversal" because most of my clients never realize that whenever a sales proposition is extended to a prospective customer, someone has to take the risk; either the seller or the buyer.

Far too often, companies make the buyer bear the risk. **That's a big mistake.**

By turning the tables and taking all the risk off the buyer and assuming it yourself, your sales proposition is so much more powerful, appealing, and embraceable that considerably more customers will break out of their paralysis and take advantage of <u>your</u> offer since there's no risk on their part to do so.

Here's some sample copy to get you going. I wrote this as part of a promotion for a bodybuilding client:

Your Bullet-Proof Protection...

If, by the 90th day of training on Power Burst principles, you haven't nearly doubled your strength and improved your size and/or muscle definition a bare-bones minimum of 20% or better, I want you to write and tell me and I'll gladly refund your entire purchase price on the spot — no questions asked.

On the other hand, if my Power Burst Training method produces incredible results for you, I want you to not only write and tell me about it — but tell your friends too!

Even if you <u>do</u> decide to stop the program or send for a refund, I want you to keep the $500 weight training video program for your faith in me now.

— Leo Costa
Personal Weight Trainer

* * *

Here is the most liberal guarantee I've ever written (or seen):

Jay Abraham's Totally Risk-Free
100% Money-Back <u>Double</u> Guarantee...

Purchase as many sets of transcripts as you like. Read them over thoroughly (perhaps several times each). Then, take the ideas you get from them and <u>immediately</u> put them into action.

If you discover that the ideas you use don't pay off, you can get a refund of every penny you paid up to <u>nine months</u> after you order your transcripts! That's right, **TAKE NINE MONTHS TO DECIDE IF THEY'RE ANY GOOD OR NOT!**

Or, if you read Jay's consultation transcripts and you feel right away that the information isn't useful or appropriate for your situation — and you honestly can't use any of the ideas you get from it — Jay will refund your entire purchase price on the spot. No questions asked. No hard feelings, either.

And here's the best part: Even if you do decide to ask for a refund, Jay will send you Gary Halbert's Advertising Brainstorming Transcript (valued at $2,500) absolutely FREE. Why such a generous guarantee?

It's Jay's way of assuring you that — in the remote possibility that your business is so unique or difficult that not even his principles can help you — you won't have to pay for something you can't use. Jay is purely "performance based," and if you honestly can't benefit from what he teaches or advises, he doesn't want your money. It's that simple.

However, you'll never know until you try. That's why he's giving you <u>nine months</u> to validate his concepts — beyond any question — not that they merely can help you make money, but that they do help you make money. If they don't, you're not out a dime. Instead, you get a $2,500 bonus just for your trouble!

He can't possibly be any fairer.

* * *

Before you get scared about reversing the risk to your customers, let me tell you this irrefutable fact...

When a company reverses the risk and assumes the risk for the customer — double or triple sales increases are often the result. Yes, a few customers will take advantage of your guarantee. But, as a rule, so many more people will buy from this strategy of reversing the risk, that the refund levels are virtually unimportant. Even if you do get refund requests, it's easy to turn those requests and complaints into compound profits.

Here's just one example (one I've used several times very successfully) of how you can actually create a new profit center around your customer requests...

Through an inexplicable maneuver (and though I usually demand that my clients' products and services are absolutely top-quality and well-respected), I once took on a "quick-fix" consulting client whose product was of incredibly poor quality. In fact, he was getting almost more returns and refund requests than he was making in sales. He was really in trouble.

I decided to craft a very nice letter that apologized so unreservedly for the poor quality of the product that customers couldn't help but be impressed at our sincerity. But what made this letter really successful was that we offered to make up to the customer for the ill will they felt toward us by giving them incredible savings on similar and kindred products from sources we had negotiated incredible wholesale prices from.

We invited the customer to simply telephone us and tell us what product they had selected, we would have it shipped out immediately and adjust their account accordingly — refunding the difference or billing their charge card the slight additional amount.

The customers loved us. They got rid of the terrible purchase they had made and they got to purchase the top-quality products they really wanted. Everybody (including my client) won something out of the deal.

Of course, if the customer was dead-set on getting a complete refund, we happily sent it to them. But so many people took advantage of the discount pricing on the other products, we ended up making more from our refund requests than we did off the original product!

Stealth Marketing Technique #6: Bump and Upsell

I almost laugh at this technique. It's so easy, effective and a veritable **"no-brainer,"** that it's amazing so few people employ it. If you offer <u>every</u> customer you sell a better or added deal right at the point of sale — like a larger quantity at an advantageous price...or a package of items or services in addition to the one the customer is buying — 30% to 40% of the customers you offer it to will say "yes." This simple little technique could immensely "double" your profit and quadruple your cash flow effortlessly.

Yet few people utilize it.

Almost no one upsells. And yet, it's probably the easiest, most predictably effective way to increase the size and profit of a sale.

Upselling can be used by virtually any kind of business. Car dealers are masters at upselling. After they've sold you the car, they add on all kinds of options, plus insurance, financing and permanent acrylic wax coating. This normally adds $500 to $1,000 in additional profit to the dealer's bottom line, because they're all services that the dealer — not the factory — provides and profits from.

Telephone order departments can easily upsell by offering everyone calling in a better deal, or a larger quantity, or a "special" on a related or companion item that is specially priced, <u>if</u> you buy it when ordering something else.

Sales clerks in retail stores can easily upsell after customers have settled on their purchase, but before they have paid for it.

Give sales clerks a product or selection of products to offer the customer at an appealing discount or package price, if the customer has already agreed to purchase a certain minimum dollar amount. If they order $50 of merchandise, authorize your clerks to offer them up to three of something else, normally selling for "X" dollars, at 20% to 50% off, or three for the price of two — but this deal is only available to them as an immediate add-on sale now.

Any business can upsell. As long as the add-on is a legitimate value, with definite appeal and high perceived value, and as long as the offer is alluring, you can apply the add-on/upsell technique to any business.

One thing is terribly important, though: Be certain you develop a compelling, believable reason why you are offering the add-on or upsell so the offer has credibility.

How much can the add-on or upsell technique add to your bottom line? That depends.

For a car dealer, the add-on could equal or exceed the profit from the sale of the car. It can double the dealer's profit.

For a retailer, if every time someone buys $50 worth of merchandise, you offer them the chance to buy $50 worth of something else for $35 (of which $15 is profit), and you upsell one out of three people, you've added an average of $5 in net profit to every $50 sale you'd normally make ($15 in profit divided by three).

With a wholesale distributor, if someone buys $1,000 of X product and you offer them the chance to buy $500 of Y product for only $375, you might only make a profit of $75 more.

But if one out of every five customers takes you up on the offer, you've just added an average of $15 more profit to every sale.

The dynamics of the add-on concept can work anywhere. You can make the add-on or upsell much bigger than the original purchase, too.

For example, say you are a pest-control operator. Someone calls you to exterminate their ants, rats, mice, or whatever. Let's say the normal service fee is $100. But, instead of taking the $100, after doing the job (and before getting the check from the customer), you have your serviceman offer the customer an annual (four-time minimum) service contract (which regularly goes for $400), for just $250 if they pay now. And offer to apply the $100 they already owe you to the $250. As many as two out of three people offered this bump or upsell will accept — remember, they've just had a problem, otherwise they wouldn't have you out there right now. And, since most customers only call again when the problem gets really bad, by "locking" the customer into an annual commitment, you get them "habitualized" to the idea of a rodent-free home year 'round (and to the prospect of being billed every year for $250).

What's all that worth to you? A lot. See for yourself...

Let's say that before upselling, 100 people paid you $10,000, and maybe a few would call you back in a year or so for another $100 "one-shot" call.

After upselling, 30 people (one out of three) pay you $100 ($3,000), while 70 people pay you $250 ($17,500). So the same 100 people are worth $20,500 to you immediately, instead of $10,000 — a two-fold increase. Plus, at least half will pay the $250 every year. Conservatively estimating, that's worth $8,750 a year...for years. If you did this on every call, you could not only instantly increase your business by several times, but also lock up tens or hundreds of thousands of dollars in dependable profits for next year, the year after, and forever. The same basic strategy can be used by virtually any kind of business...

A retailer can offer every customer a free quarterly wardrobe consultation — worth $65 — with a purchase of $50 or more. Have the consultation take place at your store. It guarantees two things:

1) A higher-than-normal average sale (most people will spend the extra dollars to get the valuable bonus); and

2) You're "locking in" the customer to a commitment to come back to your store four more times (minimum) over the next 12 months, with a mental predisposition towards improving their wardrobe. It gives you an additional four opportunities to sell them something.

Apply the basic concept of annualizing or quarterly review consulting to virtually any business. Let your imagination run wild. It will lock in customers for life. Also, it will instantly increase your average sale.

Bumping and upselling can be extremely profitable for your business, but it it's absolutely vital to think carefully about the products you are going to offer for a bump. Make sure that product or service is valuable, timely, and needed. Otherwise, you may run the risk of your customers feeling slighted (believing that you are offering something to reduce inventory). Upselling is one of the most neglected yet predictably effective techniques you can use to instantly improve the average value of every sales transaction. Experiment! The results will amaze you.

Stealth Marketing Technique #7: Sell, Then Sell Again

Surprisingly, if you contact 100% of your customers within 10 to 20 days after buying their initial purchase, 10% to 25% will buy something else from you on the spot. Just do it as a regular follow-up aspect of your business.

The additional benefits of contacting the customer are many...

It gives you the opportunity to **resell your product, your service and your company to the customer** — reassuring the purchaser that he or she made a shrewd buy.

By doing that for your customer:

1) **You allay any "post-purchase dissonance"** (buyer's remorse) that may be lurking in the mind of your customer, his/her family or associates.

2) **You dramatically reduce** — and perhaps eliminate — **the refunds, exchanges or costly service expenses** that disenchantment always produces.

3) You make the customer **more receptive to your next offer.**

4) You develop a **closer relationship** with your customers and satisfy their cravings to be acknowledged.

5) You give yourself an opportunity to recommend a buying strategy that includes **continuous repurchasing.**

6) You can solicit a **customer sales referral.**

7) You can often turn the initial sale into a **renewable annual contract** by adding more products or services at a discount.

8) You can explain the use of the product so it will be **used more often and re ordered sooner.**

Stealth Marketing Technique #8: Utilize Host-Parasite Relationships

This principle is just like it sounds — just like you might remember from your high school biology class, like the mistletoe growing on the host tree, or the protozoa living in the termite that enables it to digest the wood it consumes.

The host-parasite relationship occurs when a parasite — another business — actually contributes to the well-being of the host, and the host provides a reward, in return, to the parasite. And these benefits that result are ones that one party alone could not capitalize on. This is a much closer relationship than simply back-ending. A host-parasite relationship occurs when you knowingly enter a joint venture situation with another business' interactive cooperation, to try to better exploit something that you have got, or that they have got, on an ongoing basis.

Put yourself in this scenario... If you have a business, and you have a customer list, and you have exploited that customer list for all it's worth, and you've established a great rapport and a good deal of trust among those customers, what is your next step? How can you more fully utilize the relationships you've established with those you work with — employees, vendors, contractors, sales reps, landlords — all of who have spheres of influence? How do you profit from these relationships? You establish a host-parasite relationship.

The host is a company that either controls or owns or has developed a customer list that the parasite wishes to utilize to sell its products or services.

Some examples are in order. First, the most obvious...have you ever received a bill in the mail from a credit card company, or a bank, with inserts offering another business' products or services? This is a prime example of a host-parasite relationship.

Here are some examples of how you might benefit from a host-parasite relationship:

In your own business you've got relationships with all sorts of suppliers, customers, employees, etc. If my store were in a shopping center and I wanted to maximize my business, I would have all the other merchants write their customers about me, and ask them to give gift certificates of mine to their customers.

If I were in another kind of business, I might have distributors I sell to and I would think about how I could use their facilities more — how could I help my distributors or suppliers make more money?

You see, a lot of people think about making profits strictly in terms of the product or service they're involved in.

Let's say you're a physician and you have a friend who is a CPA. As a physician, you have established a good sphere of influence among the medical community. By letter, or word of mouth, you can offer your CPA friend's services, at a good price, to the medical community — perhaps offering a special deal at income tax time that would enable the doctors to better capitalize on tax savings for that year. You, the doctor, could endorse the viability, integrity, and outstanding work of the CPA. And the outcome? The CPA gets plenty of new clients, and you get a percentage of his earnings from your referrals.

Here's another interesting twist: Someone had the idea to create what he called a "Parasite Pizza" franchise. He figured that anyplace that had traffic was a prime spot to sell pizza. He set up pizza vendors, at no cost to the host, at dormitories, laundromats, nightclubs, and so on. One dollar from every pizza sold went back to the host of the location. So the hosts earned substantial income without investing any time, thought, effort, or capital. And the parasite pizza man made a killing.

Here's another idea. Say you own an automobile detailing shop. Approach an obvious potential host: A car dealer. In the dealer's follow-up mailing to people who recently purchased a new car, he could include a coupon for a discount on a full-service detail job at your shop. For every coupon brought in to your detailing shop, the car dealer gets a percentage.

Just your association with credible and respected host companies will make your offer more powerful. Riding along with somebody else's offer, having a place next to them, just because you're there — with their implicit approval — is enough to differentiate you from most of your competitors.

There are hundreds of companies suffering reduced sales and lower profits right now. They're very nearly desperate for cash flow. It's a perfect time to contact them and propose host-parasite relationships (joint ventures) where they promote your products or services to their customers, employees, and vendors— or vice versa.

For no cost and little effort, other than organizing and preparing the sales programming, you can get dozens of companies to let you access their customers, prospects, distributors, employees, vendors, and so on.

Any vendor that respects you may be willing to endorse your product or service. The most logical entities for endorsement are professional services: accountants, lawyers, doctors, and the like.

If you're a professional — an accountant, for example — you could work a deal with one of your vendors. Have the vendor introduce you to his customers and buy his own customers the first hour of your services, ostensibly as a gift. The vendor could tell them a story about how you saved or made him money and how he now wants to tell all his customers and friends because he appreciates their patronage.

You can have your vendors contact not only their customers, but also their own vendors. Your vendors can give you lists of other people they vend to who are not competitive and who are perfectly compatible to buy from you, represent you, or sell through you.

Or, you could do the reverse of this... If one of your vendors is a professional — another accountant, for example — you could send a letter to all your vendors, suppliers, or customers telling them that in appreciation for their continuing service (or continued patronage) you have bought them two or three hours with your very talented accountant. Tell them this guy, in your opinion, is the sharpest accountant in the world and he found deductions that no one else ever thought about. He's taken the time to learn about your business, he cares about your business, or he found an extra $50,000 in savings that your previous accountant didn't.

Explain how you appreciate the support of your vendors and suppliers (or customers), and decided a small box of candy, a bottle of wine or liquor, or tickets to a ball game would show some cursory level of appreciation, but you thought that if you could do something for somebody that would save them a huge amount on their taxes, that would truly be a wonderful gift. In light of that, you've bought them two hours of this accountant's time, no strings attached, no obligation whatsoever.

One point: Most companies forget their vendors. They take their vendors for granted rather than giving them a second thought. Acknowledge your vendors. Use the same techniques as you would your best customers. And thank your vendors for serving you and acknowledge that they are appreciated.

I submit to you that the profit-oriented business person figures out how to make the maximum profit from all assets he has an investment in. And that doesn't limit you to just the skilled trade. It means your distributive network, your sales network, your customer network, your employees. I think if you inventory all you've got, you'll find an infinite number of possibilities.

The host-parasite relationship is vitally important because of its low-cost, high-impact value. As important, however, is the relationships you develop now, which will continue to reap untold benefits to you in the future. These relationships, alone, can magnify your exposure exponentially, and multiply your profits many, many times over.

An adjunct to this technique, which is equally rewarding financially, is formulating joint ventures, which is outlined below. Again, the principle of opening new avenues of approach is incorporated, even if those avenues run right through your competitors.

How to Establish the Host-Parasite Relationship

You need to attain (and retain) an opportunistic outlook to spot the endless possibilities for host-parasite relationships. Consider your friends, people you presently do business with, even those you deal with on a personal level, like your barber or your dry cleaner.

To initially set up a profitable host-parasite relationship, first identify potential businesses who have kindred products or services — even competitors. You need to research the possibilities, and rehearse a simple, illustrative and overwhelmingly appealing proposition. The amount of homework you do at this time will directly affect how much profit you'll reap in the future. Propose host-parasite relationships to as many potential partners as possible.

Ask the potential host company's owner if he would like to make substantial additional income for absolutely no effort, no risk, and no investment on his part.

Incorporate these facts in your proposition:

Reassure them that your product or service is absolutely noncompetitive to their product or service. Let them know that you'll draw profits from reworking their customer list, but only after they have milked those customers dry. This is especially appealing if the company you approach generally only uses their customer list once — an escrow company, a roofing company, or a medical testing lab, for instance.

Let the potential host know that your relationship will not take away or minimize any income the host would ordinarily realize. You'll also unconditionally guarantee every item or service you sell.

Remind them that such a relationship does not require of them any capital or effort. But if they do wish to participate, that's even better. You'll get some help and may be able to reduce the capital risk.

You should volunteer to create all the marketing material — subject totally to their approval. You can offer to pay all the printing, postage, and other costs — or avail them of the opportunity to joint venture with you (correspondingly, their profit share should be commensurate with their capital and time commitment).

You should also volunteer the host company the right to have all orders routed through them for verification.

Appease any fears that the potential host may have by addressing the fears immediately and confidently. Most often, the potential host won't understand the concept and how it will work for them. Educate them about yourself, your company, and quantify the potential profits which would result from such a relationship.

Here's a sample script you might use to approach a potential host:

"Hello, I'm _________. I own _________ company. We sell _________ and specialize in _________ . Our service is a natural mesh to your customers and prospects. I'd like to offer you the following: After you have garnered all the sales or profits you can out of a customer, allow me to sell them my product, either through an endorsed letter from you that I will prepare and pay for, or through a telemarketing campaign that you design and pay for, or through ongoing sales pitches that we'll create together. In return, you'll share in the resulting profits. I understand this offer may be far different than anything you've heard, but please consider it seriously. It may make you a ton of money."

If you don't feel comfortable approaching potential hosts, hire someone full-time to do it for you. Pay them a percentage of the profits that are generated from the relationships they create.

In conclusion, nurture the host-parasite relationship to keep it going and growing. Continually come up with new and ongoing promotions and direct mailing ideas. You'll be delighted with the financial rewards that will result.

Stealth Marketing Technique #9: Use Your Competitor's Resources — and Profit

I have a philosophy that companies should profit from their competitors. Everyone seems to have this terrible desire for their competitors to go out of business. They hate them, they don't talk with them. I think that's ludicrous.

In reality, a competitor is a good guy just like you, he's struggling just like you, and he's got all the same problems you have. In fact, you and your competitors can help each other by filling in gaps the other is void in.

If you're in a business where you give lots of price quotes, do lots of bidding, and generate lots of prospects to convert, some of the people you don't convert aren't going somewhere else because they don't want to buy. They <u>do</u> want to buy that product or service, but not from you — perhaps your product is too expensive, not expensive enough, too complicated, too simple, you don't have the right machinery, your salesperson grates negatively on them — for whatever reason.

There is high probability that once prospective customers come to you, you could refer them to your competitors, with you earning a percentage of the profit.

You could effectively make a ton of money off the people you would never otherwise sell.

Additionally, there are certain procedures, manufacturing, or service functions that your operation isn't set up to handle as profitably or as efficiently as your competitor. Rather than lose the business, you could participate in what I call a "private-label relationship" with your vendor where he does the work for you under your auspices and you pass it back to the customer. In exchange, simply require a warrant from that competitor that he'll never take that business away from you.

You effectively "job out" the work to your competitor, and often it lends you the credibility to be able to say, "We're a little booked up right now, but listen, I'll pick it up on my truck Friday and take it over to my competitor's shop and have it done and back to you on Monday. His quality is excellent — we even use him for some services we can't offer, etc., etc., etc."

It's still a convenience for the customer, and he knows that you're going beyond the call of duty to service him in the most efficient way possible.

A vendor has the potential of telling you who all your competitors are, of introducing them to you, telling you who all the noncompetitive businesses are in the industry, and who to contact at those places, who is well-connected, who can give you information, or who can increase your client's marketing scope, awareness, penetration. It seems to me that everyone has the power to cultivate their vendors and discover all the different products, services, contacts, resources that vendors can be valuable for.

Stealth Marketing Technique #10: Offer Extended Guarantees and Incentives

I don't think enough companies who are contemplating any type of marketing endeavor consider the importance of giving their customers and prospects adequate incentive.

Typically, we think more about our needs rather than the needs of others. Most marketing failures can be attributable — at least in part — to failure to provide your prospective customer with adequate incentive to buy.

Incentives can take on many forms and are conveyable in many ways. The most logical a marketing incentive is conveyed is in the form of a money-back or risk-free or better-than-risk-free guarantee. But incentive is conveyed in many other ways, too:

For example, the incentive of benefits (bonuses) that will accrue to the purchaser if he or she acquires your product or services for the first time or again.

Or, the incentive of the lack of problems, grief, distress, failure or loss that acquisition of your product or service represents.

Or, the incentive of being an elite or privileged member of your corps of buyers who enjoy possessing the Cadillac of performance or status, or whatever other attribute **your** product or service can promise.

Other incentives include the informative, attentive, and pleasurable experience that dealing with your company represents to the prospect. Convenience and after-purchase support, too, are additional incentives you might offer in your marketing. Incentive should become the key focal thrust of how you craft all of your future marketing concepts.

Look at the literal definition of incentive:

Something that incites or has a tendency to incite determination or action.

What you want is for customers to determine that they want or need, or at the very least desire, to try out your product or service risk-free. And the more incentive you can offer them — both to compel them to want the generic product or service you vend, and to compel them to select your product or service over all the other generic alternatives available to them — the better.

Incentive impacts virtually every facet of successful marketing. What is the incentive you offer your sales, advertising and promotional employees and outside vendors? If the incentive you offer isn't compelling enough, they'll either only modestly perform or they'll favor someone else —someone who offers greater incentive for their effort, loyalty or achievement.

Look at every facet of possible incentive to determine how to incorporate its bounty into all your marketing endeavors.

Keep in mind that the flip side of incentive is penalty. Sometimes it pays to underscore the negative side of not responding to the incentive such as loss of value, comfort, prestige or wealth. The same goes for lack of performing in your service. Punitive incentive for nonperformance is also a powerful contrast factor to compel someone to act.

Here are a few other thoughts on the subject of incentives as it applies to your marketing endeavors:

State your guarantees and warranties in the strongest possible, legally permissible terms — and repeat or refer to them often throughout the mailing package, sales presentation, or telemarketing script.

Sell your guarantees and warranties right from the start — beginning with the front of the mailing envelope.

If your guarantee or warranty is stronger than most others in the same field of business, call the recipient's special attention to this fact. A full, one-year, money-back guarantee on a new business book is a powerful selling point.

Don't presume that people clearly (or perceptively) comprehend a given incentive you may abstractly broach upon. Take plenty of time to clearly and progressively educate, explain, and develop an incentive-based advantage to your prospect so you're certain they fully understand it and its impact upon their possible buying decision.

In contrast, review in summary all incentives or penalty aspects of your offer at its conclusion to restate the proposition clearly for your customer.

Without incentives, few people will be attracted to your products or services. Sit and write down all the direct, indirect, and impacting incentives that affect your business, and experiment with presenting them in your next marketing affects.

Stealth Marketing Technique #11: Lock in Sales in Advance

This concept can be applied to any business that offers an ongoing service, like a hair salon, a car wash, a monthly newsletter, a medical practice, and so forth.

Like many of my ideas, this concept is extraordinarily simple, yet it results in nothing less than guaranteed future cash flow.

Here's how it works: You get the customer started by offering the first service free (or at a very low cost) with one provision: The customer must agree in advance that if they like the product or service, they will continue to purchase it for an agreed-upon duration, at an agreed-upon price.

A giveaway introductory offer is a definite attention-getter. Your generous-sounding offer will turn heads.

Let me walk you through an example. A service station could perform an oil change and lube free of charge for a customer, provided the customer agrees in advance that if they're happy with the work, they'll sign up for four more oil changes at the regular price during the year, to be automatically billed to their credit card.

Do you see what this accomplishes? Instead of waiting for customers to come in when they need an oil change (and hoping they don't go to your competitor's service station), you are now guaranteed that the customer will pay for four oil changes annually. All you have to do is telephone the customer at regular intervals to schedule an appointment, perform the job, and process the charge slip.

Yes, you will lose money giving out free oil changes on the front-end. But the loss will be more than made up by the back-end profits from the four additional oil changes you'll be performing during the year. And your marketing cost for these oil changes is zero.

An added by-product of this technique is the goodwill which will naturally develop between your business and the customer. You may decide to couch your offer with a slightly different twist... Tell your customers that you will forgo the usual profit you make now, because you understand and sympathize with their plight, but that you fully expect to make it up later.

Not only will your customer appreciate your benevolence, but they are very likely to refer your products and services to others.

Stealth Marketing Technique #12: License Your Successful Concepts

This is a great way to make extra money on the side.

There are a lot of businesses that are struggling to survive and are ardently looking for new ways to attract customers. Almost anything you've developed that works — successful ad headlines, specific offers that increased sales, time-saving production procedures, a powerful direct-mail letter — is of value to other companies.

By paying you a licensing fee, they gain the benefit of your expertise and efforts without having to put in the time and expense themselves.

Say you're an expert in creating highly successful display ads. You've put together many ads for your business, tested them, weeded out the bad ones, and now have compiled a collection of winners.

Put together a sales letter, offering your ads to other businesses, for a fraction of the fee most advertising agencies charge. Use legal contracts to protect ownership of ideas, duration of agreement, and to ensure prompt payment.

Then, once the ads-by-mail service proves valuable, you license that concept to other people who want to set up an ads-by-mail business, for a percentage of sales.

You could provide each licensee with an operations manual and sample ads. If you set up 50 licensees paying you 10%, and each licensee grosses $30,000 a year, your income from this idea alone would be $150,000.

Licensing is another invaluable, cash-less, marketing approach that I recommend.

Again, the immediate impact of these endeavors will be apparent, but more importantly, will substantially increase your profits. You can lock up numerous deals, and make yourself a small fortune in the process.

Stealth Marketing Technique #13: Break Even on the Front-End

This concept is a powerful extension of working the back-end. Its logic is this: You should be willing to break even on your initial promotion — or even lose a little — if you know you'll make a profit on the back-end — but you have to know your marginal net worth. (See Section Two, Question #33 for a description of marginal net worth).

In other words, know what you're willing to pay to "buy" a customer. You can afford to pay a dollar less than your marginal net worth because you'll still be making a profit on the back-end.

Once you know the dollar amount you can spend to buy a customer, here are some ways you can go about it...

You can charge less for the initial purchase. This will bring in new customers — customers who were going elsewhere to fulfill their needs. Because these customers will get such a good deal on their initial purchase, they'll be bound to come back again. There's your back-end.

You can spend more to buy an ad or a customer. Once you know that for every $100 you spend, you'll make an annual average profit of $300, then you'll know what your limits and what your extremes are. You could take that $300 and reinvest it in direct-response advertising, or invest it directly into your customer base.

You can spend more by running more direct-response ads. Thus, you continue testing and pulling in more clients.

You can spend more by putting more in with your package deals and special bonuses. Add extra incentives to your packages. Add an extended warranty or guarantee. Include a free bonus if they order before a certain date.

Add a special bonus if they pay in full rather than in monthly installments. Your free bonus can be a part of your back-end. If you sell lawnmowers, your offer could be a sample of a terrific fertilizer that you also sell.

You can give a bigger sales commission to your salespeople. If your salespeople bring in a new customer, give them the net profit of the initial sale. Then, continue with their regular commission for the duration of that customer's time with your company. Any decrease in your initial profit will be made up in the back-end profits. It will also motivate your salespeople to initiate leads and prospects.

You can also have monthly contests for your sales force, promoting competition. Provide incentives — like cash prizes, a dinner for two at a fancy restaurant, or a weekend getaway vacation — to the top salespeople.

Another way to "buy" customers is to give a very generous package of your product or service to someone in exchange for his or her endorsement. Remember that a well-done endorsed ad from someone, aimed at his own list of satisfied customers, will generate a heap of orders for you. It's well worth it for you to spend a sizeable sum to spark the endorser's interest.

Stealth Marketing Technique #14: Test Your Prices

You can win customers by offering your product to them at the right price. I'm advising you to employ price testing to find the "right" price. Different prices (for identical products) often outperform one another by enormous margins.

I've seen $19 outpull $25 by 300%. I've seen $195 outpull $245 by huge margins. And I've seen $295 outpull $195 on certain offers, which could net you a cool $100 more per sale. Why does one price outpull another? Frankly, I don't know. Probably for a combination of reasons, like psychological image of value and perception of quality.

Everyone's situation is unique, so you've got to spend the time to test several different prices for your products. You'll be amazed at the difference in profit and total orders that one price will produce over another.

Don't say, "My company's Unique Selling Proposition is price." That means nothing. Keep in mind that consumers are not always looking for the lowest price around. Rather, they're looking for the best quality at the best price.

Stealth Marketing Technique #15: Reposition Yourself as an Expert in Your Industry

Here's a market niche that's crying to be filled. Reposition your company as *the* source for industry information — as the expert in the industry — and you'll be amazed at the increase in business that results.

First, do some homework. Read everything you can get your hands on to keep abreast of industry trends, developments, and forecasts.

You can have somebody ghostwrite a book or report for you that you disseminate through press releases, trade journals, or have the publication free to anybody who wants it. It can also be distributed for free and/or sold by people who own bookstores. Approach bookstores, and offer to allow them to sell your publication and keep all the money for themselves — just for showcasing the book. If it's a report, you can have all sorts of people give it out as a bonus or, again, let them sell it for pure profit. You're getting all the free publicity you could hope for — and the only costs are your writing and printing expenses.

You could put on seminars throughout the area — either free or for a low cost. You could team up with other business experts, who have complimentary products or services and who are noncompetitive with you, to organize the seminars. For example, if you're an accountant, you could get together with a financial planner, an attorney, and a management consultant, and do seminars on how entrepreneurs can protect and increase their wealth in the 1990s.

You can buy time on radio stations for half-hour shows. You can become the keynote speaker at all sorts of organizational meetings. You can start hosting regular breakfast and lunch meetings at your facility (or at a restaurant) on the subject that you're expert in. You can publicize yourself and/or your product (read Ron Tepper's segment on publicity in Section Two of this report).

Start sending out lots of press releases. You'll get reporters calling you. Start a local, regional, or national telephone information hotline service. You can have a free, informative recording. At the end of the recording, make this proposition: "If you want more information, call this number and talk to one of our specialists."

Conversely, you could have a paid hotline that you sell to people for a high-perceived-value price. It's inexpensive to run and can be a nice little business.

Stealth Marketing Technique #16: If You Know a Company That Is Going Out Of Business, Buy Their Customers and The Right to Fulfill on Orders

If you know of anyone who is just keeping his or her business floating only in order to avoid bankruptcy, approach them and let them know there is an alternative that will not only avoid bankruptcy, but also make them a profit.

You could go to them and say, "Look, right now you have six employees, you have this huge overhead and all this equipment, but you're not making any money and it's getting worse and worse. I'll come in and buy your customers and integrate them into my own business. If I need any of your equipment, I'll buy it from you at market value. If I don't need any, I'll help you sell it. You have a facility you pay $5,000 a month rent for. I can find somebody who will gladly pay $3,000 of that. You'll pay $2,000 (the difference in rent) for subsidizing somebody. I'll operate my business out of your facility and write you a check for $10,000 a month. So you'll still make $6,000 a month for simply letting me run my business, to my customers and yours, from your facility."

Or, if there are 20 companies you're competing with, and you know that three of them are really strong, but you don't know anything about the other 17, I would take the assumption that they're doing badly. Write letters to them saying, "I know things are tough. I know you're evaluating whether you want to continue in certain lines of business. But before you consider going under or liquidating a division, consider this alternative." Then explain to them the above proposal. Just make the assumption that they might very well be interested, because you're playing the law of averages here.

Before the company actually closes, work a deal with them to buy out some of their remaining assets. Buy their customer list. Buy their remaining stock if it's applicable (and easily sellable) to your customers. Buy any unmet fulfillment orders. Buy their telemarketing services — they already have the leads in their database. Finally, buy any hard assets from them — any office supplies, products, machinery, services, etc. See if you can get their employees, too.

Once your now-defunct competitor relinquishes his old phone number to the phone company, buy that phone number. Or, if you don't want to pay for a phone number, and you know of a rival company that is about to close its doors, see if you can arrange with them and your phone company to get their phone number once it's been retired. That way, when people see that company's number in an existing ad, or the Yellow Pages, or already have it on hand, <u>you'll</u> get the call.

Service-related companies are easier to buy than product-related businesses. Although service companies may seem like a chancy buy, there are actually some advantages to buying one of these businesses. For starters, they often sell for less than a manufacturing company would (all earnings being equal). And, with a service business, you don't tie up your money in expensive capital equipment or facilities.

How are these deals financed? Of course, you could go to a bank; however, obtaining a loan for a service company buy-out often times proves futile. Or, you could be more daring — consider going to a finance or venture group.

You should keep this advice stored in your memory bank because, as malicious and self-serving as it may sound, many small companies will be looking for backing, if not out-and-out buyers, in the coming months.

Stealth Marketing Technique #17: Decrease Your Overhead

If you're short on cash flow and you need to cut back, don't cut your marketing budget. During hard times, the first thing companies cut is marketing dollars. I think that's stupid. There are many more expenses that can be cut first...

Cut Excess Inventory

I think the first thing companies should cut is **inventory.** All things being equal, I'd much rather put all my available dollars into marketing and pay a supplier (and I'd approach more than one with this offer) 105% or 107% in exchange for having him keep an inventory accessible. That frees up perhaps millions of dollars in capital that you could redirect into marketing.

It's useless to keep a "ton" of dust-collecting products. If you have inventory that's not moving as quickly as you want, don't waste more money to have more of it on hand. Forecasting accurately will virtually eliminate having too much or too little inventory.

Trim Your Staff

Take a long, hard look at your staff right now. Is your staff too large, with too many levels? Are there idle employees who do not contribute to your business?

The more layers in your organization, the more convoluted and difficult and slow your decision-making process becomes. In addition, oversized staffs do not pay for themselves, are not cost-efficient, and increase your overhead, making it tougher for you to stay in the black. And don't assume that all managers are great. The majority of them are not. You have to keep this in mind when you have employees under you.

Cut idle employees from your staff. After fair warning, don't hesitate to terminate those employees who are not productive. Do not let them weigh you down when you need them to support your company objectives.

If you're going to fire someone for being idle and nonproductive, you're going to think about refilling that position. But, maybe you'd be better off making do without filling that position for awhile; until you get back on your feet. So rather than re-fill that position, perhaps you could sub-contract labor from outside sources when you need it.

This entails a very candid and honest look at your employees, and they may include some very difficult decisions. Obviously, you want to consider loyalty and years of service. However, you cannot do this if you jeopardize the existence of your organization. A better alternative might be to offer part-time work to several employees (rather than letting any one employee go).

Don't Waste Advertising Dollars

Don't spend any marketing dollars until you know the marginal net worth of your customers. Once you know the marginal net worth of your customers, then convert your advertising strategy to buying customers instead of just writing ads. The more ads you run, the more possibility you have of accruing a bigger customer base.

Redirect all of your energies to promoting and selling the top-producing product lines and forget about your "dogs." You must zero in and take aim in order to survive, and you can't do that if you're promoting 20 different lines.

Decide which products or services you want to sell, taking into consideration the profit margin, and work that product until you can't possibly sell any more. Then, and only then, move on to the next product in your inventory.

Farm Out Work to Other Businesses

Keep in mind that other people have got many assets you could access: personnel, facilities, technical production, storage, and delivery resources. Look for segments of your business that can be farmed out to others. This money-saving technique is especially good for fledgling businesses and seasonal companies (if your specific situation permits). When you're short on cash flow, turn to outside sources for particular job functions that will allow you to eliminate the expense of maintaining a department that isn't paying off. If you're broke, you need to run a bare-bones, cost-efficient operation until you start making a profit and the economic turmoil settles down.

Maybe another business has delivery trucks they're using only 40% of the time. And you're using your delivery trucks only 10% of the time. If your delivery items aren't time critical, maybe you could make a deal with that other business where they integrate your deliveries on their routes. There are all sorts of possible alignments.

Of course, if your products or services need to be sold by a live person — if your customers need persuasion, demonstrations, or explanations — you'll need to retain your in-house salespeople. Or if customers calling your business have questions that must be answered, then you'll need to retain an internal telemarketing department.

But if the products or services can be sold without the benefit of a live salesperson — that is, if the customer can simply write in, send money, or call in — then your business can maintain a manufacturer's representative to call on when the need for selling functions arises.

Keep in mind that other businesses have facilities that aren't being maximized.

Go to them and say, "Look, I'm your competitor but we're both having a hard time. You've got this capacity that you're locked into, and I don't. If you could handle another $20,000 a month, it might defer your overhead while making you a tidy profit. By comparison, my overhead is killing me. I'd like you to help me out on my end and do my order fulfillment as long as you'll do it for what it's costing me on a per unit transactional basis. I would love for you to take it over. I could get out of my fixed overhead." And a lot of times, enemies can be allies.

How about renting machinery and equipment? Sure. Somebody may have an expensive piece of equipment you could use, that they only use it eight hours a day. Rent it from them during the times they're not using it. Send your employees to do the work, or "rent" night-shift employees from the other business.

Or, rent out your machinery to others. There are absolutely no rules. Try using telemarketing services and 800 numbers instead of your own in-house department. This is important because it shifts your costs from fixed to variable. If something isn't working out, you can get out of it faster and easier. If it does work, you can escalate faster. Or you can replace it.

Farm out work like telemarketing; have your people call in to 800 numbers to place their orders. Farm out your product fulfillment to a fulfillment house. Consider renting any equipment or machinery you need until your cash flow increases again.

Hire such outside sources for a percentage of profit. If your business has a good track record — where every time you send out X letters, you get X orders and amount of profit — then the outside company will be delighted to work with you since they can "guarantee" an income that you'll bring them.

Keep your office spartan. Keep your staff to a minimum. Reducing your overhead now can mean the difference between profit and loss.

Stealth Marketing Technique #18: Don't Burn Your Bridges

You know, sometimes I get so terribly tired of having every trite-sounding cliche turn out to be true. *Don't burn your bridges* — and how stupid it is to do so. Obvious, you say? Yes, but virtually everyone is guilty of doing so.

Here are some cases in point. When I moved my office, I decided to replace two people. One had been with me quite a while, but he got tired of dispatching the responsibilities I had entrusted him with. So, towards the last three months of his employment with me, he totally fell down on his responsibilities — letting our bills go unpaid, commitments go unmet, phone calls unreturned, and promises unfulfilled. I became livid and finally had to let him go.

Had he extended himself nobly and either done the job he was being paid to do until he quit, or else come to me and admitted that he didn't want to be saddled with the responsibility, I would have been impressed. But by dropping the ball — by burning his bridge to me — he cut off any chance whatsoever of working for me again.

And just weeks after I terminated him, he came back wanting financial assistance. I couldn't believe it. People get so emotionally boiled up and irrational sometimes, that they fail to see the future necessity or potential impact a sustaining relationship could have — weeks, months, even years in the future. I'd have bent over backwards to help that employee had he ended his employment nobly with me. I would have even considered financing him. But there are more bizarre developments to this story.

I ran an ad to replace this employee. A man responded. He was obviously unqualified, but at first appearance he seemed earnest and ambitious. I seriously thought of giving him the job — or at least creating a lesser "assistant" position for him. During a break in our interview, the young man asked rather unexpectedly to go the restroom...and never returned. I'm serious! He just walked out of the room and left. I never understood why. I presume it was because I was too intimidating or the job was obviously over his head.

But had the young man been honest and told me he was scared, I would have not only respected him, but would have hired him as well. Or had he said something like, "I don't feel I'm qualified, but would you keep me in mind for a lesser position of growth potential and let me prove myself?" I would have been impressed as hell. Or had he said, "I don't honestly think I'm qualified, but do you know of any other positions available with any of your business associates?" I would have told him of a perfect job I knew of that was just down the street.

The lesson is this: In business, we tend to burn our bridges with people. We burn customers, prospects, employers, employees, suppliers, landlords...and it's *dumb*.

That's why I always try to conduct myself nobly in the end as well as in the beginning of a relationship. When something doesn't work out, I always attempt to salvage whatever good and goodwill are still left in the relationship. I work hard to see that any separation is handled positively and honestly. I'm always noble, courteous and conscientious. I extend myself ardently and genuinely.

I know from extensive experiences that the people you help at the *end* of a relationship can do lots of good things for you. They can refer business to you, or come back with great profit ideas, or praise your laurels to others — even advance your reputation and cause all sorts of business to accrue to you.

I also know that it costs you dearly to burn people. I've seen customers and prospects who were treated nobly when they had a problem or didn't buy — and they'd come back and spend a fortune! I've seen courtesy towards seemingly irrelevant subordinates pay off in million-dollar dividends. I've seen people who were kindly acknowledged, appreciated, or helped, turn into wonderful customers, mentors, and allies.

Now, what I'm talking about here are things I've observed of *successful* people. Most successful people *don't* burn their bridges. You see, there's a distinct difference between being tough and being fair. There's a difference between extending yourself when there's nothing immediately in it for you, and dumping on people because they can no longer benefit you.

I don't mean to harp on this cliche, but wonderful things actually do accrue to people who commit themselves to others, even in the short term when there's no immediate reward. The payoff for service and extending yourself is an incredible compound interest of positive occurrences.

When a relationship goes bad, don't lower yourself to the other person's level of conduct.

Rather, ask yourself, "How can I nobly conduct myself at the end?" Ask the employee or customer how you can be of service to them. Try to restructure the relationship and find an obvious way to render tangible benefits that both sides can profit from. Ask for guidance and affirm that you'll help whenever possible. The payoff will *astound* you.

So don't burn your bridges with anyone — family, friends, employees, employers, vendors, customers, or prospects. The cost is too great. The alternative is too lucrative and rewarding.

Stealth Marketing Technique #19: Avoid the Ostrich Theory of Marketing

This technique deals with an interesting and very delicate subject: A combination of post-purchase business and what I call the Ostrich Theory of Marketing. This theory comes into play when you become deluded to believe that your customer is only interested in <u>your</u> company and <u>your</u> product, and is not being bombarded, induced, and seduced by all sorts of other services and products all the time.

I'd like to relate to you an incident that occurred in my life and cost us about $75,000. It concerns something that we should have known better about and didn't, but I think our embarrassment could be illustratively and instructively your gain.

Let me explain. A while ago, I did a promotion for a very specialized marketing Boot Camp in concert with the people of the *Ruff Times*, a financial newsletter. We were very pleased — it sold out. Not only did it sell out, it sold out three total Boot Camps. Two right away and one, because of scheduling problems, that we were forced to hold about three months later. About 40 people scheduled to attend that third Boot Camp at $5,000 apiece.

We happily and confidently presumed we had all those people in the bag. We didn't worry about doing anything more than sending a very simple confirmation letter to them at the point that the reservation was made. We went about our business, trying to figure out how to make more money this week, this month, and next month and really sort of disacknowledging all those people.

Then, shortly before the third Boot Camp, on emerging from our cocoon and ready to go to Utah, we were informed by our partners that approximately 20% of the people had actually cancelled. Why did they cancel? Post-purchase business, or other more attractive and short-term items, induced the money from them.

For whatever reason, we didn't keep in touch and keep their interest, enthusiasm, excitement, and desire piqued, primed, and constantly aglow.

We just took for granted that they were in the bag and we had a franchised, guaranteed perpetual lock on their money. And you should learn from this instruction, because it cost us $75,000. We never got those customers back. You can't take a customer relationship for granted. You can't take an order you booked today — or an assumption of an order that you're going to fulfill in weeks, months, or a year from now for granted. You have to keep continuously advancing and solidifying your relationship with that customer or else you'll lose out. And you'll lose out in a big way.

Conversely, if you continuously stoke the embers of desire and value perception that your customers have about whatever it is you have to sell them, or are about to receive, sometime in the future, you will sustain, enhance, and preserve a lot of money for yourself for a long time.

Stealth Marketing Technique #20: Write Only Direct-Response Ads Or Sales Letters

While it could take a week to teach the fundamentals of a good ad, here (at least) are the basic elements you <u>must</u> incorporate in order to have your ads work and make a profit.

There is a well-known formula for writing a sales letter. It's the **AIDA** formula:

1) Grab the reader's **ATTENTION**
2) Deepen the reader's **INTEREST**
3) Increase the reader's **DESIRE**
4) Motivate the reader to **ACTION.**

Now, let's go over the steps you would take to write a sales letter. (Remember, the steps are basically the same whether you're writing an ad, a sales letter, or a script for a salesperson).

Step #1 — The Headline

The purpose of a headline is to grab *your* prospect's **ATTENTION.** When I say *your* prospect, I mean that your headline should zero in on precisely who you want to reach — your target market. For example, if you want to reach homeowners, put the word "homeowners" in the headline.

The headline should serve as an ad for your ad. It should tell the reader immediately and clearly the essence of what you're trying to say in the body copy. The headline should give the reader a **Big Benefit** or **Big Promise.** So, create a headline that tells the **right people** precisely what you're offering.

Write a headline that's attention-getting and motivates the reader to want to read on. Research has shown that there are certain words that pull more in a headline. Use hot words: *free, new, emergency, now, secret, easy, introducing, save, guarantee, how, why, today...* And the hottest word of all: **YOU!** Write a lot of headlines. Always think up 10 to 100 headlines, then boil them down to one. Have someone else help you brainstorm.

Step #2 — Benefits

Now, to deepen your reader's **INTEREST,** talk about the benefits you offer. Don't assume that the reader knows the benefits; explain them clearly and simply. Put the main emphasis on the product's benefits to the reader, not on its features. Readers don't buy products, they buy advantages. Features are important, but you have to state them as benefits if you want to excite the reader's imagination. Talk about buying points. Selling points (product features) belong inside brochures, if anywhere.

Once you've listed the product or service benefits, to increase your reader's **DESIRE,** spell out the <u>specific</u> needs particular customers would like to have filled. Then explain in simple, factual, language how your product or service fills those needs.

Step #3 — The Guarantee

A lot of people are afraid to give a guarantee for fear they'll be taken advantage of — don't think that way. Sure, you'll be taken up on your guarantee every so often, but so many more people will buy from you *because* of your guarantee (because it gives them a feeling of control or security) that the advantages will clearly outweigh the disadvantages.

If you still find that you're hesitant about offering a guarantee, ask yourself this question... "On the average, how many of your customers are dissatisfied with your product or service over a week's time...a month's time...a year's time..."

If your product or service is of satisfactory quality, your figures should be low. So, since your customers are satisfied, you have nothing to worry about. Offer a risk-free guarantee. And make sure you tell the reader what that guarantee really means. Think about it... If you just said, "we guarantee our service," what does that mean?

Instead, be descriptive: “If, for any reason, you’re not completely satisfied with our product, just call us and we’ll give you a complete refund — no questions asked.”

This gives the reader a feeling of control. They know exactly what will happen if they call you unsatisfied. There are many guarantees that you can offer. You can guarantee that their charge card won’t be charged until 15 days after their purchase to ensure their satisfaction...you can guarantee that if anything goes wrong, you’ll have a repairman at their house within 24 hours...the list is endless. Include the strongest guarantee you can live up to. Stress it. Repeat it in the letter, on the response device, even on the envelope.

Step #4 — The Offer and Call to Action

State your offer as precisely and clearly as possible. Then, motivate your reader to **ACTION!** Tell your reader exactly what steps to take... “Pick up the phone and call XXX-XXXX and say you’re calling about the 'Business Special.' We’ll take it from there.” Create a sense of urgency by offering a special incentive or bonus to get readers to **act now.** For example: “If you call before August 30, 1991, we’ll throw in two tickets to the Dodger’s next home game.” By the way, allow credit card purchases and advertise a toll-free 800 number that your readers can call, and you could increase your response by as much as 30%.

Step #5 — The Post Script

Studies show that the **Post Script** is one of the most read sections of the letter. To write a Post Script, restate the USP, guarantee or deadline, always giving a reason for acting now.

* * *

Now, let’s break down a sample ad — actually a direct-mail letter designed to generate leads for a new profit center developed by one of my clients. It pulled a 26% response. See if you can identify the parts of the ad and what they’re intended to do...

July 1, 1981

From 1975 to 1980, What Single Investment Appreciated Approximately 450% Greater than Bonds...398% Higher than Stocks... 175% Better than Houses...and 74% Greater than Diamonds?!!

(The Answer Below May Surprise You.)

Dear Valued Customer:

The Luger World War II Military S/42 handgun is one of the growing number of collector firearms gaining investor attention lately. Investment-grade firearms have produced a strong appreciation record for over three decades. Of course, not all firearms did as well as the Luger. But most top-grade investment guns outperformed nearly every other “traditional” investment during the past five years.

By a very big margin.

Let’s be more precise. Let’s take a careful look at the Luger WW II Military S/42 — a desirable investment gun, though far from the most coveted. The Luger is a fascinating investment to study. Look at how it has appreciated over the last five years (ending June, 1980) against some other spectacular investments.

Gold, for example, produced a dazzling compound rate of return of 28.4% per year. Yet the Luger S/42 outperformed gold by 12%. It outperformed silver by 17%. And during that same period the Luger’s compound annual rate of return “sailed” past U.S. rare coins by 46%.

But that's nothing compared to how well the Luger S/42 outpaced more conservative investments.

You may be aware that oil (Saudi Arabian Light) is compounded at a rate of nearly 18% per year. The Luger S/42 outpaced oil by 80% in the same five-year period. Diamonds showed outstanding compound growth from 1975 to 1980 — but the Luger outperformed diamonds by 74%. That same gun outperformed the compound rate of return of U.S. farm land on average by 138%, and housing by 175%.

It even outperformed the Consumer Price Index by 258%.

The biggest coup of all is how well the Luger did against bonds (Salomon Brothers Bond Index)...exceeding bonds' compound rate of return by an awesome 450%.

But what about the liquidity of guns? Again, let's use the Luger WWII Military S/42 as a reference example only. Currently, based on the time it would take to sell at close to market value, the Luger S/42 is probably more liquid than real estate and more liquid than diamonds.

Where did we get this comparative data? From two reliable sources. First, Salomon Brothers' June 1980 study of investments' five-year compound annual rate of return. Second, the *Fain Blue Book of Firearms Price Values*, considered by many the most definitive gauge of gun values in America today.

So, you may be impressed with the appreciation potential as well as the liquidity of investment guns — but what if you're afraid of guns?

All the better, really.

A collector gun that has never been fired — or has been minimally fired (referred to by collectors as the amount of original "blueing remaining") — is worth many times more than the same gun that's been regularly used. You can quite literally buy the gun, put it in your safe deposit box or lock it away in the attic or basement and its investment potential will probably grow even more than if you fired it.

Finally, there are nearly 300 different types of collectible guns you could invest in — many for as little as $650 or less.

Would you like to know more about collecting guns? If the answer is "yes," we'd like to send you two valuable collections of material. The first is a profit-provoking booklet titled, "*What Every Gun Owner Should Know About the Gun-Trading Business.*" The other is a five-year history of the incredible appreciation growth of 30 well-known collector guns. We'd also like to send you a copy of our latest inventory of collector guns in the $200 to $15,000 price range.

As the nation's largest dealer in hard assets — and one of the oldest — Investment Rarities has become a definitive source for high-grade, high quality investment guns at competitive prices. Our knowledgeable weapons specialists not only offer expert advice you can trust — they also answer your most probing questions about grading methods, availability and pricing in the most straightforward manner possible. If you never before realized how guns may be used as a long-term capital appreciating investment form — I encourage you to send for this provocative material.

There is no charge for requesting it. Nor is there any obligation to purchase a gun. Simply return the enclosed card. Or call us toll-free at 1-800-328-1860. We will send you complete information on gun investing.

Very truly yours,

Bart Williams
Sales Manager

P.S. — Remember, guns have been a proven winner for years. Find out if they have a place in your investment portfolio.

* * *

Stealth Marketing Technique #21: Write Headlines that Pull

Failure to use a powerful benefit- or result-based headline can lose the advertiser 80% to 90% of the potential effectiveness of that ad because the prospect will pass it over. Headlines must make a promise of a highly desirable result the person will receive in exchange for reading the ad or listening to the message. The headline is the ad for the ad and must incorporate your company's USP.

If your USP is “broad selection,” here are some sample headlines you could use:

We Always Have 200 Different Widgets in No Less than 15 Different Sizes
and 10 Desirable Colors and With a Selection of 20 Optional Features
in Prices Ranging from $6 to $600

or…

5 Times the Selection, 4 Times the Color and Size Choice,
3 Times the Number of Convenient Locations,
2 Times the Guarantees and Warranties and
Half the Markup of Any Other Dealer

If “discount price” is your USP, these headlines could skyrocket your sales:

We Sell the Same Brands of Hardware as
Company A or Company B —
at 25% to 50% Less

or…

Top-Quality Widgets Usually Sell for $250 to $1,000.
We Sell Them for $95 to $395.
Which Would You Rather Pay?

or…

Most Professionals Start Billing You the Moment You Walk in Their Door.
That Can Add Up to Thousands of Dollars.
At PDQ Services, Our Fee is Always a Modest $99.
No Exceptions. No Tricks.

Here are some useful headlines for a “service-oriented” USP approach:

When You Buy a Compact Disc from The Wherehouse or
Sam Goody, You Own that Disc,
Whether You Like It or Not

When you buy a compact disc from u<u>s</u>, you get a 90-day, 100% money-back guarantee, just in case it’s not what the critics made it out to be. And you get bonus credits toward any other album, cassette, or compact disc we sell for every disc you buy and keep.

or…

If Your Car Breaks Down, We’ll Tow It — FREE!

An added benefit of placing your car’s insurance policy with XYZ Agency.

or…

Most Locksmiths Work from 9 to 5
But Those Aren't Always the Hours When You Can't Get into Your House or Car

ABC Locksmith will send a locksmith whenever you need him. We have 20 service people on 24-hour call, seven days a week, 52 weeks a year — including holidays. No extra charges.

How about the "snob appeal" USP? Here's an interesting possibility:

Only 1,200 XYZ Deluxe Midas Sedans are Produced Annually

900 stay in Europe where they originate. Of the remaining 300, 50 go to Japan. Of the remaining 250, 100 go to Canada and Australia. Each year, only 150 come into the United States. Of that 150, only 20 are sent to New York — and WE'VE GOT 15 OF THEM. We'll offer them at very fair prices to our best customers as long as they last.

Stealth Marketing Technique #22: Analyze Your Results

The marketing programming you decide to implement or incorporate into your business **must** be tested against other methods and strategies. When you experiment with different guarantees, bonuses, sales approaches, headlines, etc., you'll be amazed at how much one approach will outpull others by a huge margin.

Because most of your marketing expenses are fixed — you pay the same for approaches that produce X results as you would for those that produce 10 times X — you want to exploit every possibility of every marketing effort.

To compare the results of your efforts, you must code and track every ad or sales concept and precisely tabulate how it performs compared to the amount of money spent on it. Use the following procedure for each and every ad or letter, to analyze its productivity and effectiveness:

1) When you run an ad or send a sales letter, first record how much it costs you.

2) Attach the ad or letter to your analysis sheet and indicate the specific offer, along with the particular placing, position and size of the promotion.

3) After the ad or letter has been introduced to the market, record the exact number of people who call, come in, order, buy, or make some visible reaction (pro or con) attributable to that ad or letter. Make separate categories for each reaction.

4) Distill the components that work best from all the data you've accumulated, and design all new and future ads and promotional letters to incorporate those factors, and avoid those components that the data proved didn't pull as well.

If you need somewhere to start without having to start from scratch, look through the papers, read direct-mail offers, trade journals, anything and everything that might carry informative, educational, and believable ads and promotions. Cut out and save the ones that attract, interest, and fascinate you. Separate the components of those ads and letters and incorporate their principles into your own.

The same procedure is applicable to your salespeople. Experiment with different sales pitches, packages, products, etc. Painstakingly record the results. Analyze the best and worst variables and try different combinations. It is critical to constantly test and analyze all sorts of approaches, pitches, packages, upsells, cross-sells, and pricing possibilities. The whole purpose of testing and analyzing is to find out what the market wants. Nobody has the power to prophesy what the market wants or what it will respond to best. Therefore, leave the vote to the marketplace and respect and abide by it.

It is amazing how few companies ever test any aspect of their marketing. They bet their destiny on arbitrary, subjective decisions and conjecture. This is sad for a number of reasons.

First, we don't have the right or the power to predetermine what the marketplace wants and what the best price, package, or approach will be.

Rather, we have the obligation and the power to put every important marketing question to a vote by the only people whose ballots count: Customers and prospective customers.

How do we put a marketing question to a vote? By testing one sales thrust against another, one price against another, one ad concept against another, one headline against another, one TV or radio commercial against another, one follow-up or up-sell overture against another.

The point is — and this is not guesswork — when you test one approach against another and carefully analyze and tabulate the results, you will be amazed that one approach always substantially outpulls all the others by a tremendous margin. You'll also be amazed at how many more sales, or how much larger the average order is, that you can realize from the same effort.

The purpose of testing is to demand maximum performance from every marketing effort.

If each of your field salespeople averages 15 calls a day, doesn't it make sense to find the one sales "pitch" or "package" that lets them close twice as many sales and increases their average order by 40% to 100% with the same amount of effort?

You can easily achieve immediate increases in sales and profits merely by testing. Tomorrow, have your salesmen try different pitches, different hot-button focuses, different packages, different specially-priced offers, different "bumps" or upgrades, different follow-up offers, etc.

Each day review the specific performance of each test approach, then analyze the data. If a specific new twist on your basic sales approach out-closes the old approach by 25% to 50%, doesn't it make sense for every salesperson to start using this new approach?

Test every sales variable. Any positive or negative data can help you to dramatically manipulate the effectiveness of your sales efforts.

But don't stop at merely finding those approaches, offers, prices or packages that outperform the others. Once you identify the most successful combination, your work has just begun. Now you should find out "how high is high!"

Keep experimenting to come up with even better approaches that outpull your current "control." Your control is the concept, approach, offer or sales pitch which has consistently proven, through comparative testing, to be the best performer. Until you establish your control concepts, techniques, and approaches, you can't possibly maximize your marketing.

Once you find control concept or approaches, keep testing to see if you can improve on their performance, thereby replacing one control with a better one.

Stealth Marketing Technique #23: Don't Put all Your Eggs in One Basket!

While I constantly recommend that you follow up and not leave things dangling, I strongly recommend that you **DIVERSIFY** your resources during the next few months.

Do not put all your resources into one investment or business. Spread yourself thinner. As much as your business may need your extra resources, keep some in other strong investments.

If you're contemplating a joint venture, get your prospective partner to finance or help finance the project. And, make sure your prospective partner is as reliable and trustworthy as you are. If you're contemplating a buy-out, try to find a backer. Or, make sure before you buy you are liquid enough to withstand the first few months of adjustment. Right now is <u>the</u> time to buy. If you are liquid enough to buy with cash — there are discounts to as much as 50% of the original costs.

You need to look for a winning niche for your new product or service. It should appeal to a market that cares about innovation and will pay for it. One company came out with a longer-lasting battery. And this new battery even had a tester on it to examine the effectiveness and freshness of it.

Don't deceive yourself about the value of what you have. Is there a demand for your product or service? Or are you fooling yourself? Don't lose sight of practical considerations and objectivity. Select well, select safely, and select your business very, very carefully.

Stealth Marketing Technique #24: Get Your Customers to Give You Referrals

Most people do it wrong. They beg for customers. One of the great ways of getting referral business that I've developed, is to write a letter to your current customers, explaining that it's a privilege for someone to be your customer.

Here is a sample letter that should help get you started on referral business:

Dear Mr. Business Owner:

I'm writing as a service to alert you to the fact that my consulting practice is getting extremely full, and I'll only be able to accept maybe a dozen or so more businesses.

But before I accept new people from the outside, I want to alert you, because if you would like to refer any of your associates or friends to me, I'll give you first priority. I ask only that you don't dally.

Give me a call and register their names so I'll know how many spaces I should reserve for you. I appreciate your business.

Sincerely,

Jason W. Leonard

* * *

Or, go to companies and offer them a service where you will send a letter to all their employees saying:

As a service, we've bought every one of you an hour and a half with John Schmidlapper. It's paid for; he's not going to charge you. He's going to overview your taxes and financial situation, etc. If, after he's done, you'd like to avail yourself of him, we've arranged a preferential rate with him. There's no obligation. It's just a service we thought you could benefit from.

Another twist: If you're a lawyer, have your accountant send a letter to his/her clients endorsing you. Here's an excellent example that could work for you:

It's rare for me to ever write to you in the first place, much less write to you about someone in another business. But I'm writing to tell you about my attorney, John Schmidlapper, and tell you about all the things he's done for me. (Then give a litany of all the ways he's saved or made you money.)

Because I appreciate the patronage you've given our firm for so many years, I was thinking about sending you a letter or a gift box, but I decided the most noble thing I could do for you is buy you an hour of my attorney's time. So I've arranged to do that, and there's no charge or obligation to ever use him again. It's not going to cost you anything, but you've got an hour with him to talk about any subject you want, whether it's overviewing your business, financial planning, contract negotiation, or whatever. I can't recommend him enough. Here's his number. Just tell him that you're the person I've bought the hour of time for.

Stealth Marketing Technique #25: Recognize and Identify Your Hidden Assets

There are many assets that your company has that I'm sure you are not taking advantage of. These assets that I speak of are beyond the obvious assets, and may seem somewhat abstract. However, once you identify your hidden assets, you will realize how profitable they can be to your business.

Remember one man's garbage is another man's treasure.

Sit down and carefully outline all of the assets and liabilities your company has. Then, try to determine who might be interested in purchasing your assets (through a joint venture or licensing). Next, figure out who you need to work with to reduce your liabilities. Now you have your "Hit List."

Then, take your list to a confidante or business associate, and let them go through the same process with your list. Often, they will see something that you may have entirely overlooked because their needs and desires are completely different from yours. Take your list to as many friends and associates as necessary to develop a plan for each and every asset **and** liability.

* * *

These are just 25 techniques any company or professional could implement immediately to **boost sales, skyrocket profits, and reduce or eliminate wasted efforts.**

One final point. I teach <u>my</u> clients that you don't need huge increases in sales to produce spectacular increases in profits.

Most significant profit increases result from adding more sales transactions to an existing customer or prospect you've already sunk the major cost of acquisition in.

Any business owner can grow his or her business to unbelievable heights if they keep a cool head and focus on the obvious. Work your own backyard first.

* * *

Section Two

One Hundred Questions & Answers
On How to Profitably Market
Your Business

I've worked with a multitude of clients over the years. As you may know, they hire me for either $2,000 per hour or 25% of the increased profits I bring them, whichever is greater. Lately, a lot of clients — and people who now desperately want to become clients — have contacted me to ask how they can profitably market their businesses. This section features 100 of the most thought-provoking questions these people have asked me — and my answers as to what strategies to use...what programs to initiate...and what steps to take.

Although all of these questions won't directly apply to your individual business situation, the majority of my responses will enable you to profit. Read all the questions and answers carefully. Look beyond their specific applications and dig deep to unearth techniques, or your own variations of them, that will help you stand out from your competitors, gain customers that your competitors are losing, and make you the premier marketer in your industry.

Use these questions and answers to help yourself and your business extract every iota of profit that you are entitled to. In particular, view these questions with your own business situation in mind. Pay careful attention not to lose yourself in the material, but to always, always keep the objective of saving and improving your business in mind. There are so many nuggets in here, that I encourage you to read this section many times.

I have recovered previous material with reason, to help you fully ingrain it into your mind-set and to keep it fresh so you might apply these tools daily to your business. And, I have added new, fresh twists which you'll find remarkable in their prescience.

* * *

1. What's your overall marketing philosophy?

My overall philosophy is a lot of big, simple ideas that are profoundly powerful and easy to use — yet most people don't think of them or see them on their own. I have a whole new perspective on the kaleidoscopic world of business and marketing: "The whole world is a 3-D movie and I have the only pair of glasses." I believe in profit enhancement through marketing leverage.

What is Marketing Leverage?

Marketing leverage is getting phenomenally better results for the same amount of money and effort you're currently spending.

One headline could outpull another by as much as 5 or 10 times. The ad costs you exactly the same, but you're getting much better results with a different headline. <u>That's</u> leverage.

How Testing Will Help You Leverage Your Marketing

Direct-response advertising lets you trace results. Therefore, you can test various factors in your marketing and get scientifically measurable data on which factors produce the best results.

You'll never know if you're maximizing your leverage until you test all the factors that matter:

- Test one price against another.
- One space ad or mailing piece against another.
- One headline against another.
- One sales presentation against another.
- One telemarketing script against another.

You don't have the right to tell your market what it wants. You have to ask the consumer what they want. Testing lets you determine, with pinpoint accuracy, what your market wants and doesn't want.

My philosophy is a combination of the following facets of leverage: more on the front-end; a higher average dollar per sale; more turns per customer; more utilization of that customer after you've sold everything you can; and if you can afford to break even on the front-end, you'll probably make a lot on the back-end.

2. Where can I go to find lists of names I can rent with phone numbers?

I've always found that the best place to find lists with phone numbers is the *Standard Rate and Data Service* directory (SRDS). You can find it at your public library, or you can order it by phone (800-323-4601), or by mail (3004 Glenview Rd., Wilmette, IL 60091). The book is an outstanding source for direct-mail lists and publications, trade association directories, and lists of newsletter subscribers for sale. The cost is $317 for a year's subscription of six issues, or you can order one book at a time for $139.

The massive book is organized in a logical format so you can locate the exact list(s) for your specific purpose, and compare available lists. It is divided into consumer lists and compiled lists, depending on if you're selling to end users or selling business-to-business.

The SRDS will tell you the following about each listing: market classification (demographics, product, industry, consumer market, etc.); title of list; name of person in charge of selling the list; description of list (average units of sale, patterns of sales, zip code sequence, etc.); list source; quantity and rental rates (usually price per thousand names); commission and credit policy; method of advertising; delivery schedule; restrictions; test arrangements (rates, premiums, minimum numbers); letter shop service; and maintenance (updating procedures).

Also, there's a newsletter published out of New York called *The Gallagher Report.* It covers the world of advertising, and once a year they publish a special issue that lists all of the major magazines and ranks them by circulation.

But there are easier ways to find lists. Just by purchasing *Ad Weekly,* you can find names and addresses crying to be harnessed. The classified ads in your paper serve as another reference in finding people you can mail to...for virtually no expense to you.

I would also establish solid relations with my competitors for this reason: You want to attract every possible client. Obviously, your competitor does, too. If you two — or three or however many you want — exchange lists or buy lists between each other, with an agreement to work a back-end percentage, sharing the profits, you can boost income tremendously. Who knows?

Of course the best list of all, that costs you no money whatsoever to acquire, is **YOUR OWN CUSTOMER LIST!**

Your own customer list is a list of people who you KNOW are already interested in your product. Make sure you work that list to the bone.

Test segments one at a time using new and unique approaches. Personalize your mailings, from the greeting to using a live stamp. Resend to customers that have not been active either recently or for a long period of time. Treat them in your letter as a valued veteran customer and explain to them openly what you are doing. The more honest you are, the more personal you will sound. Consequently, you will get business.

3. What are the attributes you find most frequently present in successful people?

I've spent a lot of time lately, thinking about the super-successful people I've known personally over the years. And what separates them from the "ne'er do wells" and dreamers? It's a number of things that I think you should ponder for a moment.

First: Fire in their belly! Successful entrepreneurs believe so fully in themselves and in their missions, that they are undauntable, indefatigable and so totally focused and purposeful, it's contagious.

Second: They possess extraordinary concentrated focus — to rope in their diffused energies and bridle them into a laser-like powerhouse beam of productively channeled energy that (through their commitment to continually focused action) turns into positive achievemental results.

Third: The super-successful people aren't afraid of the unknown. They're eager and willing to pursue pathways they've never been down before. They're impervious to fear or paralysis.

Fourth: They persevere, persevere, persevere. Tenacity, commitment, resiliency, and unrelenting determination to accomplish their objective is their strategy. They don't "fold" at the first sign of temporary defeat. Setbacks are but a challenge — and these are people who recognize the gossamer-thin line separating "frustration" from "challenge."

Fifth: They really prepare. They practice, do their homework, take full advantage of every opportunity, edge, and advantage that's ever presented to them. They're swift, deft, accurate, and they make their life happen. The last thing super-successful people are is reactive. Quite the contrary, these are the most proactive people you'll ever meet. They know what they want out of life and they understand that the only real way to accomplish their vision is with strategic, pragmatic, and continuous forward action.

Finally: They're constantly picking better minds than theirs. They read, talk, interview, brainstorm, and study every bright mind they get access to.

4. How do I make my ads more efficient and productive?

Marketing as a whole is nothing more than relationships. You must have solid relations with whomever you are trying to reach to enable your business to grow. Advertising is a key ingredient of marketing. And through your ads, relationships grow. You must attain a special rapport with the reader in order to attain their business.

The headline is, in my opinion, the most important factor involved. Without a grabbing, tightly-edited, well-written headline, your survival chances are slim. Simply, your headline is the ad for the ad. Make sure that you give as much information as possible quickly and accurately. But you must do this concisely. Get your USP (Unique Selling Proposition) in the headline immediately, or absolutely corral the reader to read the body which will detail your USP. Either way, don't confuse the reader with your headline. Make it immediately clear what you want the reader to do, or what unique service you can give.

Once you've captured the reader with the headline, make sure that the body copy runs smoothly — without mentioning anything negative to turn someone away. Hold the reader's hand and guide him through your business piece by piece. People, I have found, want to be hand-held through ads. They love for someone else to do their "dirty" work — all the fact-finding, product analyses, price quotations, and maybe decision-making — so they can capitalize on the final purchase. If your ad takes care of all these needs for your potential customer, he will be more apt to seriously consider buying your product or service.

It is therefore crucial that you strengthen your guarantee, give more value, extend your services, and elaborate on specifics. Use bullets to break up a big, monotonous block of text to facilitate reading. Tell exact prices (if better than your competitors') to thwart any customer from feeling that he may be able to get a better deal elsewhere.

If your price is higher than the competition, don't let the reader know this. Say something like, "Don't Be Fooled By Price...," or something along those lines. But never say something like, "Although Our Price Is Higher..." Any reader will instantly back away. They will always seek out the lowest price first.

Pay close attention to your advertising; you want to get the most for your dollar. Accordingly, you should certainly offer as much as possible. Your guarantee has got to be compelling. In this competitive marketplace, when consumers finally decide to spend, they are carefully going to find the best bargain around, and also one that makes them feel 100% satisfied with their purchase. Make darn sure your advertising reflects that your product or service is the wise choice for them.

5. Do you recommend at all that I borrow money from banks for cash needed now?

Not if you can get it from your business first. If you work your customer list, if you do a joint-venture with another business, if you can figure a way to use soft-dollar assets that exist within your business, and you can generate tens or hundreds of thousands of dollars within your business, you should do that before borrowing.

Why go to the bank when you might have 10 times that amount lying dormant in your customer base? Utilize that first. Mine for every dime that exists in your own business. Until you've done that, it's stupid to go outside for capital.

It may not even be any faster to get the loan from the bank. If you go to a bank and you have to make a loan application, it might take one, two, three, or even four weeks. In the same period of time, you can write a letter with a great offer, test it with a group of a thousand or so customers, and follow-up with telemarketing. Instead of trying to borrow $25,000 from the bank, you could have $100,000 in your treasury before the bank even says "yes" or "no." And that's all of your money. You don't owe the bank anything. Nor do they have any part of your business. You don't have to pledge your assets, your house, your mortgage, or anything else.

6. What do you see as the marketing trend of the '90s?

The fanatical understanding of the residual value in a relationship, or customer satisfaction as related to perpetuating that customer. The cost of acquiring a customer is so high that you've got to be mindful and attentive to all sorts of viable ways to extend that buying relationship.

7. What do I do about my personnel when I'm having a cash flow problem?

As a rule, your employees must cost-justify themselves. Make sure that your staff is performing better and producing more.

Don't refill jobs in your company just because they open up, and don't hesitate in letting those workers go who are idle. At first, they may feel that what you did was unfair to them, but in the long run, it will do them a lot more good if you survive the crisis and then hire them back, than if your business goes under, dragging them down, too.

You have to watch out for yourself as a business owner. The main concern and priority should be placed on keeping your business running. You should never be too busy to check into the productivity of your personnel.

Do everything you have to grow your business, and don't let inefficient personnel stand in your way. If your operation is being run inefficiently; if everybody doesn't dramatically cost justify their existence; if on a money-making, money-saving, or service-fulfillment basis, everybody doesn't carry their weight, then yes, cut them loose. But that's a question you should have been asking yourself all along.

8. How do I add a mail-order division to my business, and why is it important?

A mail-order division can add remarkable profits to your business because you will increase the efficiency of your sales and marketing efforts. There may be some set-up work required initially, but the future profits from properly implementing a mail-order business are well worth any inaugural effort.

I am a strong believer that every business should develop a mail-order division. Why? Because it generates tons of money and requires a relatively minimal investment.

To launch a mail-order division, first research and identify:

1) Your products or services that can be disseminated, sold, resold, or purveyed solely via ongoing scheduled mailers

2) Products or services that need to be sold by a live person.

If the products or services can be sold without the benefit of a live salesperson — that is, if the customer can write in, send money, or call in — a business can run ads or do direct mail to sell the products without necessarily launching an entire mail-order division.

If you determine that your products or services need to be sold by a live person to provide necessary demonstrations, explanations, and the like, then a direct-mail program with telemarketing follow-up should be developed.

Mail order allows business owners to tirelessly, relentlessly, and inexpensively make their best, most compelling, most powerful cases without ever deviating from their rehearsed sales pitch, without ever getting cold feet, without ever forgetting an important point, without ever flinching when a customer gives them a difficult retort.

You can send out 20,000 letters, bulk-rate, for only about $6,000 or $7,000. Compare that to the cost of a salesperson to make 20,000 calls in the field!

And when you send out 20,000 letters, you are deploying, in effect, 20,000 indefatigable salespeople working for you every day, going into people's homes or offices and making the most perfect sales pitch, without flinching, without missing any components, making the best case, countering every objection, and delivering the perfect close — for literally pennies on the dollar, opposed to the $40 or $50 it would cost you for a salesperson to call and meet in person with a potential customer. Also, it saves tremendous amounts of time for your salespeople, so they can concentrate on closing certain sales and not cold-calling as often. Your direct-mail letter serves as a screen and a test of the market.

And, for as much as it costs a business owner to send out a single salesperson on a few calls, he can support a roomful of telemarketers making hundreds of calls, making clearly thought-out and articulated sales presentations.

Any business can add a direct-mail and telemarketing operation. Direct-mail with a telemarketing follow-up will earn you three to ten times more sales than without the follow-up. This is an extremely important facet of businesses, and is one that goes virtually overlooked too many times.

9. What is a two-step selling approach?

Two-stepping is a sales process that can be utilized many different ways. In the purest sense, it entails the concept of lead generating and conversion. The first thing you do is run an ad or send out a letter (some type of promotion designed to produce an appeal to people who have a qualified interest in the product or service you're selling), and to get those people to present themselves to you, either physically, by telephone, or in a written form so you can identify who they are. It's the process of going to a general audience and identifying the handful, dozens, hundreds, or the thousands of people who are qualified.

Once you've identified them, your selling process and marketing process begins. They're in essence raising their hands and saying, "Yes, I have an acknowledged interest. I can use it, I'm interested in it, I want to know more about your product or service."

Now you've got to cultivate and convert that interest into a consummated sale. You can do it in a number of ways. If it's a mail or telephone lead prospect, you would do one of the following: If time permits, you could give them an extensive sales presentation over the phone followed up by a follow-up letter that reiterated the offer, answered all of their questions and attempted to close them either on the phone or by the letter.

If they come in person, obviously you would give them the most extensive sales presentation you could, if you have the time. You would also capture their name, address and phone number so that your company could follow up by telephone and/or letter, and add that name to your customer list.

In the optimum situation, many two-steps are really multi-steps, because you generate and identify a qualified lead and then commence a process of continual nurturing that may entail a sequence of four, or five, or 10 different follow-up events — an expansive call, a letter, another call, another letter — a continuation of the educational and the stability-establishing process.

Keep in mind a lot of things. The more expensive, abstract, complex, and profound the purchasing decision you want someone to make, the more nurturous you have to be, the more questions you have to answer, the more powerful case you've got to offer, the more credibility you've got to induce and the more risk reversal you've got to offer. And, often, it's not a simple one- or two-step process. It's a multi-step process. Permutations of two-step can be infinite. Many people sell items at a very modest price just to qualify people. Many people sell books or introductory quantities of a product just to get somebody as a prospect. That's just the first step. The subsequent step is nurturously converting them to a larger unit of purchase, or to the more progressive product or service.

Two-stepping can be engaged in in such a broad spectrum. People can run ads to get people to come into their store as one step. The next step is selling them. Two-stepping can be sending letters out and getting people to write in for more information, call in, or come in. Businesses can hold seminars, or other training events, or free lessons, or free lectures where people come and they qualify themselves. And at the end, you can either hit them with the proposition, or you can offer to send them more information and continue to nurture the relationship.

Your company's stability factor is very important when trying to convert a prospect to a sale on an expensive, abstract, or intangible product. That's why sometimes just multiple communications is actually a selling process in itself, because it conveys and establishes your dependability, stability and genuineness. It tells others you won't simply "hit and run." Many consumers, unbeknownst to marketers, look for the stability that will be maintained over a number of different attempts. And the part of the judgmental criteria of whether to buy or not is predicated on that.

10. How does a two-step sell differ from a three-step sell, and which is more effective?

A three-step process entails generating a lead, selling your lead something inexpensive to get them acclimated; then going back a week, a month, six months, or a year later — test to determine the optimum length of time — and selling them a major purchase. You may have to go through four, or five, or six different steps until you graduate the lead to the final level of buying.

Businesses like the Franklin Mint institute new customers with inexpensive, high-value starter offers — and maybe the customer will initially spend $50 or $60. And then, with three-step selling, the buyer will be gravitated into committing to thousands of dollars' worth of ongoing purchases. As to which is more effective, there is no definitive answer. It depends on the nature of your product. You have to experiment depending upon the complexity and the uniqueness of your offer and proposition.

11. How can I best work with an ad agency to maximize my yield?

The best way to work with ad agencies is on a paid-for-results basis. Make sure the agency understands that they won't make a dime on placement, but they will earn a premium if their ads work for you. If they write lousy ads, or produce ads that clash with your business' image, get somebody else to write the ads for you, and just have the agency place them in the media. And if you are going to do that, and if it's viable, you might want to consider setting yourself up an in-house advertising department. My general feeling is to have your own business produce ads that will truly reflect your image and your Unique Selling Proposition.

For another viewpoint on this matter, I have acquired the rights to reprint an excerpt from Joe Karbo's excellent book, *The Lazy Man's Way To Riches* (included on my suggested reading list).

> "...If you handle your own advertising, form an advertising agency.
>
> "As a result of this tremendous investment, you might get a 15% discount on any advertising you buy! (The only exception is local newspaper. They will probably give you a much greater discount, but it will be in the form of the 'retail rate' as opposed to the 'national' or 'general' rate they charge the out-of-town advertisers.)
>
> "Your local radio station will give you a retail rate plus the advertising agency discount. True, some of the stuffier, old-line media may not 'recognize' you as a bona fide advertising agency (there are certain criteria for financial stability and the number of accounts you service), but most of the smaller ones and many of the medium-sized ones will. Particularly if it's clear that's the only way they're going to get your business."

12. How can I tell the dishonest professionals from the honest ones?

Lawyers, ad agencies, consultants, copywriters, sales and promotional experts can all be extremely dangerous to your wealth. You have to be aware that just because a self-appointed "expert" purports to know what your market or your circumstances require in the form of advertising or legal strategies or merchandising or promotional products, they can sometimes take advantage of your faith, your business, and your capital.

Few professionals have to suffer the consequences when their advice for a client fails to pay off. I completed a nasty divorce, for example, where I spent $650,000 on legal advice that was at best mediocre and inaccurate, and at worst incorrect. And even though most of the advice proved wrong, I still had to pay his huge fees in their entirety. A similar result occurred with my accountants. I got advice that may not have been as useful as it could, but I had to pay them top dollar anyway.

I've determined to never again pay for my professionals' incompetence. You shouldn't, either. I urge you to review all your professional relationships with advertising experts, consultants, accountants, or lawyers, and, where applicable, convert whatever fixed-base compensation system you're used to paying them to what I'll call a carrot-and-a-stick compensation. More specifically, work out, if possible and if legal, as many purely contingent or performance-based compensation arrangements as you can.

This procedure will allow you to cut overhead now, while your cash position is vulnerable. Consequently, you may pay more to these professionals in the future than you otherwise would, **but** you'll pay them out of the profits they create for you.

In order to make a philosophy like this work, it has to be based on a supremely generous reward system for performance, and unless the upside for achieving your objective is generous, no one will be willing to assume the downside risk.

I believe you should generously reward any professional who makes money for you, or saves money for you, or increases your profit. Furthermore, I've come to believe that you should continuously keep your professionals, your experts, and consultants performing constantly by comparing them against other professionals. Always keep them challenged, always keep them tested, don't ever take them for granted. Don't ever assume they're always looking out after your best interests, and just because their initial performance was great doesn't necessarily denote they'll continue performing great for you.

With the waste professionals can cost clients, I believe you should let every new professional take a small, controllable, risk-determined test before you trust him or her with your fate. Then keep retesting him or her. Remember, each level of expanded risk you grow to can cost you dearly when you're following somebody else's advice.

Make certain you never stop questioning the suggestions, strategy, and basis behind any ongoing or new, potentially risky advice your professionals want you to adopt. There's no embarrassment in asking them clarifying questions. If your gut and your heart raise a dangerous alarm, trust it. People don't frankly know the severity and the danger of the programming they spawn for unsuspecting clients.

Do this, and I guarantee you will avoid the bulk of disappointment and financial loss you're susceptible to. Also, by throwing them a performance-based gauntlet, you self-screen all the non-performing incompetent mediocrities — as I call them — out from your involvement. Since only super-knowledgeable and expert professionals would consider accepting any performance-based proposition, these are the people you want to advise you. People who are so confident they have no problem saying: "Yes, I'll be glad to take on a deal where I'll only make money when I make you money, and I'm penalized if I lose or cost you money." Experts you win big with when their advice pays off, but who lose when it doesn't, are the kind of people you want advising you.

Don't let your fate be managed by people who are not penalized when they play havoc with you, and it's too late when you realize it. Replace those kinds of non-accountable professionals with people who **are** willing, able and capable of being paid only when and if they perform like mad for you, and who are willing — 100% — to be penalized when their advice does not pay off.

13. How can I best use both inside and outside salespeople?

Regardless of whether they are inside or outside, the best way to use salespeople is to *program* them...to *direct* them...to *lead* them. Every Monday morning, have a sales meeting and initiate your salespeople to try different propositions that they push in a given day, week, month, or territory. Walk them through, demonstrate, give them a pitch and presentational style, answer all their questions for them, and record it for them. Then, have them tell you what they're going to do. Have them tell you who they are going to call and why. Have them tell you whom they called on, and what occurred. Keep control over them. Monitor them closely (but be careful not to become annoying to them). Always be aware of their progress and their problems.

I suggest that you also try to have a brief sales meeting on Friday afternoons, if possible. Here you can monitor which approach worked in which areas by certain salespeople that week. Then, over the weekend, you can review your information and work some specifics out for the Monday morning meeting. Used correctly, this schedule will be an efficient tool in monitoring the successes and failures of sales.

This will sharpen your focus and pinpoint procedures that work — and eliminate those that don't. You'll find approaches that work great, well, or poorly. You'll find out who presents which pitches best. Your geographical-response breakdown will become obvious.

But be certain to run the meetings wisely. Let it be known early and often that you are in control of the situation. Don't let them manage you. Sure, input should be allowed and suggestions heard. However, the final decision is in your hands. You need to control, monitor, and program your salespeople to relay the particular philosophies of the business you want expressed.

You also should test new pitches for your salespeople. The pitches you've been using for a long time may not be the most productive ones.

Take one salesperson who is in a certain territory, and another who has a comparable size or demographically balanced, equivalent territory. Have salesperson "A" present a package, product, offer, price, etc. in a certain way for a set period of time. Have salesperson "B" present the same package, product, offer, price, etc., this time changing one variable. At the end of the time period, analyze which approach, package, presentation, pitch, concept (whatever operative variable was used) produced the most and then integrate the one that is the most successful throughout the system. Then begin again with another test, expanded this time, to improve on that sales pitch.

Validate the smallest test area first, then go a little larger — you may go three or four times that size and validate it again. If it continues to work, keep expanding. Never go for broke unless you have to. In other words, if you have 100 salespeople, and you test two, and one pitch out-produces another by four times — you would have to believe that the successful concept is four times more powerful. But be careful. It could be that the salesperson that did well is just more articulate, more excited, more conceptually able to embrace the benefits of the product. It may not be a better concept at all.

The only way you can really verify or validate is to then do the test again in another, more expanded, test site. This time, take three salespeople to try it one way, and have three salespeople try it the other way. See if the results are still the same, or at least comparable.

14. Would it be a mistake to start a business when the market is so competitive?

Not particularly. Starting a business might be the best approach, particularly if you market it using the strategies outlined in this report. A competitive marketplace means there are multiple opportunities, whether that be in establishing joint ventures, taking over customer lists, etc. I've worked with several businesses that initially opened in very competitive industries. They are still in operation and doing well today. I think when a you begin a business, you make it work, and it'll become very lucrative and profitable.

15. When is it right to add a sales department?

It's right to add a sales department when it pays off. It's that simple. All you have to do is test it. Put a salesperson on, or a telemarketer on, or a field salesperson on, or a manufacturer's representative on, and give him or her a designated territory. And then revere your new sales department. Spend time nurturously working on it, and watch. It will basically perform or not perform.

If your salespeople perform, then see how many more you can add. The market will tell you the answer. Hire people on a conditional basis. Tell them you've never had the position before and it's a ground floor opportunity. Also let them know it's probationary.

If it doesn't work out, your salesperson will be out of a job. But you'll have tested whether adding a sales force was a wise decision. No harm done, and you will have gained valuable experience.

If it does work out, though, your salesperson will make a lot of money. Reward your salespeople generously; remember the marginal net worth theory. It's incremental, and the back-end is very profitable. Don't be afraid to give out more money, as stated earlier, for initial customers, if you have a residual-based product, and sometimes salespeople are great to use to sell other people's products for ancillary purposes.

Another way to add a sales force is through direct mail. As I often preach, direct-mail advertising is probably the most underused effective way to generate profits around today. Each letter is its own salesperson, relaying the perfect pitch. It is also much cheaper: Say 40¢ a letter compared to $40 a day, plus commission. (A letter is willing to work unlimited hours, too!)

16. Can you philosophize on the concept of providing people with incentive?

The more you pay people based on their performance (if you can gauge performance so it is superior to normality), the more you're going to benefit. Don't be afraid to generously reward people if you can quantify their performance. Don't cut them off.

Let me illustrate this point. A client of mine sold industrial products to a specialized field. They had never analyzed their marginal net worth. They found that their marginal net worth for a customer was, at minimum, $1,000 of profit, per year. They were giving 5% of that profit to the salesman, so the salesman made $50, and the company made $950. It was a terribly inequitable program. The average customer bought three times a year. I suggested that my client make a deal with his salesmen where, as long as they kept their sales level up to their current level, he would give them 100% of profit on the first sale for every new customer they brought in. Why should the boss care if, on the first sale of only about $300 in profit, he gives the salesperson all the profit? Because every time you give $300 to the salesperson, you'll be making about $700.

When people try to cut their overhead, they cut costs, benefits to customers and commissions: All three are the opposite of what I think you should do.

17. Now that people's needs and desires are changing, how can I adapt my marketing plan to reflect these changes?

Maybe you have heard of Gary Halbert. He writes an extremely eclectic direct-marketing newsletter. Gary is crazy and brilliant. One issue of Gary's newsletter really impressed me. I'd like to share its essence and my comments with you.

Without taking too much time, the newsletter dealt with how to market to people's **comfort zones**. Basically, Gary's premise is that before you can effectively sell to someone, you first have to drop down (or move up) to their comfort zone. Gary uses new, very graphic analogies to illustrate his point. A tugboat, for instance, that's attempting to pull a huge freighter out to sea doesn't hand over a huge heavy cable to the freighter to connect. Rather, they first shoot a thin, fine, light string-type rope over the bow of the boat for the crew to catch and start pulling up. Attached to that rope is a slightly heavier rope that's attached to a slightly heavier rope that's ultimately attached to the massive cable that's fastened to the ship for the tugboat to pull.

The point of Gary's analogy is that you can't always pole-vault your way to marketing objectives. It's often far more practical to stair-step your way to your sales or marketing goals, much like a canal uses a series of sequentially and progressively raised locks that float a ship through it.

Gary introduces a fresher twist to two-stepping. He basically says you should experiment more often with nonthreatening, big-promise, lead-generating ways to gravitate, migrate, or gently seduce your prospect over to you. For example, an ad or commercial offering a wonderful demonstration or a free trial offer for something just for visiting your store or office. Or a simple, irresistible, introductory price on some extremely desirable product or service.

Your purpose of what you're suggesting will bring qualified buyers over to you. I think too many people try the slam-dunk, one-shot, sell-a-thon approach. Gary says it's out of their perceived comfort zone, and I agree. Consider experimenting with a compelling, but less threatening proposition, explanation, overture, or offer than a full head-on, one-shot, all-encompassing commitment.

People don't want to be threatened. They fear being asked to commit to something they're not sure they want or believe they can afford.

First, stair-step the sale. By that, I mean to call someone, follow up with a letter, send out informative materials and some educational offers. Then, follow up again with another call. Perhaps let them sample your wares in a very risk-free manner that costs them very little. Ultimately you will win the prospect over to your viewpoint, and to a higher-ticket product or service.

Keep in mind the following thoughts. If you can induce hundreds of thousands of people to seek you out, even if it's only initially for a modest purchase or to garner more information on your product or service, you'll end up nurturing thousands and thousands of customers to buy over and over again from you. Always try to achieve your goals in a series of progressively more encompassing, little, nonthreatening steps. If you do, I think you'll sell a lot more people a lot more easily, and a lot more of your marketing will work for you.

18. How can we finance our marketing efforts and growth if we have no money?

Here are the best low- or no-cost marketing gambits that can double your money, again and again.

If you don't have money, the smartest thing to initiate is an endorsed promotion with somebody else financing the deal.

If you can't do that, the second-best thing to do is to approach somebody and say, "Look, I'll put together a way for you to make more money off your own customers, and in return I want 25% (or 50% or whatever you deem as fair) of the profits I generate." By using endorsements or accessing somebody else's customer base — either for you, or for them, or for a third party — you engineer some kind of joint venture off of somebody else's assets. It's the easiest way to make money.

If you're broke — if you've got this great business but you can't capitalize it — and you know that if you had $50,000 you could make it work, become a marketing consultant. Go to any business who you know has customers that they're not working properly. Show them how to work their customers better, and you get half the profit you bring them. This way you'll act like a "Junior Jay Abraham" for about three months while keeping your own business concept alive, and you'll generate the $50,000 you need to give the thing a shot in the arm.

Little **endorsed mailings** are the best, especially when you do joint ventures and split the costs. The endorser is the best access you have to your potential customers, because his customers already trust him and will be more likely to buy from someone they can count on.

In addition, these little deals can give you the best return on your money:

Barter. Little trades that make intelligent sense will let you make money. After all, if you've got any kind of substantial margin in your product or service and you trade it at retail value for something you need, you make that margin in "soft dollars."

Also, **work your internal customers better**, with preferential pricing and the like, because that will generate money. You can put that money into working your customer list. If you work your customer list properly, you'll generate a lot of profit that can be used conservatively to go to the outside market and invest in advertising, telemarketing, direct mail, and salespeople.

Also, **work with vendors,** who'll benefit just as much as you by seeing you succeed. Get them to advance across or against a profit share, or against purchases.

Or you could **go to other business owners** who'll benefit by seeing their products and services sold by you in an ancillary mode. Get them to pay all expenses up front, against or as an entry fee to get access to your business. Sell it to them by explaining to them the time, effort, manpower, monies, and years that have gone into building your business, and show them how they can access it for a meager $2,000 a month, or $5,000 a month, or whatever.

Do you see the implications of these concepts?

19. When should I implement different programming within my business?

The answer will show itself when you test. There is a safe, simple way to find out. The marketplace and your customers will tell you when to do things, and when <u>not</u> to do things. For instance, some people send a mailing to their customers only once a year, every year, for an annual sale or an announcement. That's stupid. Mail your list as often as they respond. Some people can mail their list every week and make money. When it stops working, stop doing it. As long as it works, keep doing it, over and over again.

Just try different angles, and try them conservatively. If you follow my suggestion, you'll never waste a lot of money, and you'll never compromise the safety of your business.

Also, test everything within your marketing programming. Test one price against another. Test one space ad against another. Test one direct-mail piece against another. Test headlines. Test one sales presentation against another. Test one telemarketing script against another. The possibilities are endless. Again, if the programming is working for you, keep it. If it isn't helping your business grow, dump it and find something that will.

20. How do you make direct mail work?

There are four types of direct-mail promotions:

1) Direct sales/prospecting (asking for the order)
2) Lead generating (asking for an inquiry)
3) Third-party endorsements (such as host/parasite deals)
4) Database marketing (mailing to your own customers)

The List Is the Most Important Factor

No one will buy your product or service if they're simply not interested in it. You should only mail to people who have a history of buying your type of product or service, or who are logically predisposed to being interested in what you're offering.

There are two types of mailing lists:

1) Compiled (such as directories, phone books, etc.).

2) Direct response (which includes those people who have ordered through the mail before and have a proven history of being responsive). You can buy such lists through list brokers. They are sorted according to nature of purchase, cost, demographics, psychographics, and so on, so you can target your mailing to an especially responsive audience.

In most cases, compiled lists do not pull as well as direct-response lists. Always use direct-response lists before you try compiled lists (unless there are no direct-response lists for your market).

Components of a Direct-Mail Package

The carrier envelope: The outside packaging which holds the components. It needs to be enticing enough that it won't be considered just another piece of "junk mail" and end up in the recipient's trash.

Accordingly, there are a multitude of decisions to be made about the carrier envelope, like size, color, postage (meter versus live postage), paper stock and color, whether it should include a "teaser" (copy printed on the outside that will entice the recipient to open it), and so on.

A word about teaser copy. Many opt not to use teaser copy because it immediately distinguishes your package as "junk mail." However, teaser copy may also lure the reader into opening an otherwise nondescript envelope. Weigh your decision in the matter of teaser copy thoroughly, and choose your copy carefully.

The letter: Is the actual sales pitch — the "beef" of your package. This relays what the product is, how it can benefit the customer...in short, everything that a traditional verbal sales pitch does.

A brochure: An advertising piece that should further your pitch — usually more glossy and colorful than the letter.

A lift note: An very brief, introductory, easy-to-read note that prompts the recipient to continue reading.

An order form: Keep it simple: Standard size, with easy-to-understand, clear, and concise wording.

A reply envelope: Makes it convenient for the customer to return his order form to you.

Mail-order advertising must tell a complete story if the purpose is to make an immediate sale. You see, there are no limitations on the amount of copy. The motto is, "the more you tell, the more you sell." Mail order can be solo, it can preface sales calls, it can follow sales calls, it can preface telemarketing, it can follow telemarketing...

21. What is my biggest off-the-books asset, and how can I best profit from it?

First of all, your customer relationships are the number one asset you have. You can secure customer relationships by:

1) Keeping in touch — whether it be by telephone, mail, or in person — all customers want to feel that they are special and that you take special interest in seeing to their needs.

2) Providing post-purchase reassurance. Each time a customer places an order with you, call him/her a week after receiving your product or service to see how it's going. This will allay any post-purchase dissonance.

3) Giving your clients the best deals and guarantees that you possibly can get away with.

4) Preferential pricing — let your "old" customers in on the best deals first. Give them the opportunity to buy your sale items before the public does.

5) Building rapport and trust. Be as honest as you can be with your customers. People do business with ethical people they can trust.

Keep an accurate and timely customer list. Updating and reusing your customer list is crucial. If you have a solid customer list, you've got a solid customer base. Work those customers that you already have — they've bought from you once, and if they had a good experience — they'll buy from you again.

To comment further on service, your company should be run and operated as you would expect it to be if you were the customer. Constantly look for ways to improve the treatment of your customers, because they will respond to you through the most important vote of all, their sales dollars.

Taking it further, do not accept mediocrity in any phase of your business, particularly in your customer relations and your sales efforts. Those two functions form the basis of every company, and serve to separate the marginal companies from the most successful.

A case in point: Why do so many people appreciate McDonald's? Because of the efficiency, cleanliness, and manners of their employees. How long do rude counter people last at McDonald's? Consider also their product line. Every time you order, whether in Maine or California, you know what to expect. There are no surprises.

When you let a prospective customer slip through your fingers, you've just wasted: 1) the money that spent bringing that customer in, 2) any one-time sale profits, and most importantly, 3) any residual future profits from that customer. I cannot stress enough the importance of following up leads and prospective client inquiries.

Pulling More Income Out of Your Customer Base

I believe anybody who has a moderate quantity of customers should immediately begin a perpetual communication with their customers to set the stage that they're a trusted friend and advisor.

The first thing to do is send a letter within five days or a week from the time of your customer's first transaction where you:

1) Thank them;
2) Resell the value of your company; and
3) Reassure them of the prudence of purchasing the product or service (if that can be identified).

Such a letter essentially programs the customer to repurchase and revisit and rethink in terms of dealing with you. (It's always a good idea to first test your messages because they're different in every situation.)

Perhaps make your customers an offer of either an additional product or service they can purchase on a preferred basis, or if what they bought can be exchanged or returned, up-sell them to a larger unit. In the power boat industry, Sea Ray has a 100% guarantee, trade-in allowance every time you trade up. They get lots of trade-ins for larger, more expensive boats. It makes good sense.

The point is, you must reinforce the buyer's buying decision. This simple action can prove extremely powerful because it builds your long-term and back-end sales. The marginal net worth of such customers can be very large. You must contact your customer after that customer has made an initial contact, and have a program set up to reinforce that buying decision. Thank the customer and give him/her an opportunity to bump to a larger sale (if it's appropriate). Also tell the customer in the letter that because you're concerned about him/her, because you care more than to just make a profit and leave, not to be surprised from time to time if you write to inform or alert him/her to find out about things, and so on.

22. Where should I advertise on my small budget?

I understand that "where" is a vital part of the targeting process, which can affect results tremendously. "Where" also dictates how your ad should be presented...short and full of urgency for radio...or long, information-packed, riveting copy if it's to be a direct-mail shot.

To identify where you should advertise, and which media would be most effective, try to determine a profile of your ideal customers. Research demographics and psychographics to determine where they live, what other products they buy, what their level of affluence is, what their fears and frustrations are, and so on.

You can then wisely select media to reach that audience. Do many of them commute to work? Then buy a drive-time radio ad. Do they read magazines? Do they read a community newspaper?

For the small budget, be creative and innovative in your approach. Send out press releases with a hard news angle. Instead of paying for radio air time, approach the program director and ask to be on a talk show (more on this later in this section).

23. Where do I find skilled sales and marketing people that won't cost me an arm and a leg?

Use good judgment. Call all the people you know in the industry. Sometimes the best salespeople you can find are those selling less-sophisticated products, because they have to work a lot harder to make a living. Shoe salespeople, retail salespeople, door-to-door salespeople — are all often inexpensive for you to keep, yet are ardent, passionate, and hard-selling.

A lot of people don't think about hiring their competitors' salespeople. You should. I have a friend who calls his competitors, and has them send their top salespeople or marketers to him. I also call competitors' salespeople myself. Schedule a meeting with them, and in it, discuss topics like wages, commission, and other fringe benefits your company is able to offer them. For all you know, the money you pay your salespeople could be better than what your competitor pays them. If so, make a proposal to get your competitor's top salespeople. If you use an ethical and professional manner, this can be a major way to skyrocket your income. By offering a higher percentage or commission upon results, you will find that top-notch salespeople could very well be willing to work for you.

And what's the worst thing that could happen? You could be turned down. Big deal! It didn't cost you anything except an hour of your time to try, and maybe at the very least the salesperson will have traded some pertinent ideas with you. I've done this lots of times (and it's been done to me), and I truly believe it's a healthy way to increase productivity for free.

Also, there are some outstanding salespeople out there who are now retired. They've got relationships and sales ability, but they're bored out of their minds, they're frustrated, they've been "put out to pasture," — but they still really want to work. If you encounter any such retirees, see if they'll will sell for you on a pure commission basis.

Make an inventory of all the decision-makers you would normally try to sell (if it's outside selling), and ask yourself what other noncompetitive businesses are calling on that decision-maker. Get a hold of the companies themselves, first and foremost, and get them to be your sales force on a contingency basis. Or, contact the salespeople themselves. Some of the salespeople might want to change jobs, because they're not making as much as they could with a better commission and your product.

24. How do I add profit centers to my business?

First, you can go to other people who already have the kind of profit center you want to operate in place. For example, if you own an office furniture store, you may want to make additional profit by selling office supplies. So, you would look for a joint venture partner who already has an office supply business in place. You would work a deal with the office supply person where he would fulfill your orders for a share of the profits, or maybe do all the work. You would have to explain the benefits he would receive from this venture: He would get to access your customer base and get new customers he never would have had without you. You'd both benefit.

Another way you could do this is by hiring (for 100% commission) a person to build profit centers for you. That person would make deals and arrangements like I just explained. This could be very appealing to someone if you told them that they were really building their own business.

In the beginning you'd split the profit 50/50. You take half the profit because you've got the knowledge and you're going to train this person. Your new partner would get 50% because he's doing all the work. Eventually, the sweat-equity partner would make 60% and you'd take 40%, and so on, until the sweat-equity person virtually owns the business — this would really give him incentive, wouldn't it? And you could take on more than one sweat-equity partner, too.

25. How important is the quality of my product?

Quality is critically important, and I firmly believe you should invest the maximum amount of quality possible into any product or service you market — and also into every marketing campaign you ever spawn. You owe it to yourself, and to the livelihood of your business, to produce the highest quality product or service possible in anything you market.

One of my clients, a newsletter publisher, and I recently discussed the concept of good quality. He interpreted this simple but powerful thought to his industry, wherein most every publisher is content with mediocrity. My client became determined to never again put out investment newsletters that weren't **great**. And by great, he meant great on editorial, great on solid investment analysis, and great on solid money-making investment recommendations.

A comment he shared with me really hit the nail on the head, so to speak. In a field where you have to constantly spend millions of dollars bringing in new subscribers because only one out of four renew, what impact would it have on overall renewal if you doubled the quality of your editorial? My friend calculated that for probably a $5,000 a month increased investment in editorial writers, he would reduce expiration levels by possibly 25% or higher.

Stated a different way, he would double renewal rates and, in the process, add as much as $2 million per year to his gross sales, of which nearly 85% would be pure profit because all it costs to renew somebody is an inexpensive renewal letter — wherein it's exorbitantly expensive to bring in new subscribers.

In addition to adding all that extra profit to the bottom line, my friend realized that he could reduce his new subscriber acquisition costs by nearly $750,000 on top, since he wouldn't have to keep replacing so many expiring subscribers in the future. He also noted that once he started publishing the very best financial newsletter in the country, his promotional pieces would become better for two reasons:

First, now that he was putting his money into quality, any copywriter reviewing 6 or 12 issues of his great newsletters would become so vividly and honestly impressed that their genuine passion and enrapturement would come across in the purity, honesty, and integrity of new promotional pieces they'd write for him.

Furthermore, my friend pointed out that he already felt the enormous pride and energy that came with doing the very best effort possible in every endeavor you engaged in. I fully agreed with him.

Then we talked about the concept of "going the extra mile." My client revealed that now he was imbuing every facet of his business performance with great quality.

He no longer did a cursory glance at advertising and mailing pieces he was considering. He thoroughly read, reflected, and worked on them, making numerous and important edits and embellishments. Likewise, he no longer was aloof from all his employees. Now he was in sync — listening, hearing, interacting with, and acknowledging them, their views, suggestions, and problems, and enthusiastically sharing with them all his hopes and dreams relative to his newsletter publishing company.

Finally, my client said he realized that even though his subscribers and their perseverance were his lifeblood, he never had sat down and ever told his subscribers how important they were to him. He'd never thanked them, and now he did in a wonderful, genuine, charmingly sincere letter.

The conversation with my client got me thinking about how few of us, myself sometimes included, actually expend the most qualitative effort possible in every facet of the business we're engaged in. More often we try and cut corners, to save time, money, or effort. The price you pay to save a few dollars, minutes, or effort is so dear. You should think about the ramifications.

If you sell a product, make it the very best and most useful product you can create. If you render a service, extend yourself to the absolute maximum. If you have a problem, resolve it as equitably and favorably in your customer's behalf as possible. When creating ads or promotions, put as much thought, effort, and review into them as is humanly possible.

By the way, when everything you do is top-of-the-line quality, you can't help but do better. You can write far more powerful ads and promotions because you've got so much more to build upon. Likewise, you'll accrue infinitely more repeat and residual business because you'll have so many satisfied customers and referrals. And you'll feel so good about yourself and what you're doing that it'll rub off in every communication you ever have with your customers as well as your employees. Moreover, you'll start demanding so much more out of yourself that a once-boring business will come alive with exciting self-improved challenge and fulfillment.

Starting today, put maximum quality into every facet of your business. The payoff could be awesome.

26. Should I stop marketing altogether and just sit out the storm?

If you are in a situation where you can turn off the lights, lock the door, let go of all your employees, and do nothing, sure. But if, like most people, you need a source of income and are forced to stay in business, you **MUST MARKET.** And you must market more wisely than your competitors. You are also forced to make every dollar you spend as efficient, as productive, as residual-based as you possibly can. You must learn and adhere to all the elements of powerful marketing.

The success of your business depends on how well you proactively seek out new marketing approaches, sales avenues, product development, etc. In fact, if you are proactive, you can immunize yourself against most of the diseases which ultimately kill companies. That is: failure to plan for all economic conditions, poor distributor and sales relationships, and poor-quality of products or services.

The decision to market or not really lies in your decision to either maintain the status quo, or to actively seek to control your own fortunes. Enough said.

27. Evaluate the relative merits of each of the following:

A. Ads
B. Direct Mail
C. Telemarketing
D. Salespeople
E. Manufacturer's Reps
F. Joint Ventures and Strategic Alliances

A. Ads: Good advertising has many advantages. Whether it's newspaper, television, or radio — advertising is a high-risk/high profit potential activity.

Advertising in whole or in part constitutes one vehicle by which your company is driven (pun intended), and it is fueled by responses and sales to your efforts. For most businesses, advertising represents a necessary cost of doing business. For successful businesses, advertising represents a golden opportunity to reach your customer base and effect sales from them. The potential of advertising is outrageous, and it does come at a cost of resources, both in people and capital.

B. Direct Mail: There are so many benefits of direct mail. It allows you to enter the home of your potential customer, "sit down" with that person, and tell him/her a story about your product or service. A good piece of wisely distributed direct mail can do more for you than a $20,000 ad in a large newspaper — so take advantage of it. Heed the advice that I've detailed previously in this report about direct mail and watch the orders (and profits) literally roll in! However, remember, that in direct mail your piece <u>has</u> to get read! I cannot stress how important it is for you to get you marketing piece into the hands, not the trash can, of the consumer.

C. Telemarketing : Whether it's a follow-up call, a cold call, or a lead-generating call, the importance of telemarketing is extraordinary.

Different variations of telemarketing can be applied to achieve the following:

Telemarketing for Direct Product Sales
Telemarketing for Lead Generation
Telemarketing for Conversion of Inbound Inquires to Sales
Telemarketing for Reactivating Dormant Accounts
Telemarketing for Cross-Selling
Telemarketing for Conducting Market Research

D. Salespeople: If your sales staff is one of your main ingredients in promoting your product/service in your market, train them well and pay them for results. Evaluate the productivity of each salesperson within your staff, and make sure they are aiming their efforts toward the company goal. Always find ways to improve and increase the results of your salespeople by motivating and incentivising them.

E. Manufacturer's Reps: Depending on your business situation, manufacturer's representatives can be a wise, money-saving alternative to your business maintaining its own outside salespeople.

It costs your business much less to maintain a rep than to maintain your own outside sales department. A rep is already a professional sales person extraordinarily well-versed in the product and its advantages. Manufacturer's reps usually have already established relationships with potential customers, and with the manufacturer.

F. Joint Ventures and Strategic Alliances: The essence of the joint venture is, "I've got something you need, and you've got something I need, and we're both pursuing the same goal in roughly the same market. Let's form a team."

Or... "I've got something to sell to your customers, but I don't have enough money to properly market to all of them at once. If you help me, I'll give you a large part of the profits."
Or... "I've got something to sell to your customers, and I think it would do really well if you endorsed it to them. In return, I'll give you a large part of the profits."

If you can abandon your traditional way of looking at business and adopt the fresh, innovative mind-set that seeks out and identifies joint venturing opportunities, you'll learn to maximize all your business' assets while minimizing your weaknesses.

Joint venturing allows you to reap an enormous amount of leverage from other companies' assets, and lets your business profit. Joint venturing requires little or no capital, so it's a great way to boost your business.

Joint venturing allows you to continue with your own business concerns. I believe that EVERY business has powerful hidden assets that are of value to other businesses. Likewise, you should begin to look at other businesses in terms of what assets they have that could be of use to you. I like to think of joint venturing as a "marriage of convenience."

28. If someone took all your dynamic principles away from you, and allowed you to keep and use only one, what would it be, and why?

Endorsed relationships. I do these all the time, and they always come through. Think of someone that could spread the word around about your company. Get the "connections" you need by getting help from other companies. Do not be satisfied with your routine business exercises. Put in more effort to adapt to the changes the marketplace brings on. Try something different.

When you do a mailing, you have to rent a list of 5,000 or 10,000 or 20,000 people trying to find the handful (relatively speaking) of qualified prospects.

When you run an ad in your city's largest daily newspaper, you're paying to reach one million readers looking for just 50 or 100 people who will become your customers.

But when you do endorsement, theoretically a high propensity (60% to 100%) of the people are qualified. You eliminate all the steps of trust development that are necessary in the outside market. It is immediate and efficient, and the cost of accessing them is a fraction of what it would be in the outside market but the yield is many times more than it would otherwise be.

29. Explain the basic composition of an ad.

There are five basic concepts to remember when writing a good advertisement:

1) Command attention
2) Show people the advantage of using your product or service
3) Prove that what <u>you</u> are advertising has that advantage
4) Persuade people to grasp that advantage
5) Make a call to action

Command Attention

The most important purpose of a headline is to entice the reader to start reading the copy of the ad. The copy must get read if the ad is going to pull great results. Your headline must attract instantaneous and immediate attention. There are two types of headlines that seem to work best:

1) Headlines that convey how the reader can save, gain, or accomplish something through the use of your product or service. How it will increase the reader's mental, physical, financial, social, economical, or emotional well-being.

2) Or, by acknowledging how the reader can avoid risks, worries, losses, mistakes, or embarrassment. How it will decrease the reader's fears of economic ruin, discomfort, boredom, sickness, loneliness, or prestige.

Who needs a good headline?

Headlines that begin with a question are usually pretty good clinchers. But only if they ask a question that people want to know the answer to.

Which of these words or phrases would you use?

The words: *how, here's, these, which, which of these, who else, where, when, what* and *why* usually outpull their competitors. Using the "which of these" selling technique is very effective because it says "Which do you want?" not, "Do you want?"

Make the reader a guarantee.

Guarantees in a headline are extremely compelling to readers. Make certain, however, that you can deliver on your guarantee.

Where would you be without your customers?

Always include the reader in your headline. Remember, you're writing person-to-person. Only one person will be reading your article at a specific time, so write to that person. Personalize your company/your product/your service. Try to get your reader involved in your ad. Induce the reader to participate in the experience. Use the words: *you, your* and *yourself*. They will involve the reader and make him feel that your ad is directed at him. **Appeal to the emotions of your readers.**

The advertisement itself should be interesting to look at, but not so overwhelming that potential readers and customers get lost in the copy and fail to derive any message from it. Sometimes, a little bit of irregularity or discord in the design actually serves to attract attention. The advertisement should flow so that your reader's eye is moved from one focal point to another and on down the page — pulling the reader in all the time.

Show Prospective Customers Know the Advantage of Using You

The reason a person reads an ad is to find out, "What can this product/service do for me?" To make your copy hold the attention which your layout and headline have already won, show people an advantage. It's not what the product is, but rather, what it can do for the customer.

Persuasion Techniques in Print

This is the final staging before asking for a call to action. It is imperative that you appeal to the emotions at this point — for it is the last chance you will have before you ask them to part with their money. The approach can be negative or positive, but must have emotion. Aim at your hardest to sell. If you can appeal to them, you've got the rest.

Closing the Sale

Make an offer: a booklet, a sample, a free demonstration, an extra premium, an introductory price, a miniature model, a contest, a chart, a free fitting, entry in a contest, special phone rates for ordering, special bonuses for ordering by phone, or other motivating inducements.

Advertising

Since advertising is salesmanship in print, and you're the best salesperson for your product, that means **you should be able to write the best advertisement for your product — not an agency.** And you can!

- Tape record all conversations you have with your prospects and customers. Do this dozens of times so you have a good selection of sales presentations to work with.

- Transcribe the tape recordings. Then number each selling point you make in your conversation.

- Give each point a priority number on a scale of 1 to 10, 10 being highest.

- Cut out each point with a pair of scissors and divide them into three groups. The first group consists of those points that describe the benefits of your product. The second group consists of interesting facts about your product. And the third group consists of those points that don't really say anything about your product or that don't really help to advance your presentation.
- Throw the third group away and arrange the other two in rank order from 10 on down.

- Next, throw out all points with a rating of five or less.

- Now, forget that you are writing an ad or sales letter. Instead, concentrate on writing a memo. A long memo to a friend — don't try to be clever.

- Concentrate on selling just like you did in your conversations with your prospects and customers!

A proven pattern for a good sales pitch:

1) Say something that gets your reader's attention.
2) Tell the reader why he/she should be interested.
3) Tell the reader why he/she should believe what you are saying is true.
4) Prove it's true.
5) Itemize and describe all the benefits of your product.
6) Tell the reader how to order.
7) Tell the reader to order now.

The above outline is an elaboration on the formula: Attention, Interest, Desire, Action. If you can remember those four words, you'll write excellent ads.

- Remember, your ad will be read by only one person at a time. Do not write to the masses —write to one person.

- Read your copy aloud so you can see where it doesn't flow and where it needs smoothing out.

- Edit your copy. Take out unnecessary repetitions. Use short sentences. Short paragraphs, everyday English. Use some one-word sentences. One-sentence paragraphs, too. And use a generous supply of subheads that make your copy look interesting and easy to read!

Good advertising is simply salesmanship multiplied! Put your sales pitch into your ads and you will have multiplied yourself thousands of times over. Then sit back and reap the rewards.

30. What special pitfalls do you see in the '90s that I should avoid?

I think, because the acquisition of customers is going to be so expensive, you've got to concentrate and be masterful in your ability to residualize. That means, working the back-end and all its implications. I think that the more you can convert your marketing costs from flat advertising or sales expenses to a percentage of sales; in other words, instead of paying a salesperson $5,000, you're better off paying him/her $20,000 at $100 per sale. Because you know that every time you pay out those dollars, you accrue a back-end. And therefore, you accrue a guaranteed profit.

The danger is dealing in abstract generalities instead of specificity. The danger is not focusing on the critical importance of the back-end, and also paying for advertising or marketing and not paying for results.

31. How do I determine my target market?

Your target market is that segment of people in society who will buy, or have an interest in, your product or service. It's important to differentiate between the masses and your target market, and then tailor your marketing program to powerfully affect this group. The best, easiest, and most foolproof way to determine your target market is to analyze your existing customer base.

When we talk about target markets (and when list brokers talk about target markets), we can talk about the demographics and psychographics of a target market.

Demographics is concerned with the statistical characteristics of your target market: age, income, gender, marital status, number of children, and so on.

To determine the demographic profile of your target market, analyze your current customers, either by observation or by having them fill out questionnaires.

Answer these questions about your customers: What is their age range? What percentage are male/female? What is their range of income? What percentage are single? Married? What percent have children? What geographic location do they live in? What need do they have for my product or service that other people in society don't have? And anything else you may think is appropriate.

Once you have the answers to these questions, you'll be able to generalize about who your target market is. For example, if you own a beauty salon, your target market may be: Women ages 25 to 64, with a household income average level of $60,000 a year, who live within a five-mile radius of your beauty salon.

It used to be that the only way we could define a target market was through demographics. However, the since the science of psychographics has materialized, it has helped further differentiate and define a target market. Psychographics measures attitudes and mind-sets, plus activities, interests and opinions. Typical questions you can ask to determine psychographics deal with people's demographics, reading and media viewing habits, interests, opinions, consumption patterns, attitudes, and so on. Analyze your current customers to determine their psychographics.

I believe that when you truly know your audience through psychographic testing and analysis, your advertising copy will contain a convincing element of empathy which will engage your readers long enough to read — and hopefully act upon — your advertisement. In addition, you'll be able to wisely select media that will effectively reach the most receptive audience. This will save you from wasting advertising dollars on incorrect, inefficient media.

Identifying your target market during an economic downturn becomes even more complex than at any other time. Yet, if you account for your own customers' problems, you'll tap into their mind-set and be able to create continuing sales to them.

For example, if your prospective customer base is small businesses, be conscious of their needs to retain cash flow, have access to capital, and the increase in hesitancy they may have to purchase high-ticket, cash-draining products or services. Seek out alternative ways to sell them your service or product, which achieves their requirements, both for the product and the rest of their business. You might offer to sell them a product at cost, and then collect your profit (plus a fair interest rate) at a later date. Or, alternatively, you might barter with them if they have a product or service you need, saving them much-needed cash. If you are flexible in your approaches, you can go a long way towards creating a loyal customer that will enable you to profit both now and in the future.

32. Elaborate on the concept of risk reversal.

Even if you've done a fabulous job of selling, people may be reluctant to buy from you — because of the competitive marketplace, fear, or simple inertia.

How do you overcome their reluctance and close the sale? The key is to transfer the risk from the customer to you.

After all, *you* already know that your product will meet your claims. The customer, on the other hand, has to go on faith. So you should be willing to back up your product with a strong guarantee.

The standard guarantee is to offer customers their money back if they return the product within 30 days. A stronger guarantee is to let them try your product for free, billing them only after 30 days have expired.

Stronger still is the "pay only if it validates" guarantee: They only have to pay your invoice after your product has made them, say, five times the price of the product.

Or, you can offer them one of my favorites: The "better-than-risk-free" guarantee. (See below.)

Will customers take advantage of you when you offer a strong guarantee? A few will, but the money you lose on those customers is a tiny fraction of the increased sales you'll get by offering the guarantee in the first place.

The Better-than-Risk-Free Guarantee

This is one of my favorite forms of risk reversal. Here's how it works:

In addition to the usual money-back guarantee, you offer the customer free bonuses that they'll receive along with the product. (Ideally, these bonuses cost you very little, but have a high perceived value.) The better-than-risk-free offer is this: The customer gets to keep the bonuses even if he returns the product.

I recommend that when you make your offer, you explain it this way: "These bonuses are worth more than $150, so even if you decide to ask for your money back, you'll be $150 ahead just for trying my product." Stated this way, it's almost irresistible, isn't it?

33. Explain the concepts of Marginal Net Worth and Lifetime Value of a customer.

These concepts appear again and again in my writings, but they're so critical that it's important you master them. The marginal net worth and consequent lifetime value of a customer is the total aggregate profit your business makes, over the life of an average customer — including all residual sales — less all advertising, marketing, and product or service fulfillment expenses.

Let me put this in human terminology for you. Let's say the average new customer coming in your front door (figuratively speaking, since your customers may never visit you) brings you an average profit of $75 on the first sale. He repurchases three more times a year, and the average reorder is $300. On each $300 reorder you make $150 gross profit, and the average patronage life is two years. **Every new customer in your door is worth $1,050 to you.**

I arrived at the $1,050 by adding up the $75 initial profit, plus the three additional purchases per year at $150 profit per purchase, multiplied by the two years he remains a customer. If a customer will be worth $1,050, and it costs you $30 in marketing and advertising to bring him in, then every $30 you spend is worth $1,050. You would be foolish not to increase your advertising budget to produce more customers. In other words, spend everything you can justify to bring in a customer as long as he/she costs you less than he earns you.

To calculate the Lifetime Value of your customers:

1) Compute precisely what a customer costs you to obtain, by dividing your current marketing budget by the number of customers it is now producing.

2) Compute the cost of a prospect the same way.

3) Compute how many sales you get for so many prospects (the percentage of prospects who become customers) and the cost for converting those prospects into customers.

4) Average (1) the cost to generate an outright sale, and (2) the cost to generate, then convert, a prospect. This is your average cost for producing a customer.

5) Subtract the amount determined in Number 4 from your customers' average initial purchase to give you your profit on their first purchase.

6) Compute your average repeat sale and your average profit on that sale.

7) Compute how much additional profit a customer could be worth to you over their lifetime of patronage by determining how many times most customers come back and multiplying that by the average profit per repeat sale. Be conservative.

The back-end (all repeat sales and ancillary sales) is where the big money is (or can be). It’s one of the keys to successful marketing. Once a person buys from you, it’s much easier to get him/her to buy again and again. It’s less expensive, too, because you don’t have to spend as much money on advertising as you do on the front-end. You can resell, upsell, and cross-sell all your customers. Reselling is simply selling them the same thing they bought before. Upselling is getting them to buy a better, more expensive, or more sophisticated product. Cross-selling is getting them to buy something else that’s related to the original product.

What are you selling on the back-end right now? What could you be selling? How does this impact the Lifetime Value of your average customer?

34. I have a business in which my product would be difficult to upsell and is normally purchased only once in a very long while by each customer. What can I do to drastically increase my profits immediately?

What other related products or services go hand in hand, either before or after the completion of your service? Once you identify them, you make deals with all the people who could provide services that would follow the completion of your product or service. For instance, if you build and install swimming pools, set up a deal with a pool cleaner, or a provider of chlorine and chemicals, or a pool cover manufacturer. You contact those business and offer to refer your customers to them, for a percentage of the profits. Make them available directly or do joint ventures by making your customer known to the other people. Conversely, go to Realtors, accountants, landscapers, and so on, and offer them a percentage of profits for any of their customers who they refer to your swimming pool business.

35. How can I build more customer loyalty?

Acknowledging them, communicating with them continuously, giving them more information, more knowledge, more value, post-purchase reassurance. Continuity of communications is the key here.

Find out whatever your customers need and want. Then contact potential customers and propose the same offers and benefits to them.

Research is required but solutions/answers can be acquired fairly quickly. (Send out postage-paid reply cards, for example, or rent, borrow, even carefully buy mailing lists to find out from them what the market wants.) Also, you will be able to construct a better letter, offer, product, etc. by finding what they don’t want in the related product.

Not only should you find out what your customers want, but you should ascertain the end uses of the products they want. How do these services and products help them?

Once you understand their ultimate goal, you can begin to help them achieve it. And, if you can help them achieve their goals, you will have gained a customer for life. Not only that, you will have likely gained a productive and profitable referral source as well.

36. Explain the purpose of a headline.

A headline is an ad for the ad. It's responsible for 80% of the effect of the ad. The headline is the equivalent of the opening paragraph of a sales letter. It can be before or after the salutation. It's the opening statement of a sales presentation, or of a commercial, or the first contact in a store between a clerk and a customer.

You must test headlines. Different headlines can have 21 times the differential — this is 2,100% instant leverage.

Another purpose of the headline is to make a startling, irresistible claim or promise that compels the reader to read your ad or sales letter. Attracting attention is among the primary functions of a headline.

37. Tell me the most successful headlines you've used, and why they worked.

Here's a sure-fire system for creating the best headlines for your ads:

- When you come up with a good headline, copy it on a 3" x 5" card.
- Read through them like flash cards when you're looking for ideas.
- Write down all the headline ideas that come to mind as you're reading through the cards.
- Soon, out of nowhere will pop a "Central Selling Idea" that you'll know is exactly right for your promotion.
- Write like mad. Forget form and grammar. Just write, write, write. Later you can go back and edit.

* * *

I would say the most successful headline I've ever written was:

My Boss Would Kill Me
If He Knew I Was Doing This

Here are other top headlines:

I've Got to Get This Off My Chest
Before I Explode!!

Are Men's Expensive Suits Now Too Expensive?

Take an Extra 5% Off
For Putting Cash on the Counter

Can a Golfer Learn to Play By Ear?

Last Two Days
10 a.m. to 6 p.m. today, 12 noon to 5 p.m. Sunday

The Ultimate Tax Shelter

Free $39 Stock Market Innovators' Survey Explains 24 Specific Ways To Boost Your Profits in Common Stock Investing...

$395 Worth of Fresh, Hot, Wealth-Building Information for Only $39 During This Unusual Six Month Marketing Experiment
Read This First!
It Explains Everything Else...

Start Here Before Reading Anything Else!

You Can Laugh at Money Worries — If You Follow this Simple Plan

Grow Or Die

How I Made a Fortune with a *"Fool Idea"*

Today...Add $10,000 to Your Estate — for the Price of a New Hat

38 Fun, Easy Ways to Earn $500 Next Weekend
(The People Who Read This Book Will End Up With Your Money.)

Own a Business of Your Choice Without Investing One Cent

Make Anyone Do Anything You Mentally Command — With Your Mind Alone

Are We Crazy?

Are You Too Busy Earning A Living to Make Any Money?

* * *

Attention-Grabbing Headline Words

Obsession	Generic	High Tech
Survival	Top Dog	Contrary
Epidemic	Simplistic	Upscale
Concept	Promising	Zingers
Boom	A Sampler Of	Tepid
Opportunities	Buyer's Guide	Measure Up
Starter Kit	High Yield	Investment Pro
Rewards	Booster Shot	Formula
Revolution	Hybrid	Affordable

Scorecard	Monumental	Daring
Bottom Line	Better Than Hotcakes	Challenging
Next Frontier	Preppy	Envision
Luxury	Breakthrough	Crucial
Merit	A Gallery Of...	Economic Needs
Show Me	Avoiding	Insatiable
Inflation-Beating	Philosophy	Imagination
Fundamentals	Big Wheel	Soar
Renaissance Spirit	Test Drive	Exercising
Destiny	Lifting the Veil	Stepping Stone
Technology	Talent & Tenacity	Panache
Foothold	Sure-Fire	Compromise
Fueling	Blockbusting	Forecast
Competitive Edge	Lifeblood	Alert
Tech Revolution	Word-of-Mouth	Innovative
Dynamics	Brain Picking	Spotlight
Novel	Whose Time Has Come	Masterpiece
Last Minute	Hot Property	Underpriced
Shrewd	Reminiscent	Distinguished
Focus	Traces	Specialized
Acquisition-Minded	Timely	Cost Shifting
Remarkable	Gaining On	Slash
Bonanza	Growth	Endurance
Enterprising	Lively New	Flex
Exploit	Excitement	Longevity
Effective	Glimmers of Optimism	Spiral
Surging	Savvy	Doomsday Deferred
Reviewing	Skill	Just In Time
Mainstream	Allure	Nest-Egg
Gut Feelings	Ultimate	Tax-resistant
Launching	Revisited	Nostalgic
Late-Breaking	Pioneering	Energy
Comprehensive	Heritage	Liberated
Value Line	Investment Report Card	Dividends
News Wire	Investigative	Portfolio
Monitor	Bravo!	Emerging Growth
Successful Switch	Lively Market	Profitable Decision
Unlock	Investor's Roundtable	Perspective
Overrated	Recruiting	Keeping In Touch

38. Where do I have the greatest leverage in my business?

This depends on the nature of your business. It may be in the advertising you're already doing, maybe in the wrong media; it may be in your customer base you're not properly working, or it could be not segmenting your customer base (somebody who purchases very expensive items frequently should be treated very differently than somebody who buys a $5 item once and never returns).

It may be in working leads better and not just dropping them.

It may be following up with telemarketing after somebody comes in.

It may be in doing strategic alliances.

You need to consider all these options, and it's up to you to figure out which one, or which combination, is most appropriate.

39. Help me see any overlooked tax angles I can legally utilize.

When you know your marginal net worth — what it costs to buy a customer, and what you can afford to spend to acquire a customer because of his/her residual value — and if you made a lot of profit at the end of the year, you can roll that profit by putting it into marketing to buy more customers, that will come back and pay dividends in the next year. So it's a great tax benefit.

40. How do I generate good ideas?

This question can best be answered by the late, great marketer, Robert Updegraff. I've secured the rights to reprint excerpts from his timeless little book, *The Subconscious Mind In Business*, which is probably one of the best treatises I've ever read on the fine art of idea generating.

So, here it is...

The Subconscious Mind in Business

Actually, the only purpose of an office is to serve as a directing center and contact point for putting into effect the ideas and plans and decisions arrived at in one's mind, consciously or subconsciously, during the 24 hours of the day.

This being true, it is unthinkable that it is necessary to spend any given number of hours daily at a piece of furniture known as a desk. Desks are not thinking machines; in fact they, with the papers that clutter them, are apt to be distractions rather than aides to thinking. They are the one place where a man gets so close to his business that he can get no perspective on it.

Desk-bound thinking is probably responsible for more poor plans and decisions than is lack of business judgment. Certainly, it is responsible for the slow progress of most businesses, and for the paucity of fresh ideas and original policies. I believe that one reason Henry Ford has been able to evolve so many original and revolutionary polices is that for years he has seldom used a desk, but does his thinking on his feet, wherever he happens to be.

Such desk-free thinking is likely to be better thinking because it gives the subconscious mind a better opportunity to operate; ordinarily, too, it is much less of a strain on the conscious mind, for it is less concentrated and the thinker is subject to less mental irritation from the interruptions of the office routine.

I am not sure but that business would move faster, and individuals would accomplish more, if, like Ford, they had no regular place to sit down. At least they would break up the habit of harnessing the conscious mind to a desk for eight hours of the day so that its subconscious partner has almost no opportunity to function.

Mental desk-boundness results in the golden-oak superficiality of so much of our business thinking: Thinking that is only as deep as the varnish on the surface of the office furniture!

One man of my acquaintance, whose conventional office is in a New York office building, says that his real office is a mile of sidewalk. That mile of sidewalk extends from his home to the suburban station from which he commutes. He always walks to the station in the morning, and as he walks his mind leisurely arranges the matters to which he wishes to give attention that day, with the result that when he arrives at the office, after a 30-minute ride on the train, during which he has an opportunity to read the morning newspaper and get a focus on the news of the world, the major projects for the day are sharply outlined in his mind.

No matter how many interruptions he may encounter, those major projects stand out clearly in his mind all day and he works them out between interruptions. Were he to arrive at the office without this definite plan in his mind, he would promptly get caught in the office routine and the day would be spent before he could even visualize what that day ought to have shown in the way of accomplishment and progress.

This man uses his mile-long office again at night for reviewing the day, mentally noting what he was able to accomplish, and marshalling the problems of the morrow for his subconscious mind to work on during the night. Arriving at his front door, he drops all thought of business and lives a normal and relaxed life with his family. In the morning, when he again starts out on his mile walk he has the benefit of overnight "cooking" of the major problems confronting him, and their solutions often emerge and fit right into his thinking for the new day, without his having had to give them a moment's conscious concern.

Different individuals must, of course, follow different methods; but does it not seem reasonable for every man to determine how and where he does his best thinking, and so to arrange his day, and if need be his living habits, to suit?

A Six-Hour Day for Executives

We have built up a wrong conception of work. We have come to think of it as hours-at-a-desk; as conscientious applications; as activity; as busyness.

Actually, while these may be work, they are the kind of work that of and by itself avails little, except that it may keep a modest salary check coming the worker's way.

The only kind of work worth doing, and certainly the only kind that commands the big rewards, is work which definitely, and in these days rather rapidly, leads to progress or accomplishment. Accomplishment knows no hours. Progress has little to do with desks and office routine.

The head of a large chain-store system that has expanded so fast as to amaze the mercantile world almost never writes a letter. He sees few callers. He has no office hours — if indeed he even has any office. He travels and does pretty much what he likes to do. It is doubtful if he consciously applies himself to "work" as many as six hours of the day. But his competitors find it hard to keep up with him, and impossible to get ahead of him.

A genius?

Yes, in a way. But I suspect that a major share of his genius lies in the fact that he started with the right idea about work, and refused to let himself be regularized or systematized into a routine; that he started with accomplishment rather than activity as his working philosophy.

Consider thinking as a process of cooking. Our minds are cookers. Our conscious minds cook with fire — with mental energy, consciously applied. Our subconscious minds operate as fireless cookers.

Obviously, if we insist on cooking everything with fire, we burn up our mental energy at a fearful rate; and obviously, also, if we never put anything in the fireless-cooling part of our minds to cook, nothing will get done in it and it will grow cold and unresponsive from lack of use.

Also, dumping cold ideas and facts into the fireless compartment and expecting them to cook is merely filling the compartment, without any chance of stewing up any solutions. Nothing happens because nothing has been started. The whole principle of fireless cooking is to start the cooking with heat, and then lay away the thing to be cooked in the fireless compartment to finish cooking

This fireless-cooking principle is the basis of the six-hour day for executives. Six hours of conscious cooking, then put everything in the fireless to cook until done — perhaps three hours later, or three days or three weeks or three years. No need to worry; if the cooking has been started right the solution will eventually generate enough steam to blow off the lid. Out will come the solution, and with it a conviction of its rightness that will make it doubly potent.

Who of us has not had the answer to some perplexing problem, or the inspiration for some new plan or method, come to us suddenly, perhaps in church, or on the golf course, or riding in a railway car, or at the theater, or while out walking? It has cooked itself in the fireless-cooking part of our minds — and merely boiled over into our consciousness. Done. Ready for use.

Our minds should operate that way all the time, on practically all of our problems, whether the cooking requires minutes or hours or days. But how few of us use them that way. How little we use the fireless-compartment.

The late Lord Leverhulme had a peculiar method of answering his correspondence. He would sit with a pile of letters before him and start right through, dictating replies as fast as he could talk. But occasionally he would come to a letter that perplexed him as to how he should reply to it. Instead of pausing, he would shift this letter to the bottom of the pile. When he came to it again, he would dictate a reply, usually readily enough.

Leverhulme had learned the art of fireless-cooking his difficult correspondence. Reading the difficult letter, he consciously organized the facts and factors in his mind — started the cooking, as it were — whereupon he promptly relegated it to the fireless or subconscious part of his mind and engaged his conscious mind with the next letter. A few minutes, with a mind as keen as his, with its fireless-cooking section kept in constant service, sufficed to stew up the solution. When he came to the letter again a few minutes later, he merely took off the lid of the fireless compartment and lifted out the answer, done and ready for dictation.

That few minutes of fireless cooking saved many minutes of hemming and hawing and re-dictating, and it made all of his letters better and safer business documents.

As applied to larger problems — the major problems of business — the late Theodore Vail once told me that he let one problem connected with telephone business simmer in his subconscious mind for years, until one morning quite unexpectedly, while he was on his farm in Vermont, the solution popped out and he reached for the telephone and called his office in New York and gave orders that started a very important development in telephone service.

"Around the office they all thought that was a quick decision based on snap judgment," he explained with a smile, "but the only quick thing about it was that after years of subconscious stewing the solution was so clean-cut, and came to me with such utter conviction, that I could act instantly on it with assurance that I was right."

Accomplishment is a fine philosophy of work, but nothing is more hopelessly futile than a philosophy without an operating method.

Plenty of men have the six-hour day philosophy; they realize that they work too hard to be effective. But what can they do about it?

They have heard the observation of the shrewd old Boston lawyer who said he found that he could not make a good living in 12 months a year, but he could in 10. They have agreed with this lawyer that two months of vacation annually would make them better businessmen. But in their particular business, for one reason or another, two-month vacations are completely out of the question.

Yes, they have the realization and the philosophy. But how can it be made to work in business world that is so highly organized on the nine-to-five basis?

That is the rub. How shall an executive work but six hours a day when his assistants and associates are working eight?

For some three or four years I have had half of the answer to that question, but it was not until a few months ago that I met a man who has worked out the other half.

It is really quite simple, and I marvel that it took so long to come upon it!

As I have watched businessmen over a period of 20-odd years, and studied the results of their thinking and their work, it has come over me repeatedly that they make the most wrong moves — based on wrong decisions — when they have tried hardest to be rational and logical. Indeed, so markedly has this stood out that it has sometimes seemed to me that rationalized decisions — (and of course a decision must precede action, and action must precede accomplishment) — are practically always wrong. Whereas, the decisions men make that seem to rise out of themselves, illogical as they often appear, are very apt to prove to be right.

Why is this?

I lay no claim to being a psychologist, but if I may be permitted to hazard a layman's theory, I should say that the conscious actions of our minds (evolved by the process of reasoning or rationalizing) are apt to be unsound because they leave out some vital factor; whereas the unconscious or subconscious processes of our minds are very much more likely to be sound because they are related to the whole underlying process of life.

If this be true, and several years of observation have pretty well convinced me that it is, then why do not our subconscious minds come to our rescue more often? Why do they let us make wrong decisions and do so many "rational" things that turn out to be wrong?

Is it not for the simple reason that we do not give them a chance? Do we not work our conscious minds so steadily so many hours in the day that our thinking machinery as a whole gets worn out and only functions as we drive it with conscious, and often rebellious, concentration?

Furthermore, have not most of us so neglected our subconscious minds that they have grown cold and rusty from disuse?

I believe such to be the case.

It was said by the scientist Helmholtz that a great idea had never come to him when he was at his desk, but usually when he was walking in the garden musing of other things.

If any other testimony were needed to prove the effectiveness of the subconscious mind, Clinton W. Gilbert supplied it when he pointed out that the most important and constructive ideas of the late President Harding, namely the idea for the Washington Conference on the Limitation of Naval Armaments and the idea of sending General Dawes to Europe to help solve the reparations problem, came to him when he was off cruising on the Mayflower.

It is because relaxation is the key to the subconscious mind that I propose a six-hour day for the major executives in business.

Let me explain, briefly, the philosophy of the six-hour day: Six hours (including the luncheon period) of conscious and concentrated application to the problems and perplexities and human contacts of the job, whatever it may be; the rest of the business day for progress. Progress, not with the immediate work at hand, but toward the objective that presents the achievement that will bring those things, in the way of income and standing and security, that are the end toward which all our work is aimed.

Six hours is enough of the day to be devoted to conscious application to the details of the job, by one in a high position upon whose decision and initiative the progress of a business, or a considerable segment of it, depends.

The man who devotes more than six hours daily to routine administration is probably doing work he should not be doing anyway. I well recall a remark Thomas Dreier made about the president of a large Boston concern with whom he had spent an hour. "He is not a president, at all," he observed. "He is a high-priced office boy who spends half his time writing his name on pieces of paper."

Aside from this waste of executive time, six hours a day is, I believe, the maximum period that the average businessman can safely function in a conscious and concentrated way — if his enterprise is to make progress. The rest of his time he can best work by not trying to work.

But obviously, the mechanical work of management, carried on by those under the chief administrator, cannot (at least yet) be condensed into six hours. And in the present-day business world, there is generally a very definite obligation resting upon the responsible head of the business (or the department) to be "on the job" until closing time — or at least to be available.

This is the other half of the problem, and the more difficult half. But, as stated earlier, the solution has been found. Without it I cannot see how the six-hour day for executives could have very general application; with it any real manager who is determined to dominate his job and make personal progress can travel fast and far, for he will be devoting a quarter of his day to progress. And after all, is that not a reasonable allotment?

The six-hour day would most naturally end at three o'clock. Obviously, most men cannot stop at three o'clock and go home, or even go out for golf every day. But most of us can stop "working" at three o'clock.

This is the solution evolved by the man to whom I have referred. He commonly stays at his office until five, but every day at three o'clock he closes up shop, so far as his conscious mind is concerned. From then on he does nothing he does not *want* to do. He tackles no creative work. He answers no difficult letters. He refuses to consider unpleasant problems.

He invested $250 in a comfortable chair for one corner of his office and generally he retires to that and ‘loafs’ for the rest of the afternoon. Books that he wants to read are beside him on a little table — books that divert his mind; classics that he has long wanted to read; modern fiction and nonfiction books.

Or perhaps he puts on his hat and goes out and visits with the president of his bank, or some local merchant or businessman. (On one occasion one of the biggest problems his business faced was solved by a chance remark made by the president of his bank, with whom he had stopped in for an informal chat after banking hours.)

Some days he takes a leisurely — or brisk — walk.

The point is, at three o’clock he retires from business for the day. The load is off his conscious mind. He says, he has the feeling of a boy released from school.

The result has been, he declares, that ideas and decisions come popping out most unexpectedly, when the problems of his business are farthest from his conscious mind.

This is nothing remarkable. These ideas and decisions are merely problems that are cooked through and ready to be taken out of the cooker. Naturally, he does not resist them just because it is after three o’clock, but neither does he pursue them. He jots down notes while the matters are fresh in his mind, to be brought up the next morning when he is working in an executive capacity; for the rest of that afternoon his job is to relax and give his subconscious mind a chance to do its half of the work.

Logic and rationalization, leading to scientifically determined facts and principles, are becoming increasingly important factors in business administration. But I see them as aids to the subconscious part of our work; as highly useful in starting the mental cooking. They are, in fact, the fuel; without them we can scarcely make a fire hot enough to carry the conscious mental cooking sufficiently far that problems can safely be left to finish cooking tirelessly in the subconscious mind.

The trouble with business in the past has been that it has played intuition and hunches without much foundation. As I see it, the graduate business school’s mission is to teach young people how to prepare fact-foundations and principle-foundations for their thinking.

If these schools insist on rationalization from beginning to end, I break with them, promptly and cheerfully, for rationalized decisions are very likely to leave out some important factor that is not in the record but comes of a man’s innate common sense or age-old instinct or mental inheritance, if he gives his full mind a chance to work. But I do not think there is any such insistence on the part of the business educators; on the one hand I think they are trying to teach us to work with facts rather than with unsupported opinions, and on the other to use our minds to better advantage. Some day I believe every business school will give a course in balanced thinking; a course in taking the subconscious mind into business. No more valuable start could be given a young man than to train him how to balance the mind load and bring all of his powers to bear on every problem that will confront him.

41. Is there an immediate 10% to 15% increase in profit in my current business that I can harvest?

Almost everybody can add a bump — an upsell — to their business immediately. Almost everybody can work and segment their existing active and inactive customer lists. Almost everybody can do a joint venture and offer a product both to *their* customers and to the other company’s customers. Almost every company could start testing different propositions with their salespeople. Almost every company could telemarket after they do a mailing. Almost every company could follow up after the sale with a more expansive proposition. Get the picture?

42. How do I generate prospects, options, and leads?

You can do this through methods such as books, newsletters, free seminars, by offering a free bonus, selling certain items that qualify people, or making joint venture advertising deals with other people with kindred products.

There is a multitude of ways to attract leads. Don't discount the possibility of buying "used" leads from other companies who approach the same prospects you want to approach. For example, if you sell educational books, approach an encyclopedia salesperson and offer to buy the leads he would otherwise throw away.

An important question to ask yourself is whether the leads you generate or purchase convert to sales. Leads are not worth anything to you unless you can convert them to sales and profits. Don't be overly concerned about the quantity of leads you generate. You may want to qualify your leads so that you have a greater likelihood of converting them to sales. You'll also spend less time and money going after unqualified prospects when you seek out **quality** leads.

Business is a contact sport. In order to succeed, you must go out of your way to generate leads. Unfortunately, many companies spend a great deal of time and money generating leads — through ads, trade shows, free seminars, and the like. Those leads often get distributed directly to the sales force and distributors, so the company managers have no way of knowing the extent or quality of follow up. Also, they make no attempt to keep track of those leads.

43. Discuss the concept of "creative emulation."

Creative emulation is not to be confused with outright plagiarism. Creative emulation, as I define it at least, is the highly-leveraged art of studying and observing all sorts of effective (and successful) marketing techniques and concepts that companies totally outside of your marketing sphere are using — and inventively adapting variations of these concepts to fresh applications in your business.

Let me first give you a few innovative examples of what I mean to better understand the potential.

A few years ago, I was reading *The National Enquirer* — I read everything, and I mean everything, that I can get my hands on — and I saw a hokey ad offering "emeralds" for a mere $3 apiece as part of a purported test. At first glance I viewed this concept as stupid, but when the ads kept repeating themselves over and over again, and when these and all kinds of other renditions like complete fishing sets for $4 and knife sets for $5 began appearing in all sorts of magazines and newspapers, I finally took heed and I realized that this "marketing test" approach and its corresponding advertising rationale had enormous lateral application into all kinds of marketing areas I was involved in. So I started creatively emulating the marketing test concept I'd discovered over to newsletter offers. We applied it to course offers, we adapted it to seminar offers, to transcripts, to computer software, to art, to pest control services, to restaurants, to all sorts of situations that the original creator had never imagined.

Did it work for me? Did it ever! Combined, I think it generated over $10 million — plus five of my competitors totally plagiarized my adaptation to the tune of nearly $6 million more. So a casual observation of a concept I came across in a magazine turned into nearly $20 million worth of sales and probably $5 million worth of profit, not considering the back-end.

But that's just one example. A few others are in order:

A newsletter publisher friend of mine was sitting in bed reading his *Wall Street Journal* and read about a little restaurant in Pennsylvania that allowed customers to pay whatever price they felt their meal was worth. This restaurant was doing a landslide business. So my newsletter friend tried a "name your own price" approach to renewals. He doubled the number of people renewing and ended up realizing many hundreds of percent gross profit.

Let me give you one more example of someone seeing a good marketing concept being applied and adapting it to a totally different application.

Another friend of mine in the precious metals business was reading his mail, and he saw a solicitation from a nationwide insurance company offering to compare their rates with his current insurance rates if he'd mail back to them a copy of his current policy. It got my precious metals dealer friend's mind humming. He came up with a fascinating application.

He ran ads offering to compare commissions between his firm and others on certain negotiable commission trades if customers of other firms would mail him a copy of their confirmation receipt. Over 5,000 people who were ongoing metals traders did just that, and nearly 800 of them became my friend's customers.

I can go on and on, but I think you get the point. In case, however, you don't see it in its entirety, allow me to restate it here and now:

1) It's perfectly acceptable to emulate someone else's concept — particularly when you see tangible evidence that it is very successfully working in some other application.

2) Some of the most successful and profitable marketing breakthroughs I've ever seen or been personally involved with were adaptations of concepts other people had developed for totally foreign industries and businesses.

By cultivating an inquisitive, curious, and investigative attitude and perusing all sorts of unrelated avenues in search of concept inspiration, you increase your chances of coming across usable or emulatable ideas manyfold.

Here are some of the research approaches I use when looking for good ideas to adapt:

First, I read as many unrelated publications as possible, looking both at ads as well as articles. For example, I read all the ads in *The Wall Street Journal, The National Enquirer, Forbes, TV Guide, USA Today,* and my local newspaper. I read all the rags-to-riches stories and the marketing columns in all sorts of business and trade publications. I read biographies of self-made successes, looking for the specific techniques these people cultivated so I can apply them. I look backwards — 2 to 20 years or more — to concepts that were successful long ago and that could be revised and applied today.

I observe everybody and everything in stores, at theaters, at restaurants, on menus, and on billboards. I listen to people talk in groups — at parties, around hotel lobbies, and poolside. I sit in airports and listen. I stay up late and watch the hokey-seeming late-night TV commercials for mail-order companies and car dealers looking for valuable ideas. I interview people for jobs from all sorts of other fields I'm not familiar with, and I ask tons of questions.

I've learned to look at things in what I've come to refer to as a "CAT scan" perspective, whereby I see things cockeyed and sideways and orbitally and pivotally and vertically and diagonally, looking for fresh new fits or innovative ways to reconstruct and present a concept. You should learn to do this, too.

If you start developing an attitude of emulating the successful concepts other industries or companies have spent a ton of time and money testing and perfecting, you could save yourself a lot of wasteful effort and increase your fortunes markedly. At least give the concept of emulation your serious consideration.

44. How can I better serve my customers?

By understanding the totality of their needs, and exceeding their expectations on your serving these needs. By understanding that they've got problems and interests and hopes and dreams far surpassing the limitations of your relationship with them. Be sensitive toward that, try to extend yourself to do more for them, and they'll feel this emanating from you. The results can only be good.

The emphasis you place on educating, informing, and genuinely helping your customers will determine their purchasing patterns. Particularly now, you must serve them as you never have before, because they have fewer dollars to spend, and they are increasingly hesitant to spend those dollars.

45. How can I make time to concentrate on all the marketing I do?

You learn to delegate. You must realize that you need to acknowledge and evaluate the relative merit and value that marketing adds to your life. If it's profoundly important — which it should be, because just about every business is marketing-driven — you should delegate some of your managerial functions, to allow yourself more time for marketing.

If not, you should bring on an operative, pay him or her relatively low wages against very generous variable compensation for the successful marketing programming they spawn that works.

And make them responsible for doing all the marketing under your direction. Each Monday morning they should tell you what they're going to do, every Friday they should tell you what they've done. Before you hire them, you should make them read this whole section and give you a report on what they interpreted from it, and if they're on the mark, hire them. Leverage yourself.

46. How do I avoid jumping to conclusions?

By jumping to conclusions and basing your entire marketing decision and corresponding programming accordingly, you operate impetuously and very foolhardily.

Even with testing, you're still blindly testing your hypotheses. You should first determine the various outlooks your target market has regarding the issue at hand.

More specifically, your market may totally fail to perceive the value, benefit, or advantage your product or service offers them. Or worse — although they may perceive the value, the entire appeal of your product might be of such negligible interest or importance that even an inspired prospect is, at best, an ambivalent one to try to sell.

I'm therefore strongly advising you to get into <u>their</u> heads <u>first</u> — understand <u>your prospective customer's</u> needs, problems, mind-set, values, and relevant interests. If you have the ability, spend time looking at your prospects' point of view before attempting to construct any marketing programming to them.

Claude Hopkins would advise you to first try to sell to a sample of your prospect group, door-to-door, by phone, or in the store, **before** you think you know their reactions.

Hopkins would spend hours engaging his sample prospects in wonderfully revealing, delightfully human conversations that enabled him to totally get into their minds. Perhaps you should take a lesson from Claude Hopkins.

Find out what *your* prospects are all about, what makes them tick, and learn their *true* feelings about your general product area, too. Find out all their negatives. Observe them buying from your competitors. Indeed, act like a customer and talk to your competitors — as well as your competitors' customers.

Repeat the process as many times and in as many ways as you can until you thoroughly understand your prospect's needs, desires, and values.

Don't assume anything. For example, don't assume they understand the value or usefulness of your product. Don't believe the problem your product or service fulfills is as important to your prospects as it is to you.

Don't assume they're as excited about certain benefits as you are. Don't believe anything until you get into a customer's head and understand him or her.

Before you create your marketing strategy, observe what your market is already willing and able to tell you. Then factor that information into *your* test assumptions. If at all possible, prior to initiating *any* marketing, immerse yourself in the marketplace *first*. Don't jump to conclusions. The payoff will astound you.

47. Is there a way to profit from a company that's completely unrelated to mine?

Sure. With what you learn in this report, you can go to any other business that has customers they don't maximize, and engineer joint ventures, barters, host-parasite relationships with other companies. I've made literally millions of dollars by engineering intelligent, ethical deals and earning a share of the profits.

48. Who do you admire the most in history, and why?

I've always admired Socrates because of the way his mind worked — and the "Socratic method" of inquiry he developed. He argued that the good life is illuminated by reason, and he always strove to clarify the concepts of his fellow Greek philosophers, and helped them find and eliminate any inconsistencies in their beliefs. He always remained true to his own beliefs and stuck by his principles. I try to model my way of thinking after his.

49. I understand the importance of telemarketing and following through, but can you give me a schedule or procedure to follow?

Use a combination of call/letter/call/letter/call, a sequence that is well-honed and well-quantified, to put the ball over the line. Very specifically, years and years ago I sold very expensive, very intangible lead-generating services for companies who sold investments, life insurance, etc., who were very difficult sells. Our typical minimum sell was $25,000 or $30,000. I found that the only way I could sell it was to contact somebody and embark on a series of seven different call/letter/call/letter/call sequences that normally required a time duration of approximately 8 to 12 weeks.

If I didn't effect all seven transactional components — an introductory letter, followed by an explanatory educational phone call, followed by a substantially expansive follow-up letter, followed by another telephone call, all of which imparted product and marketing knowledge the prospect I was trying to solicit didn't possess, and I was imparting valuable information they could validate and profit from immediately, irrespective of whether they availed themselves of me — I never closed a sale.

Whenever I worked the system of call/letter/call/letter/call, I never failed to close at least 7% of the people in process in a 60- to 90-day period. I never knew who they would be and I didn't care, but anytime I tried to shortcut it and consolidate it, it never worked.

The second derivative of this is simply to send a sequence of successive letters to somebody if it's a mail order. In other words, take a prospect if you're selling an expensive product, and send out, figuratively speaking, six or seven various letters approaching the product or service you're purveying from different focal thrusts.

For example, one may be an endorsed letter by somebody, one may be a letter emanating from a user. One may be a letter from an ex-competitor. One may be a letter from a personality who is respected. One may be a letter from you. One may be a letter from the chief engineer. Each one has an order request and the final one will be one which will say "call and associate yourself" or be a final request and tell him/her you're not going to send any more letters.

I've tried this selling subscriptions to *Marketing Genius* with interesting success — sending a sequence of different letters before we asked for the order. We tried one time sending four preparatory letters telling them we're not even going to ask for the order until you get the fifth one. We've had very good success with it. The point is, try sequence mailing where you're talking a sale in the four- or five- or six-figure range. You're talking about profits in the same level. You're talking about an objective that can justify a very complex solicitation.

Don't be afraid to try sending somebody seven consecutive letters, presuming the guy read the previous one, and see what happens. Make each one, however, a complete sales pitch in its own right and make inclusive in each one full instructions and a request — if you're ready to order right now do it; if you're not, I'm going to give you more reasons to avail yourself of our products or our service.

By experimenting with sequential sales (i.e., call/letter/call), and by experimenting with a succession of progressive letters to the final hit, you can do some nontraditional marketing that can be very effective. These are two very overlooked and very rarely implemented techniques that, if properly modified to your business, can be valuable.

Keep in mind the following — the fact that most people don't put forth a concerted, ongoing effort to sell. They don't persevere, they're not tenacious, they're not concerted, they basically only try one time and then give up. It is my opinion that if you nurture it and purvey a series of overtures, you will enhance your closure rate many, many times. Experiment and find out for yourself. I think you will find it interesting.

50. How do I go about developing a marketing plan — step-by-step?

There's a logical progression. You do internal marketing first, if it's most appropriate. You do external second. You walk your way through. You do programming designed to give the greatest yield for the least risk in the fastest amount of time possible. That normally is working your lists, upselling and converting unsold or inactive customers.

The next thing is reworking the ads you run, or the letters you send externally. Then, you work your sales force. The last thing is cold, unproven, unskilled areas that you have no familiarity with and you've never validated.

51. In your life, Jay, how have you prioritized your activities and what tips can you give me to maximize my productivity and efficiency?

I think the philosophy that I engage in is three-pronged. A third of my time, the first third, is devoted to doing what I'll call no-brainer, extraordinarily high-probability projects that have about an 80% chance of paying off and that require a very low demand on my part and a very high yield. They're situations where I understand them so intimately and the prospective client or the joint venture partner doesn't. I can do them almost with my hands tied behind my back.

Another third of my time I devote to very viable, long-term, nurturous deals that are predicated on gaining the confidence of somebody new. In other words, they're high probability, if I can get their trust, because they're set-ups. The people don't know me and it's going to take a longer level of nurturing and of me establishing my credentials and stability in their eyes.

The last third of my time I spend on joint ventures that are a little more speculative but have an extraordinary upside. If I were you, I'd spend 65% of my time working on certainty deals and 35% of my time working on nurturous deals that have certainty. I wouldn't waste time working on speculative deals if I were you.

52. What assets might I have beyond the obvious that I can exploit for profits?

Besides the more obvious assets — excess productivity, excess personnel, your customer list — you also have ads you no longer use, techniques you have mastered — for productivity enhancement, cost-saving enhancement, sales improvement — that you can license and sell to other people; you may have sales acuity.

Your obvious assets are on your balance sheet: your building, land, machinery and equipment, vehicles, inventory, materials, cash in the bank, receivables, etc. But to get ahead while others flounder during these days of competitive times, focus on the "hidden" or unobvious assets that you have: your customers (active and inactive), your prospects (whether you and identify them individually or not), your sales resources — a field sales force, an inside telephone sales force, sales clerks — and your advertising. You probably have a strong "franchise" — the intangible image or position your company has in your marketplace. Other incredibly intangible "assets" include relationships you've cultivated with important customers or accounts, perhaps the ironclad hold your company has on the biggest department store, or industries or hotels (or whatever) — relationships which took years to cultivate and solidify.

Equally as valuable are your strong relationships with vendors, suppliers, advertising media, etc. Other assets you've probably failed to identify include proprietary techniques you've used successfully to build your business. These include sales-closing, sales solicitation and promotional techniques, advertising concepts, copy, campaigns, and special packaging of products/services in a unique format that is more profitable or appealing than those used by your competitors. Even more abstract, but equally valuable, are key employees, salespeople, manufacturing/service managers, etc.

All these overlooked assets can be turned into real cash flow, year after year after year, and that cash flow can come from directions you never thought of. Just by recognizing you have these type of abstract assets will give you new ideas to make money. Take advantage of this knowledge and make them useful.

53. How can I turn one-time customers into perpetual customers?

First, by instituting what I call "TFN" purchases. This stands for "til further notice," and it applies to a just about any business that provides an ongoing service. Offer new customers a free or discounted first-time installment, provided they agree to sign up for continued regular patronage of your business, automatically billed to their credit card. Then you keep billing them until they cancel.

Second, one of the greatest revelations a business person will discover is how extraordinarily responsive a previous customer can be. Unfortunately, the inability to develop this resource is one of the most prevalent causes of cash-short situations. Tapping this source can be the most lucrative profit center of your entire business.

Few business owners, it is sad to report, ever recognize this golden opportunity, let alone reap its profitable benefits.

Ironically, most firms don't regard their previous customers as primary sales prospects to be resold. In answer to the question, "When was the last time you mailed a sales letter to your past and current customers asking them to buy some finite item or service?" most would answer, "not recently."

Furthermore, even if a company's customer base *has* been worked recently by mail, chances are great that their public wasn't properly compelled into action. This is not to say that money was not made, but that up to 20 times more money could have been made from the same mailing if the company was aware of what to say and, most importantly, what action to take.

In marketing terminology, the process I'm referring to is called "back-ending." The principle is this: Once a customer has patronized a business — and has been satisfied — that customer is then poised to repatronize your products or service over and over again.

Simple as it sounds, the company usually has only to properly ask to receive that patronage. And normally, it doesn't matter what the business is — the dynamics of redeploying that customer are really the same.

As a specialist in "back-ending" (also known as "post-purchase" selling) — I'm frequently called into companies of every type when substantial revenue-generating activities are desired and the company retaining me has a very limited amount to spend. On many occasions I've produced big bundles of profits just by sending out a properly crafted letter requesting action by the prospective buyer.

Can it be this easy? <u>Yes!</u>

The specific action I request the buyer to take depends on the needs and desires of my client. From a sales dynamics perspective, nearly everything imaginable is possible using back-end marketing. If a company is in a severe cash bind (like now), I can usually produce tens of thousands of dollars — often much more — in prepaid (or the equivalent) orders for almost any client in just a matter of weeks.

Over the last four weeks, for example, as I write this report — we provided a little company with a delightful $250,000 worth of business (of which $175,000 was pure profit) in four weeks — just by writing a compelling letter to their old customers. Total cost to produce and mail the letter: $12,000.

A larger company is using a post-purchase marketing program to generate $70,000 a day in orders — just by mailing a simple three-part letter I wrote for them. Cost of the letter: 50¢ per piece mailed — and yet every 100 letters mailed out to the client's existing customers produced more than $10 profit per letter. Restated another way, every $50 the client invested grossed $1,000 and netted $500.

The client I'm referring to happens to be substantial, relative to the size of his customer list. Subsequently, he mailed to his 250,000 customers five times over or 1.25 million letters — and he achieved equally predictable results.

Despite results like these, I have to go to great lengths to overcome the “pooh-poohing” many businesses impulsively assign to back-end marketing.

The dynamics of post-purchase marketing are as easily applied to a retail store as they are to a manufacturing or high-tech company’s broader marketing program — and with equally desirable profit expectations.

A small, high-fashion clothing store once came to me with an assignment to increase their average sale per customer by doubling their current yield, but they only had a few thousand dollars to work with. By developing a continuous system that started with the first sale and followed up with that customer six more times per year, we actually tripled the number of transactions per customer per annum and improved profit performance by nearly 12% — which on millions of dollars of sales amounted to a considerable sum.

On another occasion, a jewelry firm which was technically insolvent came to me for one last-ditch attempt to keep them out of bankruptcy court. They had misjudged the marketability of 10 items and spent all their cash trying to promote them with no success — $80,000 of their cash was tied up in useless, nonmoving merchandise and only $1,000 in funds was available to market with.

I created a way for them to convert all their nonmoving inventory into $80,000 worth of cash and, in the process, spawned a new marketing concept that, in a 12-month stretch, accounted for $658,000 worth of new, profitable sales for the client.

These kinds of impressive sales and profit achievements are available to most businesses. I only do for clients what they should be doing for themselves: I teach them how much more responsive and profitable a customer can be when he or she becomes properly and continuously worked.

Whether the entrepreneur asks a customer to come in and make a specific purchase, send for a specific product or service, or allows a sales rep to pay a call, predictable results can be expected from various back-end marketing concepts I’ve been using for years.

To bring the concept of post-purchasing marketing into an easy-to-understand perspective, let me emphasize the crucial points to observe:

1) Every customer (or prospect) name that can identified and captured, including address, city, state, zip, etc., is priceless to the business person. And the corollary: For every customer name that goes uncaptured, a company will lose money every year. It’s that simple.

2) Most customers never expend anything close to their full purchasing capacity on the first transaction, for a number of reasons. First, they want to see how well the company and its product or services perform. They want to feel valuable and appreciated, so they wait to see how they are treated and how they are communicated with during and after the sale. Also, their needs change and usually grow after that initial purchase. By merely understanding the growth phenomenon and capitalizing on it through direct, one-on-one types of communication with that customer, the successful marketer can communicate personally with each customer and compel them to action over and over again.

3) A key determinant for the more analytically-minded marketer to remember is the “marginal net worth” of each customer. This statistic signifies the total stored profit value represented by a customer or prospect. To understand the meaning of “marginal net worth,” let’s look at a typical customer that is currently untapped as a post-purchase marketing prospect.

   They come and go after only one sale, and that’s the last time they’re seen. As a neglected entity, they may return, but then again they may not. It’s totally unpredictable since their names are uncaptured and they’re no longer communicated to either by phone or letter.

Compare this with the company that understands and fully capitalizes on post-purchase marketing: They send a personal letter, or equivalent, out to every customer within 10 days of the first sale.

But that's just the start. Every 30 days they send the customer a specific mailing on some specific product(s) or service(s) they sell, romancing and educating the people on the function, desirability and advantage. And in that letter they ask — actually ask the customer to buy.

It may be a request that they come in, or more directly, an offer to order via mailed coupon or phone call. It may also encourage the customer to request that a company salesperson come to their business or home.

The possibilities are endless; the results are usually extraordinary.

4) Once every quarter, you may decide, for cash generation reasons, to run a customer-only private sale. This provide two benefits: (1) It creates in a customer the feeling that they are important to you, and (2) Such a mailing can produce cash at critically needed times — and in droves once the right offers, approaches and frequencies have been discovered.

By the way, once the results are tabulated conclusively, they then provide, in a dollars-and-cents perspective, answers to the question of precisely how much a given mailing or offer will produce from each 100 or 1,000 customers — every time it is tried. From every $30 in marketing expenses invested in post-sales mailing number one, $1,000 may be generated. Then with $50 invested in post-sale mailing number two, $3,000 in profit could be generated, and so. The essentials, however, are: Communications tested and results tabulated.

Once the precise results of each marketing program are accurately assessed, the company gains an extraordinarily clear view of the value stored in a customer and how to predictably tap that value potential. What is discovered, for example, could be that for every 100 customers properly developed (on the back-end) an additional $300 to $500 in sales could be produced before the first year is up and another $200 to $500 per year thereafter, ad infinitum!

Tallying up the $100 customer could potentially be worth thousands of dollars in extra profit to a business concern over the time that customer is kept active. Startling, isn't it?

An equally dramatic case can also be made for nonpurchasing prospects. And, though the marginal net worth per prospect may be only a fraction of that of a current customer, the fact remains that there are usually 10 to 100 times as many qualified prospects as customers in a company's market area. If the entrepreneur learns how to masterfully develop a prospect via back-end marketing, it could yield more revenue in aggregation every year than ever before experienced.

In conclusion, be proactive, not reactive. You'll profit as a result.

54. What are some of the more dramatic nontraditional approaches you've seen succeed?

One such method is sending unsolicited gifts to people — gifts that transcend the limitations for whatever the basis for that relationship was. Include with it a letter explaining how you thought this gift would really help them in their life...and then make them an offer on top of that (that isn't mandatory).

Another is sending a postcard or letter out to potential customers resummarizing a proposition you earlier made them, that tells the recipient *why* you made a big promotion. I've seen potential customers become much more receptive to an offer once they understood the logic behind making it. It's a facet of human nature.

55. How can I make my direct mailings stand out from everybody else's?

In the last decade or so, a set of "rules" has been established in the direct-mail industry that provide guidelines on how to write a good letter, how to call the buyer to action, and so on. Marketing courses, books, and seminars have made the adherence to these rules widespread. As a result, many direct mailings have become similar in content and appearance.

I usually advise against doing anything wildly different to set your mailing apart from the masses. These rules have become accepted and widely used because they work. Testing has generally proven what techniques work and which don't. So I advise you to stick with the "tried and true" format. Just keep in mind the ingredients of a successful direct-mail piece I've mentioned earlier in this section: tell the entire story in the most compelling way possible, use the "you" point of view instead of the "I" or "we" point of view, clearly state the benefits of your company, and call the reader to immediate action.

There is room for doing things differently and innovatively to make your direct mailing stand out, though. Just keep your creativity balanced and within the realms of good taste. It's OK to experiment, but do so cautiously. Carefully consider any changes.

56. How can I learn to write a sales letter?

Writing is basically nothing more than salesmanship in print. I think — and my tests have proven — that the best sales letters are those that tell a passionate story in the most complete and compelling way possible.

Try this method: Pretend you have to sit down with a potential client, and you cannot leave until you close them on buying your product or service — using as much time as you need, as many focal thrusts as possible, and using as technical or emotional of a sales pitch as you possibly can. Sit down, recite such a pitch aloud, and tape record it. Then transcribe it. Look at the material you have. With minimal editing, you've written 90% of your sales letter!

Another way to get started writing copy is to begin reading everything you can get your hands on that might help you — business mailings, consumer-type mailings, all the ads in the *National Enquirer*, in the back of *Cosmopolitan*, and in the back of all the mail books. Read all the ads in *Entrepreneur Magazine*, read all the mail-order and the coupon ads, and the ads with an 800 number in *The Wall Street Journal*, all the business and financial press, all the specialty publications. Read them out loud.

Start writing the phraseologies on paper; the headlines, the transitional parts, the phrases that really get you, the guarantees. Start making analytical notes on what the whole premise is. Then, sit down and try to actually emulate one, two, or 10 different versions of those ads and modify them over to yours. After that, you can find hybrids, or you can put them together. That's the easiest way to get started.

57. What's the greatest investment?

The greatest leverage you have is your business. Only in your business can you take a customer who normally is worth X unit of sales and increase that by 40% or 50%; take a customer who normally buys one time a year and get them to buy three times a year; if you can take ads that normally pull X and make them pull 3X; take mailings that normally pull a half percent and make them pull 3%; take a salesperson that normally closes 1 out of 20 and get them to close 1 out of 10. That investment is so much more phenomenal than the greatest stock play that you can get into, or the greatest gold gambit, or the greatest option deal or commodities venture.

58. How can I persevere to ultimately win over a reluctant customer?

I think a trip I took to Acapulco really showed me what it takes to win over people who are reluctant to buy.

In Acapulco, I was totally intrigued by the level of entrepreneurship I saw there. More specifically, I want to focus on how well certain cultures live by their wits and, in the process, naturally employ the kinds of marketing techniques I've tried to teach you. Let's start with the beach. The little urchin boys and girls there are **remarkable**. When you sit on the beach, all sorts of varied entrepreneurs come up to you with all sorts of marketing approaches.

First, they get to know you — and are they ever charismatic! Then, after they've developed a charming rapport with you, they go for the "hit" — offering to sell you their jewelry or clothing items or foodstuffs for a certain price (which of itself seems dirt cheap). You, of course, refuse. This begins one of the most incredible processes of sheer brilliant selling and marketing you will ever behold.

These "natural" salespeople try everything from discounting the price — to adding more to the purchase (bonusing) package they are offering, to guaranteeing the sale, then to discounting the price again.

THEN, if you still don't bite, they know how to play the numbers. They are absolutely the most tenacious, persevering people I've ever observed.

Not only do they never give up, but because they change their pace, their tenacity rarely offends — rather it fascinates and overcomes your resistance.

And because they work everybody just as hard, just as enthusiastically, just as personably, they make a lot of sales — and they earn a lot of money (relative, of course to what a lot of money is to the Mexican economy).

Also, they employ the "turnabout" proposition (as I call it) and try to buy something from you — your watch, jewelry, shoes, glasses, sunglasses, portable radios, pens, you name it — hoping to either:

1) Actually get you to give the desired object to them for free so they can walk down the beach and resell it to someone else, or

2) Lower your resistance towards their original offer which, of course, they go right back to when you're least expecting it.

Probably the greatest attribute I observed in these fascinating young merchants is their tenacity. Their pitch, charismatically and sincerely made to enough moderately qualified prospects, will always pay off. Stated differently, **the numbers always pay off if you work them properly.**

One of the interesting concessionaires on the beach rented horses to ride. Interestingly, the vendor stations 10 separate pitchmen up and down the beach and each one resolicited the same people as they progressively walked down the beach. Each one had a different approach or pitch they used. OVERKILL? Quite the opposite, ironically, because the guy with the horses kept all 25 horses constantly rented by using these 10 men. Ten different pitch approaches. Doesn't all this give you ideas??? Let me chronicle a few observations to help crystallize your thinking.

We engaged a driver there who, for $10 an hour, extended himself in manners I'd never seen done. He was bilingual. He was an exceptional tour guide. He knew everybody. He got us the best seats at the best shows. He introduced us to the artists. He negotiated our way around tricky regulatory problems.

He was incredible. And he was so rare that everybody wanted him. He had an incredible backlog. And he made a ton of money on percentage deals with all the vendors he took us to — with tips and with extra fees he was able to charge for every extraordinary service he was able to render.

It proves that anyone willing to extend themselves above and beyond the average will distinguish themselves in any endeavor they pursue.

Also, you'll make incredible profits, enjoy amazing referral and repeat business, and realize remarkable ancillary profit opportunities by committing yourself to superlative service.

If it works such wonders in Mexico, it could do even greater for **you** here.

We purchased some art in Mexico. Here it was even more interesting. The gallery owner was not a wheeler-dealer. Price was not the marketing premise he built his success on. Rather, it was elitism.

He carefully and calculatingly spent 20 minutes developing our awareness of who collected his artist's work. Then he showed validating press releases, pictures and articles about the artist and all the celebrities who collected his works. Next he showed us all the lesser artists he represented, and nonchalantly offered us some refreshments.

About 10 minutes later he brought out a price list for the affiliated Beverly Hills gallery that was displaying the same artist, and showed us that they were charging $10,000 more, on the average, for the same works he had available.

He kept going back to all the influential politicians, business people, movie stars, etc., who owned and collected pieces by the artist that we were interested in. Next, he explained that only one or two more of each piece would ever be made available (they are bronze castings). And our party was hooked.

We tried to secure a price reduction, but were very nicely but firmly informed that this gallery never did that, and that they were already offering the piece for about $10,000 less than it was selling for in Los Angeles.

He came back rather innovatively with a willingness to take payments for as long as nine months — but still no discount.

Our friends bought a $35,000 sculpture. On the way out the door, a salesman confronted us with an armful of bracelets. "How much?" we asked. First it was X. Too much. Okay, he came down, first on a package price for his entire inventory, then on a better per-bracelet price. Back and forth, back and forth. He'd add an extra bonus occasionally. Never did he lose his smile, his perseverance, or his sincere enthusiasm. We left, buying 30 or more bracelets.

My point in all this? It's to show you that perseverance, playing the numbers, packaging, discounting, and trying various hot button approaches almost always wins out. It's also to teach you that service almost always buoys your business to the top. It's also to teach you to carefully observe how all sorts of business people succeed and to incorporate (or at least permit) their techniques into the fabric of your marketing wherever applicable.

Finally, it's to remind you of the immutable law of probability and outcome. Make a good pitch or sales presentation to enough people every day or every week, trying out enough various twists, and you cannot help but succeed.

I learned or relearned a lot from observing the entrepreneurs of Mexico. What can you learn from observing entrepreneurs all around you? F.W. Statler, the famous hotel man, said:

Life is service. The one who progresses the most is invariably the one who gives a little more, or a little better, service.

Think about it.

59. What is something that I shouldn't do or should watch out for in a competitive industry?

One thing you should definitely not do is to panic. Although this answer is not tangible, it can go a long way to helping you through a difficult time. And you should instruct your salespeople not to panic, because if your customers sense panic in your company, they are likely to move their business elsewhere. That is why panic can lead to more panic — ever heard the expression "nothing breeds success like success?" the same holds true for failure.

Although you can never be too accurate, forecasting will help you stay above the water without sinking your own boat.

By that I mean this: A lot of people will take on the mentality that they must cut their inventory of supplies and liquidate their assets as much as possible so as not hold onto "useless" products. However, be careful not to cut inventory too much so that you will not be able to supply the demands of your customers. Forecast the supply needed in the near future according to your advertising and the current frequency of purchases. Forecast weekly, biweekly, monthly, but not too far into the future, either.

60. How can I pick up marketing assets — cheap?

Here's a proposition that'll allow you to eliminate your competition for no real up-front cost. There are a lot people in business who aren't doing that well, and would be happy to quit if someone came along to buy them out.

Try approaching a floundering competitor and say, "Look, you've got a thousand customers that you deal with per year. Those customers generate 'X' dollars for you, and you're lucky if you make $5,000 a month. You've got all this money at risk, and you've got this building at risk. You don't have the money to compete with me, so I'll consolidate your business into mine. I'll buy your customers for no money down, but I'll give you the most binding contract that you or your lawyer want to work out — and I'll even pay for the attorney to draft it so it won't cost you a cent. And I'll warranty to you that as long as your current customers buy from you (consolidated with me), I'll give you X% of the gross."

Or, let's say you've got $9 million in inventory that you'll never sell. Run a $2,000 ad and sell the products for less than cost (make sure the customer knows this) so it's just to get you liquid again, so you can put more money into marketing.

Or, if you've got a retail store that's doing poorly, but you've got a lease in a prime shopping center, take a fourth of the store and put in someone's products that are hot, and make a consignment deal with them.

61. How do I get over the professional ethic I have that says, "I shall not advertise?"

Then don't advertise. Get endorsements and promotions. Can you in fact render noble and beneficial service to the clients or the patients that you serve? If the answer is "no" you shouldn't be in your business. If the answer is "yes" you have more obligation.

If you go to people who have customers who, through an endorsement, joint venture, or some internal means, communicate to their members or friend or customers an invitation to avail themselves of your services because you are, in fact, the most effective, nurturous, competent, qualified professional they know, you're both doing a noble service to their customers. You're trying to find people who are in dire need of your services. You're not advertising.

Advertising for licensed professionals has always come up. There are a number of ways you can approach your market without direct advertising. For example, professional associations employ the use of newsletters to promote their profession. You could take that concept and develop a newsletter solely for your customer base. The articles would be both informative and educational, and there should be a **subtle** compelling reason in each issue for your customers to come visit or call your office.

Not only does this not violate any professional oaths you have taken, but also your customers will appreciate the additional information you have supplied. This will most likely increase the likelihood of referrals, thus stimulating your profitability.

The newsletter will offer a refined, subtle approach and achieve the goals you have set, namely, increasing patient or client visits, and developing a referral network.

62. How do I get more productivity without spending any more money?

There are a multitude of ways you can produce more and at the same time spend little or no money. As always, strengthening your advertising will generate much more business. You must expand your USP and make your guarantee better. Pay more specific attention to advertising. Keep your eyes and ears open as to what the market wants. By testing different headlines, different offers, different prices, and reworking the content of your ads, you can generate infinite amounts of new business for no additional money.

You might find yourself with a product but no market to sell it to, or maybe you've determined a market niche but do not have a product to sell it. By making a few phone calls and researching the classified ads regularly, you can find people in the opposite position as you. Respond to those offers and propose a joint venture. If you can bring the two of you together honestly, at a 50/50 up-front deal, you can largely increase your productivity, in a fresh money-making relationship, for virtually no money.

A little bit about joint ventures. Never blindly enter one unless you like and ultimately trust your new partner, and you feel you have total control of your end of the deal. And, just because you have made the joint venture, don't think the money is going to effortlessly pour in. The most important part of a joint venture is the execution. You must have the phones manned, the equipment to ship or move a product, the right advertising ideas, the best salespeople, a willingness to work hard, and so on.

Anybody can initiate a joint venture. But only sharp marketers can make a joint venture work and prosper.

Another great way to enhance profits — that is an excellent short-term approach to earn money — is to again go into the classified ads and contact all the advertisers.

Offer to buy the rights to regularly mail your promotions to their customers and, in effect, become the other company's back-end for a flat percentage of the gross sales you generate, say 5% to 25%.

Don't be afraid to give them a decent percentage. You will be making plenty. Why not give to receive? My classic offer is, "Would you give me 25¢ for every dollar of profit I make you?"

63. How do I obtain press coverage for myself and my business?

I'm going to let my friend, and fellow marketing expert, Howard Shenson answer this one. Howard is a Certified Management Consultant. Prior to opening his private practice in 1971, he served in teaching and administrative capacities at the University of Southern California and The California State University. He's written 11 books, been the subject of more than 700 magazine and newspaper articles, and appeared on more than 300 radio and TV talk and news shows.

Here are excerpts from a publication of his entitled *How To Get Quoted & Talked About By The Press*.

* * *

Here's a great way to provide no-cost advertising for your business or yourself. I want you to read this several times, not only because it is enjoyable, but because of the powerful concepts outlined. As you read it, think about your own business, particularly the section about being prepared for the response.

It is fantastic to think about the rewards free press and publicity can bring. In fact, it's seductive, but you must also consider the cost of fulfilling the response.

Obtaining favorable publicity is a vital part of marketing. It can support and magnify other promotional activities (direct and indirect) and produce numerous advantages in its own right. *How To Get Quoted & Talked About By The Press* is not a list of tips on how to write and distribute press releases. There are many of those. Rather, it deals with the fundamental strategic and philosophical issues vital to obtaining high levels of positive publicity. Hopefully, it will help to sensitize you to concerns that are crucial to success in media relations. It is intended to detail approaches to the media that have worked best.

The recommendations made in this booklet have proven to be highly effective. They are based on both extensive research and my personal experience in serving hundreds of clients. In most cases, the publicity campaigns that I have undertaken for clients have been based on strategies first tested, refined, and proven effective in the promotion of my own proprietary endeavors.

The Press Does Not Owe You a Living!

Many seeking publicity, including some professional publicists, communicate an attitude that the press owes them coverage. Nothing could be further from the truth. And such an attitude will be extremely deleterious to your efforts to obtain press coverage.

Obvious? Of course! But, consider this. In the rush to get publicity in an environment where you see others with equally or less worthy "causes" receiving desirable coverage, there is a high probability that an attitude of "I deserve to be covered" will creep into your communications with the media. No matter how subtle, it will hurt you.

The business of the media is to provide news and information which is of value to its audience (readers, listeners, viewers). With so much to choose from, they have great latitude in determining who and what will be covered. Publicity for you is elective — the attitude you communicate about the media and the individuals you are dealing with in your quest for publicity will have great impact on your success.

The media is not an extension of your marketing department. Its representatives owe you nothing. If you have information of value that attracts their attention, you may be fortunate enough to benefit from receiving publicity. Don't forget this!

Don't Waste the Valuable Time of the Media With Unimportant Trivia

The vast majority of news releases never receive coverage by the media. There are many reasons why a release isn't provided coverage, of course, but none more persuasive than the fact that the release deals with unimportant information.

Take professional practitioners as an example. Most professionals send out three press releases during their entire career. The first announces the fact that they have started practice, the second communicates the fact that they have removed themselves to larger offices, the third broadcasts their retirement. Failing to see their name in print, they conclude that obtaining publicity is an unproductive effort.

They failed to receive coverage for a simple reason. Starting a practice, moving a practice and retirement are not news — very few care. If they are located in a small town where the local newspaper feels an obligation to report on any and all local business happenings, they may get a line or two of ink. But in a major market there is far more important news worthy of the very limited space available. Of course, a highly specialized industry/profession newsletter may provide coverage, but even this isn't too likely.

If you want publicity, you must come up with information that is truly of interest. If you are unable or unwilling to do so, don't waste your time or that of the media.

How to Generate Real News

Generating news and information of sufficient value that it will be worthy of serious consideration by the press is not difficult.

Start by doing something that a great many journalists do — asking the question: What information would be of value and interest for the audience I am attempting to communicate with? Doing so gives you focus and direction. It's a proven principle of target marketing.

This same principle can be applied to publicity efforts as well. If you ask the question about what the audience would be interested in knowing, you can generate news that has a high probability of attracting the interest of the media.

One way to do this is by conducting research on a provocative question and reporting upon your findings.

For example, when I schedule a seminar in a city, it would be desirable to have press coverage of that fact. It could stimulate additional registrations. But my decision to conduct another seminar really isn't that newsworthy. However, a press release that communicates information about how consultant and professional fees or business prospects in the local area compare with national averages and trends might be. Including information that the researcher will be in town to conduct a seminar where these trends will be discussed in more detail has a higher probability of receiving coverage.

You may feel that collecting research data would be difficult, very time consuming or even costly. Certainly it can be. But it isn't always. A small survey of attitudes or opinions may not qualify for a doctoral dissertation, but it can provide interesting insight or information that will attract the attention of the media — because it is of interest or value to the audience they are trying to inform.

Sameness May Be Efficient But Not Effective

We have all been hooked by the notion that it is efficient to do something one time and magnify our efforts by reproducing it over and over again. While this is efficient, it may not be effective when it comes to getting publicity. Many seeking publicity, including a high percentage of professional publicists, create a general press release, make multiple copies and mail it to every potential press lead they can unearth.

You will be far more successful if you will avoid this practice and concentrate on tailoring your publicity to the unique interests and special circumstances of each potential media lead. It is almost always more effective to develop a unique and special publicity release that directly targets a given media professional. Perhaps even better — don't send a release at all. Write a personal letter that communicates at a more specific and personal level and which will motivate the recipient to more carefully consider the value of providing publicity for you or your endeavor.

As with marketing, publicity efforts need to be targeted. While it is far more time-consuming to prepare a specific/targeted communication, I would rather concentrate on obtaining publicity from a smaller, select segment of the media than spend effort generating less pertinent quantity.

Seize Opportunity to Create More and Better Media Coverage

Those who are good at getting publicity seem to have a sense for opportunity that we should all work on developing. A good question to ask regularly: Is there a news or publicity angle to what I am doing?

Opportunities present themselves almost daily that can be turned to publicity advantage if we stop and take the time to be creative.

For example, when you are reading specialty or trade publications or even the general media, you will see remarks make by colleagues or competitors (or others) with which you agree or disagree. It is often a good idea for you to draft a press release refuting or supporting such opinions. The media tends to like controversy — so refutation is more powerful. And the more important the person you are refuting and the more controversial you appear to be, the more likely your efforts are to produce coverage.

It's okay to be somewhat controversial. Some fear that being so will hurt opportunities. But since it is unlikely that you will be able to do business with everyone, it may actually be beneficial for you to cause the market to have mixed emotions. If half of your market feels you are a raving maniac, but the other half feels you walk on water, it may be to your benefit.

Don't Forget to Say Thank You in a Meaningful Way

The vast majority of those who are fortunate enough to receive the favorable publicity they have worked so hard to obtain never take the time to say "thank you." It is simple common courtesy to thank those who have done something which benefits you. Because so few say "thanks," the fact that you do will more likely be remembered, and could benefit your publicity efforts later. This does not mean sending a gift. Never do anything that would cause the individual, their publisher or others to think that the editorial integrity of the journalist has in any way been compromised.

Make Media Relations a Two-Way Street

In addition to always taking the time and trouble to say “thank you” for the publicity received, it will be in your interest to expend effort on a regular and consistent basis to develop a reciprocal relationship with members of the media.

Most seeking publicity won’t bother to do this. So, if you do, you’re more likely to be noticed and remembered. Make it a policy to communicate two or three times each year (and more often, if possible) with your media contacts in a way that is other than self-serving. As you pick up information, hear things, run in to useful data, etc., ask yourself, “Which individuals on my media contact list would find having this information of value?”

Then communicate it to them. If you run into an interesting story idea that you feel would be of value, tell them.

Look at it this way. If I am a member of the press and every time I hear from you it is to make use of me to benefit you, I am less likely to be responsive than if I receive a mix of communications from you — including some that benefit me rather than you.

You Can’t Buy the Legitimate Press

Even in this enlightened age, there are some who feel that they can buy good press coverage.

They believe that since they have spent or offered to spend “significant” sums on advertising, they are deserving of editorial coverage.

Sometimes they are right. There are some publications that quite regularly trade editorial coverage for advertising. But the legitimate, respected press does not. What makes publicity so effective for those who receive it, is the editorial integrity of the publication. Generally speaking, the more highly respected a publication, the greater its editorial integrity. Knowing this, the legitimate press takes great pains to ensure that its integrity is never compromised.

When available, you may find it advantageous to benefit from publicity made available in exchange for advertising or other commercial benefit. But, take care that you never approach the legitimate press with an exchange attitude. Doing so will be very damaging to your prospects for obtaining publicity, and to your general image with the media.

Am I Important Enough to Be Called By Name?

When the daily mail arrives, you likely pay far more attention to letters which are addressed to you by name, are properly spelled, specifying the correct position, title, address, etc. So do members of the media. While it is easier to fire off press releases to “Business Editor, Chicago Tribune,” it may only gain attention equal to the attention you devote to “Resident” or “Occupant” mail that you receive.

Just as your communications with the media will do better if they are specific and targeted to the special interests and concerns of the recipient, it is important that you invest time and effort on the details. Write to people by name. Be sure the spelling is correct. Do the research necessary to ensure that you are reaching the one person at the publication or broadcast station who has the greatest interest in your cause. Check titles, professional or academic designations, addresses, etc. with great care.

Any major library has a variety of media directories that will help you with checking the facts. But, directories get out of date quickly. Confirm information by telephone and update your records regularly.

We all get busy and look for shortcuts. But ask yourself this question — if I fail to get publicity because I have created a poor image by misspelling the name of a journalist, did I make a wise decision about my priorities?

Should I Retain the Services of a Professional Publicist or Public Relations Firm?

Using experienced, creative professionals may be very much in your interest. The more difficult your publicity objective is to achieve, the more useful professionals can be. If your cause or project is different and highly newsworthy and you desire to make an impact with a narrow band of specialized trade publications or even the general media in second- and third-tier markets, you may be able to get quite good results on your own.

However, if you are trying to impact major-market mass media or obtain publicity in crowded, competitive niche markets, you may be frustrated by your lack of success — suspecting that a professional could generate significantly greater impact.

There are many advantages in using skilled professionals. One is contacts. A good professional has done, or knows how to do, the necessary research (fairly quickly) to identify the best media contacts. Another is influence. Most members of the press come to rely on professionals to bring them information and news. If a member of the press knows that 70% of the time a particular publicist can be depended upon to bring them a good story lead, they are much more likely to respond to that individual's communications than to the stack of unsolicited press releases on their desk.

A third is creativity. Professional publicists and public relations firms are often imaginative and creative. They frequently know how to package an idea or an image to make it appeal to the media.

You can do it yourself. Even the most difficult publicity objectives can be accomplished without external professional assistance. Doing so, however, often requires that you master the tools used by the professionals and learn the tricks of the trade that allow them to collect fees for the services they provide. You need to ask yourself — "Do I have the time to become proficient in generating desirable coverage?"

As with most things, when buying professional services you get what you pay for. Most publicity professionals charge either on a project basis or on a monthly retainer. The fees are not inexpensive. And, you are responsible for their direct expenses. These can be considerable. In seeking their services you are likely to be quoted a wide variety of fees. Evaluate their approach, their ideas, their style and make your decision accordingly.

If you do elect to use professionals, it will be in your interest to manage them tightly. In my experience, the squeaky clean wheel gets the grease in this business. I have always found it advantageous to ride them hard. Think about calling every day and saying "I read *The Journal* this morning and I did not see my name on the front page. What are you people doing?" They will be quick to remind you about your last coverage or to tell you what they did for you yesterday. Thank them, but remind them that such is history. Then, inquire about what they are doing for you today.

Are You Prepared for the Response?

Don't commence efforts to generate publicity until you have carefully considered how you will handle the response if your efforts are successful.

Do you have time to be responsive? What if 30 writers want to interview you? Suppose 16 local a.m. television talk shows want you to guest? How would you handle 7,321 requests for information?

The time to think about how you will handle the results of your efforts to generate publicity is before you start, and not after you achieve the desired result. The publicity you generate (or the opportunities for publicity secured) will be wasted unless you are able to respond quickly and appropriately.

Before you pitch the bookers, producers or hosts of all of the local television talk shows to have you as a guest you had better ask yourself whether you would be willing to travel all over the country, at your own expense, to do five minute segments at the drop of a hat.

Do you have adequate staff support to quickly process hundreds or thousands of requests for information?

Plan ahead. Think the response through carefully. If not, publicity can become a burden rather than a benefit.

Always, Always Make Time for the Press!

The response to your efforts to generate publicity seem to arrive at times which are most inconvenient for you. Writers call a few minutes or a few hours before deadline. Planned guests on talk and interview shows cancel out at the last minute, creating an opening that the producer hopes you can fill.

If you wish to maximize the results of your publicity-seeking efforts, you must always make time for the press, be immediately responsive, follow up quickly, and work at their convenience — not your own.

When called for a quote, interview, comment or information, stop whatever you are doing and respond at the time. If you absolutely can't respond at the moment, inquire about deadline and schedule and respond as quickly as necessary. When a good live appearance opportunity comes about, change your plans and schedule to be there.

Just like you, members of the press wait for the last minute and are motivated by deadlines. Be responsive to their schedule! Follow up immediately. When they need information, be prepared to fax it instantly or send it overnight express, if necessary.

Make sure that you are viewed by your media contacts as being instantly available, immediately responsive and sensitive to their needs.

Try and Get that Address and Phone Number Included

Publicity is wonderful. Publicity that includes your address and phone number is productive. When dealing with the media, be creative in coming up with angles that will result in your address and phone number being included in the press you receive.

Remember, people are a little lazy. If it's convenient to get in touch with you, they will. If it's not, most won't bother.

Agreeing to provide free or low-cost information is often an excellent device for getting your address and phone number published. My experience, in this regard, may be instructive. I am frequently interviewed by newspaper and magazine writers who ask questions related to my annual, national study on the fees, incomes and operating ratios of consulting and professional practices.

At some point during the interview, I will say something like, "By the way, if any of your readers would like a complete summary of the data, I would be happy to provide it to them without charge. All they need to do is write or phone and request it." If you are doing a broadcast interview, you can make a similar statement. The interviewer has little choice but to then ask you to give your phone number and/or address to permit the audience to take advantage of your gracious generosity. Developing the ability to get the media to include information on how to contact you has great value.

Respond to Publicity-Generated Leads Immediately!

If you are going to the effort and expense to obtain publicity, be sure to respond to the leads promptly. We live in a society of instant gratification. If you need a carton of milk at 1:00 a.m. you can go to the local convenience store. If you want a photocopy at 3:00 a.m. you can go to the local all-night copy center. We don't like to wait for anything and we don't have to. If you are unwilling or unable to respond immediately, your competition can.

Respond to leads received the very day, or at worse, the next day. Get to them while they are hot. Interest wanes fast. And usually when someone is requesting information they are requesting it from several sources. The first to respond has the greatest chance of getting the business.

Living by such a policy has resulted in much business and goodwill in my shop. I have had people call at 5:15 p.m. and request information. A personal letter and sales literature is mailed that evening. In the local area it is likely to be delivered by noon the next day. They frequently call to do business and almost always comment on the speed of response/quality of service.

Not All Leads are Business Opportunities

Just getting leads may not be productive. What you really want are qualified leads, of course. Your publicity efforts should be directed towards ensuring that you acquire leads with the right potential.

Many years ago, in-flight magazine publishers discovered the bingo card. Since, at least in those days, you could not telephone from an airplane, to order or request information and probably were not inclined to write a letter aloft, the reader response card was a great device. People could take a pencil and circle numbers, mail the card after disembarking and receive information. The concept has become popular for magazines.

Some advertisers realized that when the air is thin, the liquor flowing, and people have little to occupy their minds, some of these travelers become mesmerized by the bingo cards and circle those little numbers to death. As a result they received mountains of information. But few bought. Indeed, some advertisers began to request that they be left off the response card. Responding to the leads was too costly for the business obtained.

In seeking publicity, if you are not too discriminating, you can get lots of leads. But are they the right leads? Screen publicity opportunities to help ensure that you get only qualified leads. When making information offers, consider charging a dollar or two in order to separate the interested from those who just like to receive mail.

They've Not Seen it All! Creativity Counts

Direct marketers expend great effort trying to figure out how to get your attention. With the mountains of promotional solicitations received these days and the busy schedules we all keep, they know that they have to be creative if they are to have their promotional message noticed.

Since you are but one of hundreds or thousands contacting the media to gain publicity, it will be in your interest to think like the most creative direct marketers. No, the press has not seen everything. Creativity pays off. Anything that you can do, in good taste, to encourage your pitch for publicity to be noticed and responded to as you desire will be beneficial.

Some writers on the subject of publicity and public relations advise that all interactions with the media be in ways only proven by tradition. Often this is a good practice, but be careful that you don't follow tradition so closely that your communications to the media don't get noticed. Members of the press are impacted by many of the changes that you and I are. This sometimes permits you to depart from the way things have always been done. I would rather receive coverage than strictly adhere to tradition.

Press Begets Press

The more coverage you receive from the press, the more you will receive. If you, your product, your project or your cause is to become a "household" word, you want as much favorable press as possible. And getting press is one of the best ways to get more press. You may have noticed that certain sources seem to be quoted repeatedly. They are not only frequently mentioned in a given publication, but in the media in general. Here's why...

Most journalists keep a file or notebook of sources by subject matter. When working on a story, they turn to the appropriate file. If you are there you will likely get a call and be asked for your opinion or information. If there is no one under the category or an insufficient number of sources, the reporter is likely to take a look at other articles on the subject. If you were mentioned or quoted there you are likely to get a call. The more files and notebooks you can find your way into, the more media coverage you can anticipate.

Simply put — press begets press!

— Howard L. Shenson, CMC

64. Can you give me a realistic expectation of the percentage response I should receive on my direct marketing?

That's very difficult. Everything is kaleidoscopically unique. Some offers will pull 1/10 of 1%, some will pull 10%. It doesn't matter about percentages, it matters about what's profitable on a return on investment. If for every time you spend $1 you bring back $5, and the cost of the marketing and the fulfilling of the product or the service is 3X and you made 5X, it's a very lucrative proposition.

On the other hand, I've seen offers that pulled 10% lose money because of the cost of the product, postage, and the moderate price the product would bring didn't justify it.

Don't worry about percentages, worry about whether it makes a profit or not.

65. How can I reduce the number of times my telemarketers are cut short or hung up on?

We've all probably cut short — or hung up on — a telemarketer or two in our lifetime. So what can you do to have **your** telemarketers more likely be listened to?

You have less than 30 seconds to convince the customer to listen to you. So your callers need to develop a powerful opening statement that'll get the listeners' interest.

But while the statement needs be interesting, unique and attention-getting, it also must also convey three important facts: Who you are, what you want, and why you're calling. Have your caller follow these steps: First, state his or her name and company name clearly, then tell the person how their name was obtained. Then give the potential customer an important benefit of the product or service, followed by an example.

Always have them ask at that point for the prospect's time. The caller can then begin to ask questions to begin to qualify the prospect.

First, your caller should be friendly, not bored-sounding or reading from a script, over the phone. Keep your telemarketers' attitudes optimistic. The caller should always be prepared with a full understanding of the produce [or service] so that any questions can be answered immediately and correctly.

By following these steps, the prospect should be more receptive to your offer.

66. How do I get on television and radio for free?

One of three ways:

1) Go with a per-inquiry or per-order advertising deal. It's ideally suited for smaller businesses. If you're in business for yourself, it's a way to bring in new sales at a guaranteed profit. This is where you make a deal with a publication, radio or TV station, or catalog to advertise your product without charging you an up-front fee for the ad space or air time. Instead, you pay them only for each inquiry — or each order — that's generated as a result. So your advertising costs come right from the profits, not from your pocket.
   I should warn you, though, that the medium will do this only if they think they'll make more money on this basis than they would if they sold the time or space to you outright — or if they are having difficulty selling the time or space, and will grab any money they can get. In fact, be on the lookout for media trying to get rid of any unused time or space at the last minute, and negotiate with them. You can get some very good deals this way.

   You need to understand that media have unsold time and space. If it's not used, it cannot be "saved." If a radio station has, in any hour, 12 minutes of ad space and they only have sold five, they can't save that time. It's gone forever. The right proposition from you at the right time can make a big difference. And the right proposition is, for a percentage of sales. Or you can get creative: If they want a minimum amount of commercials or ads every week or month, you'll give them a certain percentage of the gross sales.

2) Approach them with a barter deal. You can do a direct trade of your product for their ad space, which can be very profitable for you. (See Section Four for a more in-depth explanation of bartering).

3) Do a triangulation deal: If you can't convince the media to take you up on your bartering deal, triangulation becomes the device to save the deal.

   Triangulation is the use of three separate transactions (or more) to achieve, in this case, free radio or television advertising. Section Four of this report gives a detailed in-depth example of how to construct a triangulation deal.

67. How can I make my ads stand out from everybody else's?

I also know when *I* look at retail ads, I find it increasingly difficult to distinguish between one business and another. Why? Because the vast majority of ads today focus on one thing: Price.

So I suggest you come up with a different Unique Selling Proposition — one that focuses on a reason other than price why customers should choose your business. Of course, make it a proposition you can fully deliver, and one that will be relayed and reiterated in everything your business does. I think customers are getting bored — and a little deluded — with all these businesses saying their prices are the best in town. It's time for you to come up with some powerful reasons why you should be their only choice. **Sell your business' ability to benefit the customer.** This will make your ads stand out from the crowd, and will also help to build customer loyalty.

68. Whom should I contact for marketing help, and how should I pay them?

Always be sure to interview ad agencies, marketing consultants, public relations practitioners, designers, and the like, and make sure they extol the premises that are integral to your business philosophy. I always find paying them on a performance basis of some kind is optimal. If they won't, you shouldn't engage them. You must explain to them that they'll be better off getting more money for better performance than if they were paid a straight fee.

This is an underused concept.

And it really ensures that your company is getting the best quality work from the agency. If you pay one of those hip, expensive agencies a flat fee, they will put together a very sleek, attractive-looking package for you, sure. But will it be their best work? Will it really result in more business, more customers, and enhanced profit for you? You would hope so, but how could you be positive that the package is the ad agency's best work? After all, they receive their pay, regardless of whether you profit a million or lose a million.

But, if you propose to an ad agency that instead of an up-front flat fee, they will receive a percentage of increased profits that directly result from their work — and they accept these terms — you had better believe that the agency will be working 'round the clock to come up with the absolute best campaign possible. They'll keep closer contact with you, they'll study harder to learn more about your business, and they will be more receptive to any minor input you might have. Your working relationship will be excellent. This is basically a joint venture, on a smaller scale, with an ad agency or marketing consultant, etc.

Just remember to be generous with the percentage you offer to the ad agency, marketing consultant, P.R. expert, or whomever. You are expecting to make plenty of profit from the campaign, so if you show a strong financial commitment, then their time, effort and results will be much better.

You might be able to negotiate terrific percentage rates right now because those businesses have seen a similar downturn in their workload. Take advantage of this knowledge to access their expertise for just a small percentage of what they might ordinarily command. The pay-for-performance contract gives both you and your consultant a sense of checks and balances, and also minimizes the risk of receiving poor quality from entering your business. If one is hesitant to work with you, your response to him/her should be one of flexibility. If they are concerned about monitoring the success of your promotion (on which they would get paid), offer to have an accountant of their choosing verify your results.

As an afterthought, however, I do hope that after you carefully read this report several times, you will have picked up enough marketing ideas that you'll be less likely to need outside marketing help. If possible, do it yourself!

69. What books do you recommend, and why?

Here is a partial list of books that I think belong in anyone's reference library. It's not an exhaustive list — that would take another 100 pages — but it's a good, solid, basic list that includes all my favorites. Information regarding each source is as current as possible.

My Life In Advertising/Scientific Advertising, by Claude Hopkins (Crane Books, Chicago). Definitely wins the top spot on my list. Perhaps the best two books ever written about marketing and advertising, sold together as one book. Read them.

Think And Grow Rich, by Napoleon Hill (Fawcett Books, New York). This is a wonderful little book that I recommend you read over and over again. It's a delightful introduction to the mind-set of the truly successful entrepreneur.

The Lazy Man's Way To Riches, by Joe Karbo (Karbo, Huntington Beach, CA). One of the best-selling "how-to" books on successful mail-order marketing.

Breakthrough Advertising, by Eugene Schwartz (Boardroom Books, New York). What I consider the second greatest book on advertising (Claude Hopkins' book is the first).

Confessions Of An Advertising Man, by David Ogilvy (Crane Books, Chicago). This is a look inside the mind of the Madison Avenue advertising giant. It's refreshing to me to find someone who actually believes that advertising is salesmanship, not entertainment. His years of hard work have paid off: He's now one of the most successful — and fascinating — people in the history of advertising.

Ogilvy On Advertising, by David Ogilvy (Random House, New York). More thoughts and lessons from D.O.

Direct Mail And Mail Order Handbook, by Dick Hodgson (Dartnell, Chicago). Everything anyone ever needs to know about the art of making money through mail order.

How To Make Money In Mail Order, by Melvin Powers (Wilshire Publishing, Los Angeles). Gives examples of products and ads that pulled in millions.

Secrets Of A Successful Mail Order Guru: Chase Revel, by Ron Tepper (John Wiley and Sons, New York). You can see some of Ron Tepper's writing under Number 74 of this question-and-answer section. But this book, written about my good friend and mentor Chase Revel, is truly worth reading and contains lots of valuable insights you won't obtain from anybody else in the industry. It reveals the direct-marketing secrets that made him rich.

Successful Direct Marketing Methods, by Bob Stone (Crane Books, Chicago). I consider this to be the bible of direct-response marketing methods.

The Greatest Direct Mail Sales Letters Of All Time, by Dick Hodgson (Dartnell, Chicago). A collection of dozens of legendary direct-mail letters, from lead generation, to cash-with-order, to subscription renewals. A storehouse of good ideas that are applicable to a multitude of business situations.

Tested Advertising Methods, by John Caples (Reward Books, New York). This book offers tips on how to recognize and write good advertising. John Caples is one of the greatest copywriters of modern times.

How To Make Your Advertising Make Money, by John Caples (Prentice Hall, New Jersey). More on how to create ads that work.

How To Write Good Advertising, by Vic Schwab (Wilshire Publishing, Los Angeles). I like this book because of its top-notch explanation of how great ads are written, and because of the insight it gives to the effort that must go into winning ad campaigns.

The Robert Collier Letter Book (Prentice Hall, New York). The all-time classic on successful direct-mail sales letters.

Writing That Works, by Roman and Raphaelson (Harper & Rowe, New York). I find this short book easy to read and act upon. It helped me learn to write more clearly and effectively.

Direct Marketing Success: What Works And Why, by Freeman Gosden (John Wiley and Sons, New York). One of the top direct-response ad agency presidents in the country gives a clear explanation of what the basic rules are in direct marketing and why they must be followed.

Maxi-Marketing, by Rapp and Collins (McGraw Hill, New York). The heads of one of the world's top direct-marketing agencies talk about their new philosophy on what successful marketing means in the 1990s. Very worthwhile reading.

70. What type of person should be running my marketing, and how do I find him or her?

The kind of person you want to hire as a marketing associate is somebody who understands intimately the techniques and the technologies that I have taught you.

I would say you should interview people first of all on a philosophical basis. Propose a conditional employment arrangement that perhaps will last for 30 or 60 or 90 probationary days — but check with your attorney on what kind of conditions you can impose — during which time it's incumbent on the new employee to perform at a minimum level of acceptability in order to sustain his or her job.

How would I pay them? I believe in incentivising everyone. I would give him or her a tenable draw, enough that they can pay their rent, pay their bills, put gas in their automobile and pay the dry cleaning on their suit or their tie if they have to wear a suit and tie in your office. But not enough that they'd feel rich, fat and sassy. Make all these luxurious compensations incentive.

Make the incentive attainable enough that it's not illusive, not teasing. I'd give them certain goals that are realistic. But you know that if they achieve them and you have to pay them $5,000 more a quarter, or $1,000 more a month, or $20,000 more a year, they are making you so much more that it's a very fair and equitable deal. But I'd make it very attainable. And if they accelerate, I'd give them an extra bonus. Make their compensation two-part.

71. Which media work well together?

The problem, you must understand, is that every situation is unique. I've seen lots of people use space to generate inquiries and then send those inquiries a follow-up letter. A few days or weeks after the follow-up letter, they follow up with a telephone call. If that fails, they send out another follow-up letter. If that fails, they follow up with another telephone call. And the combination works very beautifully.

I've seen people use direct mail only. I've seen people use direct mail followed by a telephone call, followed by sending a video tape.

There is no definitive right or wrong. You've got to experiment.

But I can tell you this much... Most people abandon the process far too early.

Sometimes the introduction of one more follow-up ingredient, whether it's a call, a letter, a tape recording, an example, a letter of testimonial from another client, or a different form of the proposition, can make all the difference in closing the sale.

We just did a test, for example, of a two-step. We introduced another philosophy to 1/3 of the group, and we got more sales on that letter than we did on the original.

Another person I counselled did a test mailing recently. He sent a very elaborate and very compelling 12-page letter. That letter produced a very satisfactory result. But at my insistence, two weeks later, he sent a simple little postcard reiterating the offer, putting a time deadline on it, and bringing up one overlooked point that wasn't embellished in the letter. And that little postcard gave them a phone number they could call to place an order.

That simple little postcard, that cost virtually nothing, brought in more orders in totality than the expansive letter. The two together made an incredible success. Without the second one, the first letter was still successful, but it was a marginal success.

You've got to experiment because different combinations, catalytically, will make big differences for you.

72. What can I do to get a larger profit margin?

The easiest thing to do is upsell your customer. A lot of people don't upsell. The people who do get 30% to 40% of their customers to buy something else, or something more expensive. And the way to do it is at the point of purchase offer them either a larger unit of sale or a combined package of other products or services that complement what they're buying and if 30% to 50% of the people buy it, that's the easiest fastest way you'll increase your average margin.

Let's say that your normal unit of sale was $50, and that you make 40%. That's $20 profit on it. If at the same time, you get one out of every four of your customers to buy an additional item that had a market value of $50, but you were able to put "on special" for $30 because you got a great buy on it, you might make another $15 on that sale. You could increase your profit on each sale by an additional $3.75 ($15 for every four customers that come through the door) — an 18% increase!

Offer: Larger units, higher grade, longer period of term.

Or add to it, a larger package of products/service with a high perceived value but they get it at a substantial discount for buying right now. Or add a more prolonged protection, service agreement. Anything to increase the profit per transaction.

73. What is the key element to successfully selling very high-ticket items to customers?

It's three-stepping. You first make your initial sales pitch — preferably either by direct mail, in person, or by telephone. Your initial pitch should be geared toward getting a number of people who are qualified to raise their hands for more information.

The second critical step is where you send a very elaborate and a very encompassing follow-up letter, along with a generous sample or any other appropriate materials. And the third step is to follow up by telemarketing. (See Joe White's segment on telemarketing in Section Five for sample scripts you can use to gracefully and persistently follow up on your prospects.)

74. How do I get free publicity?

One of the most powerful and dramatic techniques every business should employ is free publicity. As the name implies, there is no outward hard cost. The only cost to your business is the time and effort required to attract the attention you want for your business.

I think this question can best be answered by Ron Tepper, a Los Angeles publicity and public relations expert. He will teach you here how to publicize and advertise your company, product, book, or service — without spending any hard cash.

I've secured the rights to reprint a report of his, entitled *An Insider's Guide To Effective Publicity*. Please turn the page, read, enjoy and profit...

An Insider's Guide To Effective Publicity

by Ron Tepper

Introduction

Only a handful of companies are blessed with a multi-million-dollar advertising budget or a household name. Even those that have been blessed use some small part of the promotional method which I'm going to tell you about.

This method is not very new, but has been used so haphazardly, so ineffectively, and only by a very small segment of today's corporations, that you can thank your lucky stars that you have this material in your hands.

At the very least, this course is worth thousands of dollars to you. Used properly, you will make tens of thousands of dollars. Following this advice exactly, having the right consumer product or service, and having an outstanding "sales-type" personality, you could make hundreds of thousands of dollars from this.

What is Publicity?

Celebrities must live on a steady diet of publicity. Politicians could never win an election without plenty of it (some quit their campaigns if they get the wrong kind of it). Authors could never get on the best-seller's list unless they lived, ate, and breathed publicity. Companies with a household name use it at one time or another for recognition. *Fortune 500* companies pay around $30,000 per month for less publicity than you're going to get if you study this report.

The public loves reading, seeing and hearing publicity, whether they'll admit it or not. Sports pages are nothing but publicity. Shows like "Entertainment Tonight" and "The Tonight Show" are nothing but publicity vehicles.

Whether we like it or not, the very fabric of this society is sewn together by publicity.

So what is publicity? Publicity, as defined by the *American Heritage Dictionary* (Second College Edition), is defined in three parts:

1. a. Information that concerns a person, group, event, or product and that is disseminated through various communications media to attract public notice.

   b. Public interest, notice or notoriety achieved by the spreading of such information.

   c. The act, process, or occupation of disseminating information to gain public interest.

Having been in the publicity business for most of my professional life, and having had my own successful firm for over a decade, I hope you'll use this information. I've worked with celebrities, politicians, best-selling authors, *Fortune 500* companies, and even a Nobel Prize winner. What you're getting if you study it well, and depending on how aggressive you are, will save you between $10,000 and $30,000 in publicity costs. There are many books on the market which will give you an overview on the publicity business — what it is, how the media are structured, and how to type a press release. That is not what you're going to read about here. What you're going to get is practical information and a step-by-step guide to get your story presented properly, and to the right method for getting in front of the public's eye.

The Advantages of Radio

The least-respected publicity tool is probably radio. Use it to your advantage. Most of my clients have gotten their first big break with it. First let me sell you on radio's advantages. It has many distinct benefits that will help you get sales.

First benefit. Radio publicity, on many radio stations, can be done without any travel at all. When you realize that there are over 10,000 radio stations in the world, and that some will give you the opportunity to appear on their station without any travel at all, you will understand the clout I am talking about. You can simply pick up the telephone and be interviewed from hundreds or thousands of miles away. Nearly all publishing companies use this and run their authors through "the publicity circuit"— drastically increasing their audience reach and dramatically decreasing their costs. Having picked up dozens of authors who had gone through this "circuit" before getting to me, I can assure you that the contacts I'm giving you would do wonders for even many publishing firms.

Second benefit. My company has piloted (rather successfully) the use of publicity in much the same way as direct mail. You appear on the show as a guest. But, we also make sure you get a toll-free number mentioned, or a Post Office Box, or something where the audience can reach you and buy from you. As you're getting your message across, you're getting sales. (This is nearly impossible to do on television or in the newspapers unless you advertise.)

Third benefit. You get to target your audience. Radio offers so many different shows every day or week. For instance, you might get on a hard-news show in the morning if there is a way to fit you in. If you're promoting a cookbook, you could appear on a food-related show on Saturday. Should you have a financial service or product, you might get onto a financial talk show in the afternoon. And if you have some sports-related product, you might get on during the weekend or at night. (The above times are hypothetical and just give you a range of what radio offers.) The only restrictions would be if you were selling something generally tasteless, such as pornography, drug paraphernalia or firearms — or if you were selling something to another business — then this is really the wrong medium for you.

Fourth benefit. You'll get a lot more time on radio, on the average, as compared to television or print. True, there might be appearances where you'll get a mere five minutes or less, but there are shows where you can also appear for one hour or longer. Average segments on radio tend to run about 20 minutes (including time for commercials) while segments on television will only last about five to eight minutes.

Fifth benefit. You'll get a true opportunity to tell your story. In newspaper or magazine interviews there are far too many misquotes, words or phrases taken out of context, and so forth for most articles to do you any good or get your point across. And if that doesn't ruin it for you, the editor will — he's got his point of view, and yours is probably different. Similarly, television is so quick and the talk-show host's personality is often so strong (and insecure) that you may never get your point across. You may get asked questions you can't stand or questions which won't help you, or you may just be getting it together when your segment is done. With radio, you'll often get your side of the story on the air. The extra time really does help. Almost never will you be challenged without some chance to fully rebut with your story.

Sixth benefit. Audience participation. Radio is excellent because many stations have call-ins. Television rarely does this, and even more rarely does it well. That caller can actually help sell your product or ask the right question to get you going. With a live audience, you get listeners who are able to participate and who are participating. People who are participating in something are more likely to buy.

Seventh benefit. Repeat shows. If you do well on a show, the host or producer will want you back. It might be three to six months before you can get back on that show, but you have a good chance if you perform well to get a repeat show. One broker (a client) has been asked by several major shows to come back on a regular basis; just think, he's on every two months — at the station's request! Consider the possibility of doing a talk show every three months for five to 10 years. Consider having a dozen or more shows like that. There aren't many television shows that give you that opportunity and even fewer newspapers or magazines.

Eighth benefit. Getting on the program at all. I know too many aspiring talk-show guests. Few will ever get the chance to appear on a decent television show in a large city at a good hour. Fewer yet will ever be interviewed by a large circulation newspaper or magazine. But with radio, there is an excellent opportunity for your views, product, book, or service. There are thousands of radio stations. There are dozens of different "classes" of stations based on performance. There are so many shows and the possibilities are incredible. I have known businessmen with hardly a following, even just "starter-uppers," who get on wonderful radio talk shows. I have seen self-published authors, who didn't have a leg to stand on, make a fortune using radio (I even have several clients like this making money hand over fist using this method). So, radio gives you opportunity (something you may just not get with the other media unless you spend advertising dollars).

Telling Your Story

In the past year I've known several publicity people who failed to meet my standards for speed and volume. Unfortunately, I had to dismiss them. My standard is this: If the client is worth promoting, he ought to be able to do no less than 10 shows per month. Each problem client or problem publicist had this at its foundation: The story wasn't good enough!

I've lost track of how many clients have told me they want to tell their story. While their story might be great at a cocktail party, for impressing a business associate, or for romancing someone — to get on the air, with speed, on the very best shows, and on lots of shows, you must have the right story.

A business-to-business story will rarely work. I've tried a few and they generally backfire. That's not what radio is for. Radio is for the consumer. Radio reaches consumers at home or at work or while driving around. Your story must reach those consumers. It must provide that consumer with timely information. Generally, that timely information must be there to better that consumer's life. If you can offer the consumer a solution on how he can better his life, you'll get sales.

Your story must fit the definition of what radio is all about: **Timely information for the consumer.**

Your Story

Unless you're a nonfiction author, you're going to have to study this section carefully. There's an easy way to assemble your story...and a painful way. The painful way is to summarize or expand your advertising message and use that. Most producers will recommend you then contact their sales department to buy air time. That's an insult and I hope that never happens to you. Far too many presentations to the media are like that. That's what producers have told me. That's why so many stories are thrown away.

The Producer

The producer is either your friend or foe at the radio station. He or she decides if your story is worth telling. Unless he or she knows you, the deciding factor is your story. At smaller stations or shows, the producer may sometimes be the talk-show host himself. In any event, don't antagonize the producer. He or she may just be an assistant to the host, chief coffee maker, summer intern, or whatever, but that person decides if you will appear on that show or not.

Piggybacking

In schoolchildren's games, when one child rides on another's back, it is called a piggyback. The term is also slang for hopping onto something else. This is not networking, so don't confuse the two terms. Networking is when you hop onto someone else's contacts. Piggybacking is when you hop onto something that's happening. You hop onto something or someone who is making news. If you are a celebrity, you are the person others want to be a part of. You are the news. How many times have you seen magazines, newspapers, or other media carrying stories like: "The 10 Best-Dressed Women," "The 10 Most Decadent Women," or "The Year's Sexiest Men." These celebrities may or may not be those things, but some media will cover you if you make up lists like that and include celebrities.

The cover of *Business Week* magazine last year stated that if you want to sell something, hire a sports figure! That's piggybacking onto someone who is well-known and well-thought-of. Try having a grand opening of a restaurant without one or more celebrities. See how few media attend. Bring in a major television star, the governor, and so forth, and count on television crews and photographers. I've done both and I know the difference.

Your story must PIGGYBACK. I'll say it again, your story MUST PIGGYBACK. One more time... **YOUR STORY MUST PIGGYBACK!!**

Your story doesn't have to be celebrity- or politically-related. The bigger the news, the greater the coverage. This is a guarantee.

For instance, if I were a commodities broker and I wanted some quick leads, I would call the big radio stations and say I wanted to comment on something really big in the news. Something that I heard on the morning's news, or last night's television news, or on the radio driving into work, or in the morning newspaper. I would try to tie it into headline stories in the major papers, preferably on the front page. This is piggybacking at its finest.

As you proceed toward the largest shows in the largest markets, you cannot succeed without this method...unless you have a book on the best-seller list, just starred in a popular movie, or are running for a major political office.

If I were a novelist, I would find something in my book that relates to what's going on today or has been in the recent headlines. That will open doors to many, many talk shows. Or if I were a travel agent, I would look through the newspapers, the weekly news-magazines, watch a few news programs on television, and then devise my story. A few years ago, many travel agents piggybacked on the European terrorist attacks for their publicity, and included areas where they felt it was safe to travel. It was certainly an outstanding use of this method for getting in front of the public's eye.

With the financial clients my company has, we've piggybacked onto the Persian Gulf Crisis, the widening trade deficit, and the Japanese economy to get on the most popular shows. Almost any news coming out of Washington, D.C. can be used in some way to further your cause. Political headlines can finally be put to good use. Even a cookbook can be piggybacked. Take, for instance, the trend that people are spending less time in the kitchen (or even dining at home). We used this news to place one cookbook author on shows discussing "rush hour" recipes — or foods that can be prepared and eaten quickly. I doubt that there is a business that sells to consumers that can't take advantage of a headline story to get publicity.

Trend

In the above paragraph I mentioned trend. In the event of a missing hard-news item, look for a trend. In the 1950s, the hula-hoop made a big splash. In the 1960s, we had love-ins, long hair, and drugs. In the 1980s we had AIDS, natural foods, and the stock market. Trends can be cataclysmic or a quick fad. They can be spotted if you look carefully. If you see the fad more than twice, it could be a quick trend to piggyback upon. You might not always get a headline news item to play upon. So, you'll have to settle for a trend. They're not so bad. They're easier to manipulate to your advantage, you have less competition from others trying to capitalize on them, and you can probably use them for longer than they exist for themselves.

How To Add The Piggyback

As previously mentioned, your story should start out with a headline, a hard-news item, or a trend. The places to look for such hard news items would be in the pages of weekly magazines such as *Time*, *Newsweek*, or *U.S. News &World Report*. I would also search through recent pages of *USA Today* and *The Wall Street Journal*. The national pages of your local paper may not necessarily suffice. Larger circulation is a must here. The larger circulation papers are the ones in the major metropolitan areas nearest you. Examples might include: *The New York Times*, *The Los Angeles Times*, *The Chicago Tribune*, *The Boston Globe*, *The San Francisco Chronicle*, and similar ones. Because these have a national following, more attention will be paid to stories out of their metropolitan area than, say, a paper like *The Oil City Derrick*, which will feature local Board of Education fights in the first few pages. If you want national news — news with story slants or angles that will be effective in Denver, Cincinnati, Detroit, and yes, even Oil City — you'll want to get those top stories.

Top Stories

There are two types of top stories: Top national stories and top local stories. Top national stories have a large national impact. Top local stories have largely a local impact. A top story that you're interested in would be the kind that's going to be featured on the front page of the newspaper, and possibly the front page of the business section. If it's on page one, then your story will go further.

Here's what most radio talk show producers are interested in as story grist for their mill: The economy and personal finances, health, politics, big names, or controversial stories. Most newspaper editors, similarly, will give page-one category to stories that concentrate on big names, big money, violence, sex, and controversy. The more elements of the above you have in your story, the longer it plays. For instance, a local story that made national headlines (and still makes a good story for some perverted reporter): Son of Sam. Here was violence and sex. If he was a millionaire murderer, that would work even better. And someone like Marilyn Monroe who died from a drug overdose, supposedly slept with a very rich President (who was assassinated) and died controversially, will be paid massive tribute. And Elvis — who was a sex symbol, very rich, a big name, and died from something controversial (drugs?), always gets headlines, even years later.

I've worked in nearly every aspect of the media industry. Let me go over a few. Many of us are already familiar with economic doomsayers. Some of us have probably read their books, subscribed to their newsletters, and so forth. My company promoted one such book that spent nearly a year on *The New York Times* best-seller list. It's called *The Great Depression of 1990* by Dr. Ravi Batra (Simon & Schuster, 1987). I've never seen such a success occur so quickly. Here's an economics professor from Southern Methodist University in Dallas who's going to weather any upcoming depression nicely from his book royalties. When he first came to us, he was self-published, unable to get a major chain to carry his book. After three months of radio publicity using our program, he sold his hardcover rights to Simon & Schuster for $125,000 as an advance against royalties. In July, 1987 he sold his paperback rights to Dell for $300,000. Promoting his book has been a breeze because of the examples I gave you: Depression means big money (big money lost, but nevertheless big money). Depression means violence. And now that he's a best-selling author, we've got a big name. His second book shot to the top of *The New York Times* best-seller list on his name alone.

An entirely different story is Dale Alexander. Dale is probably the biggest publicity hound in history. He has appeared on nearly 10,000 talk shows, including every major show you can name, and got launched onto the best-seller list in 1957. He is a crusader who advocates the use of cod-liver oil as a cure for nearly everything, including arthritis. Arthritis is big business to big medicine. Here is money and names rolled into one. Arthritis is also a painful problem for the afflicted. Cod-liver oil tastes awful (another view of violent). The entire concept is controversy. Dale also solved the sex problem by stating unequivocally that cod-liver oil, taken over six months, will solve any sex problem you have, improving your sex life. He's covered all the bases!

The Twist

Now, whether you have a hard news story or trend upon which to piggyback, you need that extra touch to separate you from the rest of the pack. For instance, say you chose the Persian Gulf story. Where is your participation? Your comment? How do you fit in? More importantly, how does it affect the consumer? I used: "Gasoline Lines Longer in the 1990s?" as the twist. We started with the OPEC oil conference because the story really read that gas prices would go higher and that oil production would be lowered to below current levels. There was enough play in that story proving that oil would go higher that we went with it. The commodities firm made a tremendous killing for their clients — the radio listeners.

Always include the consumer in your story. That is the basis of your story. Twist the hard news angle or trend to affect the consumer. How can you help him? How can the news hurt him? Where will it hurt him? Just place yourself in your listeners' shoes. Why should the listeners want to listen to you? If you exclude the consumer from your story it won't work. Consumers are listeners, and listeners mean rating points.

Rating points are the yardstick as to how many people are listening to the show. If ratings are up, a percentage of listeners increased. If they're down, a percentage dropped — meaning less listeners.

The producer is entrusting you to make his ratings go up. If you talk about something in the news — something listeners easily understand and can relate to immediately — then listenership will not drop off. It may even increase. The producer will be happy to have you back. All this must occur before you are even scheduled. The producer must evaluate and determine whether you and your story will increase or decrease his ratings.

Please learn this lesson well: Fit the consumer into your story. The broadcast media — radio and television — pride themselves in being public service media. Radio talk shows exist only to give listeners an in-depth look at the issues of the day. See how you fit in. Include those consumers into your story.

How to Fit the Consumer into Your Story

To begin with, determine how you are helping the consumer, by either increasing his wealth, improving his health, or attacking his enemies. Your challenge is to isolate how you're helping the consumer and match that with something in the headline news or feature trends.

For instance, Dale Alexander had been promoting his cod-liver oil for over 30 years, first in his books and then with his product as well. There wasn't any real news here. But luck was on his side. Medical researchers broke the news in mid-1986 that what he'd been saying all along was true. There was a correlation between fish oil intake and reduced arthritic swelling. It was hard news! He piggybacked it backwards, so to speak. But he did piggyback. He got hundreds of shows in this way — and quickly.

Dr. Batra's Great Depression book fit well with the Dow Jones averages which were making incredible highs. But his piggyback was someone else's piggyback. Robert Prechter, an Elliot Wave Theorist, predicted the market would climb much higher and crash in mid-1989, coincidental with Dr. Batra's prediction. So, we piggybacked him, since he was hard news at the time. And it appears that Dr. Batra, himself, is becoming hard news now, so my company is now piggybacking him!

The point here is not to boast about our successes, but rather to show you that spotting trends just means reading the papers and thinking. Virtually any story you have will match up with some hard news item or trend that affects the consumer. One book, for instance, that we're promoting is about tracking animals in the wilderness. Well, there has been a trend that Yuppies appreciate the outdoors. So, we jumped on that bandwagon with our twist.

Another example is a water purification product. Sounds pretty dull. Well, bone up on how bad water is in this country — it's toxic. Now say so to the producer. And you'll get plenty of talk shows. Toxic wastes are a hard-news trend. Any time the story comes up it's news. It should be easy to jump onto. Just say something like, "Your water may have some extra molecules that would kill rats." How's that for consumer-oriented, violence, controversy, and big money? (Where did the toxins come from? Big companies.)

Remember the consumer and you get on the show. Forget the consumer and forget about appearing on radio or television.

Getting to the Producer

Now that you've gotten your story together and can make it help the consumer, your task is to interest a few people into using it. The more the better. Over the years, press agents and then public relations firms relied on something called a press release. A press release is something that releases hard news, financial information (such as dividend information for a company listed on the New York Stock Exchange), candidacy for presidency, or signing a major movie star to an upcoming movie. Announcing the opening of yet another chiropractic clinic isn't going to get taken seriously unless you're also buying space in one of those low circulation weekly papers that give you editorial exposure if you buy an ad. You're not even going to get a sneer from these guys in the media. There are dozens of busy journalists, reporters, television-assignment editors, and radio producers who have better things to do than read your press releases. Most are just thrown out after a quick glance. They're mostly silly, archaic tools. They just got overused, then abused, and now they're just impractical. Most editors will get the news they want to cover from the Associated Press or United Press International Daybook Wire. Your press release is clutter.

This segment is devoted entirely to getting your story taken seriously, not just half-read and thrown in the trash basket.

The Producer, Again

Producers generally schedule guests for talk shows. They probably also make coffee, pick up the host's dry cleaning, and open mail. In some cases, the producer and the host are the same person. Yes, they are fearsome, loathsome creatures, as any publicist will claim, but they are also real people. And real people will listen if you talk their language. Here is their language: "Tell it to me quick!"

I'm going to make this really simple. Please don't improvise, because that's why getting to producers is often so confusing.

The Exact Procedure

Step One:	Summarize your entire story or "pitch" into one sentence. Don't get fancy. Example: "I've got something on the Persian Gulf and it could mean longer gasoline lines in the next few years." Bingo. No more. That's all for now.
Step Two:	Call the producer. Tell him or her just that and no more.
Step Three:	He or she will probably ask for more information on the phone really quick (this is called sorting the loonies from the guests). At this point, explain your story in another few sentences. Don't get fancy here, either.
Step Four:	The producer will ask you to send information. You say you will. This will be covered in the next few pages. Don't try to sell him or her at this point.
Step Five:	Send it.
Step Six:	Recontact the producer in about seven to 10 days.
Step Seven:	Recontact the producer as necessary.

What You Will Send

You will send the producer a pitch letter. This is your presentation. You won't send your picture or press release, just a pitch letter. Now, what is a pitch letter?

This pitch letter is not a real letter. The decision to have you or not to have you on their show will occur in about five to 10 seconds, during which time the producer will have scanned over the first paragraph and decided either yes or nay.

You are to take the entire one-sentence summary of your story and repeat that in writing at the beginning of your letter. This is your opening. You then follow with the rest of your story, chopping out any unnecessary verbiage and just sticking to your story.

Omit any solicitous or gratuitous greetings. Omit all greetings. "Dear Ms. Jones: Longer gasoline lines are forecast in the 1990s. The Persian Gulf crisis only means bad news." And so on. Forget saying, "I'm really happy to have spoken to you the other day. I hope the weather is great in Milwaukee." What a lot of junk. He or she will see right through that. His or her job is not to be flattered or admired. It's to get the ratings even higher. Period. Keep that in mind.

The rest of your letter should be short and simple. Don't get complex. Just state what you're going to talk about. Don't use complicated technical terms, as that will clue the producer in as to what kind of awful guest you're going to be. The whole letter should be under 150 words, and certainly no longer than one page!

What Else to Send

Along with your pitch letter, you're going to have to send two other items: Recent press clippings about your company, product, book or service, and your biography. Let me start with press clippings.

Unless you are very fortunate, you won't have press clippings. But your hard news story or trend will have clippings. You clip from the places where you read. I find that using newspaper or magazine clippings that relate to your story will get the guest or expert the better shows, more shows, and longer shows (for instance, a 15-minute scheduled interview would become a 40-minute interview). I also believe that this will get you a repeat appearance at some later date.

To obtain these clippings, just clip while you're researching your hard news angle or trend. Use *The Wall Street Journal, USA Today* or *The New York Times* for best results. *The Los Angeles Times* and *The Chicago Tribune* are also very good.

If you need to do in-depth research, go to a library and ask for *The Reader's Guide To Periodical Literature*. Most magazine editors live and die with this reference guide. Ask your librarian how to use it. It will give you many (if not all) major topics in past magazine issues and in which issue they are located. It's great for locating clippings from the past few months or years that support your current topic. You'll probably notice that news, like history, is circular and tends to repeat itself.

You'll also need a biography. This is not a resume, but close enough to resemble one. This sheet supports why you're the expert, where you studied to become an expert, what positions you have held and hold now, and honors or achievements you've earned. Also include published books or articles as that adds credence to you. Don't include that you are a bowling champion, speak French, etc., as these are unnecessary. If you've written it like a personal advertisement, start over again. Your objective here is to show the credentials you have that will convince the producer that you, not your competitors, should be on the air.

Contact

You've previously contacted the producer. You've sent the required information. You have not jumped the gun and called four times before he or she should have received the information. You have waited, discreetly, for the information to arrive and for it to be read (amidst hundreds of other submissions), and for that decision to have been made. Do not contact the producer until you are certain the above has really occurred.

It's happened. Now what? Well, a decision has probably been made. The producer may have already contacted you. Chances are he or she hasn't, though. So, pick up the phone and call.

In this phone call, gently remind the producer who you are. Say something like: "Hi! I'm the one who's predicting long gasoline lines in the 1990s." Throw the hook out again. Get it out fast. Don't dawdle, because you're wasting the producer's time. Your job is to get your point across for a third time without wasting his or her time. Tough task. If you mess up, they'll dump you. So, be quick about it. Be friendly, but not overly so. If the producer is friendly, that's great. You're probably going to be a guest.

Now, here's the test. The producer will be searching you out to see how you sound. Do you have an accent? Do you answer in yes-or-no answers? Do you hesitate 10 or more seconds before answering? These are killers.

Sometimes, it's just too hard to get on a particular show. Or, the show is just flooded with great guests. If all else fails, simply say, "Please keep my material on file. I'm always available. If you need me as a guest, I'll be there for you. Just call me, even if it's at the last moment." Will such a wimpy line work? Well, one friend tried this with "The Larry King Show" (one of the largest shows in the country and certainly the largest radio show in the country). It worked. He was called on the evening of an upcoming religious holiday. He appeared and got thousands of calls. Make sure the producer knows you're available, just in case. And mean it. Once you promise, you can't let that producer down...ever!

Recontact

With some media people you might have to keep calling back. Many are juggling several guests and dealing with a crazy host. Don't get pushy. Be polite. Promise to call back at a certain time. Sometimes your material doesn't get read. Let it go. Be polite and offer to call in a week or so. Don't come across as desperate or tough. Don't keep the producer on the phone. Be friendly. Have good manners. Keep calling. Resend your kit as necessary, if there is genuine interest.

Actual Interview: Your Appearance

Occasionally, I see a few guests go out of their way to ruin their appearance. You really have to work at it to mess it up. Here are a few cautions.

Avoid the Commercial

You are not there, in the talk-show host's eyes, to sell your product, book, or service. Rather, you are there to provide an excellent, informative show. Remember, timely information for the consumer. If you treat the show as an advertisement or commercial, you'll get dumped. Fast. Faster than you want to. That scheduled 15-minute interview suddenly ends at two minutes. I've seen it happen, and you'll never, ever appear on that show again. You are there to discuss your specialty. You have been elected because you are an expert. You have something to say. For one reason or another, the producer felt you would help the show keep its audience. Treat it like a commercial and you'll get thrown off, or insulted live, on the air.

Yes/No

Next to treating the show as a personal commercial is the aggravation of the monosyllabic interview. Responding by saying yes or no to a host's questions will not get your product, book or service sold. It will drastically reduce your appearance on that show. You'll get cut off in a few minutes or so. You'll never appear again. You'll be made fun of before getting cut off, and again after you leave the studio.

Beating a Dead Horse

Some guests will answer the questions with variations of the same answer. Let's say you actually do have a cure for bad health. The cure is "eat brown rice." If you repeat the cure in practically every answer, you're going to sound awfully dull, probably silly, after a while. Don't alienate your host, your audience, and the producer by repeating the same answer to every question — or even anywhere near that frequently. That's just wasting everyone's time.

The Perfect Appearance

Now that I told you what not to do. Let me tell you what **<u>to</u>** do.

1) Thank the host for your appearance. This makes him look good and gets him on your side.
2) Answer the host's questions completely, honestly and without hyperbole.
3) Mention your toll-free number at the end (or earlier if a listener asks) and how you or your product can be reached or ordered.
4) Use every spare minute to focus on how your subject benefits the consumer.
5) If there are call-ins, answer questions fully using real-life examples.
6) Thank the host for having you on his show. This often opens the door for another invitation.

The only thing I've left out is this: Speak about what you know about and don't speak about something you don't know. Of course, I'll also include the platitude: Be natural. That's simple. Just don't get phony. You'll find yourself magnified many times over when you're in the public eyes or ears like this. If you treat this lightly, think about how someone like Gary Hart must feel now that he's been exposed in the manner he has. That's what happens when you're in the media.

Getting the Sale

You've been scheduled. You're on the show. Now, what about actually selling your wares? I know of three different methods for getting your book, product or service sold.

If your book, product or service is nationally distributed, merely mention the local outlet where consumers can purchase your product, service or book. Say something like, "Well, if you want your taxes prepared by us, just call your neighborhood D & B Rock office. It's in the phone book." Or, "Those who want my elk-hunting video can call Videorama stores in Detroit. They're carrying them." That's all that method takes. If your product or service or book is not nationally distributed, you'll have to sell it direct. The two methods are toll-free numbers or Post Office Boxes.

I prefer toll-free numbers. It's easier to call and order something with your credit card and dial a toll-free number than it is to write a check, address an envelope, put on postage, and mail. Toll-free numbers are fast. Many charge between $1.50 and $2.50 per order (and other costs which you don't find out until later). If your book or product is $4.95, use the Post Office Box method. Toll-free numbers are effective if you charge more than $19.95 per order.

And even if your product is nationally distributed, it's wise to include the toll-free number. Some people may be elderly, handicapped or infirm, and can't get to their local outlet. Others are lazy and won't. Get those extra sales this way.

When Do I Mention It?

Leave it for the end. Those who are still interested in your product, book or service (or even you) will stick it out for the end. But remember, you're not going to sell everyone. I would not risk missing a reappearance on the show because I kept mentioning my phone number.

There are guests who, because they continually mentioned their toll-free numbers, will not repeat as guests on some shows. Don't be one of those. Hosts will attack you for abusing this privilege.

If you pull it off well, the host will repeat the number back to you, encourage his audience to call and order the product, and pat you on the back. Compare that to a stream of insults you might get if you continue repeating your number throughout the show. It's not worth it.

I do know of people who "forgot" to mention their toll-free number or Post Office Box. Too bad. Those people threw away hundreds of dollars of valuable air time, their own time, whatever it cost to get on the show, and so on. For God's sake, write down your toll-free number and keep it in front of you while you're being interviewed for the first few times.

You must remember that your reason for doing the show is to sell your product, book or service. Of course, you're not going to be obvious about it while you're on the show. But your aggressive drive should be toward creating an entertaining and educational show so that the consumer is on your side, the host is on your side, and the audience is fully prepared to order your product.

Warning

Please realize that when you are appearing on a talk show that you are reaching many thousands of people at one time. Many will respond to you and want to buy your product or service. So, while you are going through this report, I vigorously recommend that you review your personal (or company's) ability to service all of the phone calls, letters, orders, sales leads, inquiries, or whatever you ask for on the air. Personally, I believe you should respond to whomever calls you.

Some of my clients in the past have been so deluged with phone calls they've actually wasted their publicity efforts. One doctor appeared in a magazine and got his 800 number mentioned. He received over 8,000 responses. He had to throw over 2/3 of them away.

I don't issue this warning lightly. Beef up. If you do this right, you'll get lots of phone calls.

— Ron Tepper

75. What's the difference between "selling through" and "selling in?"

It's a fact that the majority of marketing programs people create only deal with what I call "selling in," instead of "selling through." What do I mean by selling in? By that, I'm referring to the shortsighted failure on most people's part to recognize this fact: Just because you bring the people to your store [or get them to call, or compel them to write] doesn't necessarily mean they will buy. And even if they do buy, it doesn't mean they will buy the item or items you want, or that they will buy often enough in the future.

Selling in is like lead generating. It's only meaningful once, and only if you've formulated an effective system for converting people to buyers, and only if you've created an effective way to resell them over and over. Without the ability to sell through, your marketing concepts are ineffective. I've seen more businesses fail who could sell in, but not sell through, than you'd ever imagine. Failure on your part to adequately sell through could prove suicidal. By the ability to sell through, you can save or optimize any sell-in campaign you or your staff ever create. Some examples are called for to help me illustrate.

A plastic surgeon I know came to me for a way to sell face lifts. I gave him a wonderful idea. Why not create a 60-minute video and offer it free to serious prospects? My surgeon client created a video and, adopting my ad recommendation, created a powerful ad that closed thousands of extremely qualified prospects. But his promotion failed. Why? Because the surgeon sold in beautifully, but he failed totally to sell through. He sent out the video without any cover letter, without direction, without a call to action, without telling the recipient what steps to take to respond, and without clear, logical instructions. No one replied. No one bought.

I once worked for a multi-billion-dollar electric products company that came up with a fabulous-sounding promotional campaign for selling electric shavers to the public. A campaign that they failed to test, but which they were able to get so many retailers excited with that they sold in almost one million shavers. The only problem was that when the ads and promotion ultimately ran, they totally failed. They did not work. And no one came into the stores to purchase the shavers the dealers were all overstocked with. So because the marketing sold in, but failed to sell through, the shaver company got a million shavers returned and lost tens of millions of dollars.

Don't make the mistake of selling in and not having a concept or any well-reasoned programming ready and pretested for selling through. It can cost you all sorts of initial profits and your entire back-end.

76. What's the best way to select a mailing list?

Basically, ask two or three different list brokers to recommend a list. If any of them recommend the same list, that's a good sign.

Ask them to show you the mechanism used to generate their lists, or the mailings they send out, or the catalogs they send out, or more about the company.

Call the company to see if you can find out more about them. Ask them questions about their customers. Tell them you're thinking about renting their list and you want to know about them.

Do as much due diligence as you can, because list rental is the cheapest investment for reaching prospects. The mailing, the cost of printing, postage, and the lost opportunity if it's incorrect or if your product or service is incorrectly presented, can be suicidal to you. Ask to talk to people who've mailed the list and made money with it. Ask for three, four, or five different names. If the list broker won't do all these things, maybe you should walk away from it.

Tell the broker what your business is, tell him what you're trying to do, ask him to make recommendations, ask him to tell you why he made the recommendation, ask him to send you samples of the ads, the letters, or the vehicles used to generate the customers or the prospects on those lists. Then call the company themselves as if you were a prospect and listen to their pitch and ask them to send you their latest mailing pieces.

That will help you choose the list. If you get the same message from two or three different list brokers, choose the one you feel the most comfortable with. Tell the people you want them to help you grow. You're not a big client. Ask if they're interested in work with you, knowing you can only be worth $500 or $600 to them right now. If someone's too busy for you, don't work with them.

If you want to get a list from a magazine, normally the magazine has an internal list rental department. Go to the magazine first, because many of them don't have a list broker. Many of them may be able to do it direct and maybe they'll give you a discount for it.

Some lists are completely unavailable, but you can also trade for them or give the owner of the list a profit share. There are ways to finesse lists out of the hands of owners for rental purposes.

77. What business do you see as taking off in the '90s?

Service businesses. (And, of course, this includes retail businesses with sales staffs.) People want relief, convenience, painlessness, comfort, and security. Any business that serves that desire, is going to flourish. It always has, but even more in the '90s. This society is begging to be led.

Most people (salespeople) don't lead. They'll say, "Can I help you?" and the natural response is "No, I'm only looking."

But instead of saying "okay" you should say, "Well, that's good, but let me tell you about the suit you're looking at. They're hand-made in Italy. It takes four times as long to make this suit as the suit over here, and not only does it last four times longer but it makes you look 500% better since it's made to compensate for this type of man. The fabrics are stunning," etc. They'll get interested whether they're looking for a suit or not.

78. If you could use only one marketing concept and you needed cash right away, which would you use?

If you told me, "I'll give you 100% of the extra cash you bring to our business today," I would do an upsell, because so few businesses try to upsell these days. If you do an upsell professionally and properly, 30% to 50% of the people would go for it. By educating the customer and convincing them to purchase a more expensive version, you will make extra cash that day.

To bring cash out within 30 days, I would do a house mailing followed up by telemarketing. If I didn't have a house list, I would give away offers to the general public, with no strings attached, to bring in new customers who will probably bring in people with them.

Or I might do a barter of my services for some other product or service that I could turn around and sell immediately.

79. I have a beauty salon. How can I target my direct mail so that I'm not spending any excess money?

The smartest thing to do is <u>not do</u> direct mail. A typical mailing going to a rented list of 5,000 names in your neighborhood would cost you about $2,500. Instead, the wisest move would be to do a promotion in a protected, safe harbor.

The smartest thing would be to approach a kindred business with a good client list. If your beauty shop is upscale, go to all sorts of upscale retailers and ask them to "gift" to all their customers a free $30 or $40 haircut that your people provide. You could send out a mailing, or have the shop hand out flyers. You, the beauty shop operator, fund the expenses.

Have a retailer with 500 customers (who respect him or her) give a certificate with every purchase— not for a discount, but for a FREE introductory haircut — no risk involved. Make this certificate appear to emanate directly from the retailer to his customers, because the retailer thinks so highly of your shop's stylistic abilities.

If you know your marginal net worth, if you give away 500 certificates, you'll get maybe 150 or 200 people who take you up on the introductory offer. Of those 150 or 200 people, I believe that at least 50 people will become regular customers, if your stylists give good haircuts. Those 50 people will probably come in every six weeks or so each year.

At $35 per hairstyle, each new customer is worth $280 in annual revenue. And that doesn't count any upselling or tips.

While your stylists have to extend themselves and cut one head one time for nothing, just about everybody getting their hair cut is going to give a tip, so your stylists will make *something* for the effort. True, your store won't; however, if that space was empty anyway, you're not losing any money.

Now, if you were bound and determined to mail, I think the best method would be to send out a letter or run ads saying, "I want to buy you your next haircut — no strings attached," and tell them why you're going to do it.

80. I have a small business and I want to advertise on TV. Do I have a chance with my smaller budget among the big companies?

Probably greater than you imagine, because you have the chance to make a more powerful case. You see, your ad doesn't have to be created by a committee so that it won't offend any group, industry, competitor, will conform to inner-office politics, etc. All you have to do, with the understanding of salesmanship, is write a good opening phrase of the commercial. You understand how to make a case that promises a big result, establish why you can deliver it, prove your point, list the advantage, make a guarantee that's risk free, show them how to take advantage, and tell them what to do. It's as easy as that.

Your bigger competitor can buy more 60-second commercials than you, but that doesn't necessarily indicate your defeat, because if it's a bad and ineffectual ad, your one-time airing will go much further in the minds of your prospects.

Although with your smaller budget, the quality might not be as good, but do you think that people buy because of the commercial, or because of believability? It's believability. It doesn't have to look like downtown or Hollywood. It has to be believable. The optimum objective of an ad or commercial is not so people will say that the commercial is beautiful and forget they're watching a commercial. You want them to say, "I didn't know that. I want that. That makes sense to me."

81. How do I get people I sell to now to purchase more, or spend more money with me?

Offer package deals. Packaging is absolutely one of the most effective marketing maneuvers for winning people over. I have been enticed by the package concept myself — for a Hawaiian vacation. It was a wonderful "package" that a classy travel agent put together, called "Posh Hawaii." Posh — what image does that conjure up in **your** mind? In mine, it's class and quality. Here's the neat package "Posh" offered me:

It started out with first-class airfare from Los Angeles to Hawaii, followed by beautiful hotel accommodations overlooking the magnificent Maui beach in large, suite-sized rooms, at the luxurious Marriott. Add to that a top-of-the-line Chrysler New Yorker sedan and some high-end sight-seeing tours, and you'll begin to see what a wonderful value this all represents for less than $5,000. Parenthetically, when I'd arranged my own luxury trips in the past, I too would travel first-class. I too would rent a top-of-the-line automobile, and I too would reserve an ocean-view room at the same Marriott. The only difference lay in the increased cost and time I spent planning. When I'd do it myself, it would cost nearly $10,000 and I'd always have problems and difficulties. With "Posh Hawaii," everything was taken care of for me and it cost less than half the price.

That "package" sold me on the concepts of value, luxury, reduction of grief, and tremendous cost savings.

Let's look at other packaging concepts I've responded to in the past...

A few years ago, a little English guy came to me with a very appealing proposal. For $240, he'd meticulously detail my automobile every week for 13 weeks. He'd come to my office or home (or wherever my car might be on Thursday afternoon), and he'd painstakingly hand wash, wax, and chamois the car, plus — anytime in the next three months the car required it — he'd repeat the meticulous detail job **absolutely free**. Three month's worth of weekly hand washing along with as many detailings as I required, all for just $240.

At first I balked. The price seemed high. But the tenacious Englishman asked me to put a quick pencil to it. He pointed out that a good detail job inside and out for my Mercedes sedan would easily cost $100. I agreed. He further asked what I paid to have the car hand washed. I replied $15 to $20. And he pointed out that I had to go to the car wash, the car wash didn't come to me.

He mentally tabulated 13 x $20 plus $100, and pointed out that it was costing me $360 right now, not counting time and inconvenience, to get my car washed and waxed, and, for 33% less, he'd do it all, come to me to do it, and he'd perform additional details free whenever needed. His package, coupled with his ability to educate me to the real facts about what I was already paying, really sold me.

Moreover, by repackaging your existing product or service, or at least an introductory product or service designed to win people over to you, you can build tremendous ongoing or renewable business. No matter what products or services you market, by packaging together a value and benefit combination of features for a single, fixed price — **you can own your market.**

PROVIDED...

Provided you carefully and effectively <u>inform</u> and <u>educate</u> your prospect to properly perceive and desire the combined value you are offering. Look, therefore, within your existing business for ways to package your products and services.

For example: If you've got a plumbing company, consider packaging annual maintenance agreements wherein you offer quarterly routing of all pipes, free 24-hour-a-day emergency service and annual replacement of all loose-fitting washers and valves. By charging an annual fee, which you bill quarterly to the homeowners' credit card, you make such an offer irresistible.

Tree surgeons could offer monthly trimming maintenance for an annual fee — again, breaking the fee down to modest, nonthreatening monthly or quarterly installments.

If you own a gas station, package quarterly tune-ups with free fill-up and other various mechanical services — all for a discount over what it would cost if individually purchased — then reduce the cost by billing it quarterly.

If you're a dentist, offer annual cleaning, maintenance, check-up, and, once the first check-up is performed, provide free cavity filling and other hygienic or cosmetic services for a modest fee — again billable monthly or quarterly to a charge card.

If you're a clothing retailer, you could try out a four-item wardrobe of two pairs of pants/slacks each season, two shirts or blouses, two jackets/sport coats each season for the next four seasons or year for "X" dollars — chargeable to a credit card in four equal installments.

If you are an office supply company, you could offer a basic plan of standard office supplies, i.e., all the yellow pads, staples, and paper clips you can use and up to 500 or 5,000 sheets of copier paper a month for "X" dollars per employee.

If you are a hairdresser, you could offer eight stylings a year plus unlimited trims, when and as needed, plus one perm or partial perm a year as desired, all for a flat annual price payable or billable to a credit card on a monthly or quarterly basis.

Well, you can let your imagination go wild. Remember these points, however:

1) The more synergy you can bring together in your package, the better.

2) By setting people up on an annualized service orientation, you position them favorably for perpetually renewing the arrangement every year — thus turning a one-shot sale into a perpetual one.

3) By reducing the cost to a modest and nonthreatening monthly or quarterly payment, you dramatically increase appeal.

4) By using simple, nonthreatening terms like “billable quarterly to your credit card” you set up an appealing reason for the customer to furnish you with their credit card number to automatically charge every three months, without the hassle of normal corporate billing procedures.

5) By assembling a lot of different products or services together into one package, you can sell a lot of normally limited-appeal or slow items or services, and even though you may discount the price on a given item or service, you aggregate so much more total profit per customer or per sale that even a 50% reduction in pricing profit could translate into a 300% increase in realized profit for your business, if you could appeal to 10 times more people with your package than would normally buy individually. You’ll be able to control your inventory far more efficiently, and you can actually use packaging to rid yourself of a poor-selling product line. Don’t, however, make the mistake of offering a product nobody wants within your package, because you will do yourself a great disservice with your customers. That one unwanted item could turn them off to the rest of the package.

6) Don’t forget, you have to first educate the marketplace before they can be expected to see and then seize the value you are offering.

7) Packaging offers enormous opportunity to tie up a lot of people, for a lot of purposes, for a long, long time and lock in a predictable and dependable stream of cash flow and profits you can build on. Give packaging a serious thought no matter what business you are in.

One more point. Packaging brings “value” to the mind of many consumers, so packaging should have tremendous appeal in today’s marketplace and recessed environment. In fact, play off this internal mechanism, and stress the incredible savings and value you are offering.

82. Will discount prices make my customers not want to buy at regular prices?

Not if you give them reason for the discount. One reason you can give is that you want to clear out existing inventory under the guise of raising cash. Make clear in all of your marketing and promotions the reduced prices you are offering, and clearly articulate the reason behind the sale prices. “Basically, we’re cutting our costs on this product to help you, because we know a lot of our customers buy it and we want to try to do our part to help save you some money.”

If you execute this properly, your customers understand that you are being overly generous, and they will benefit from working with you in the future. My opinion is that people try to take advantage of deals where they save money. So take advantage of that knowledge, educate them, and let them know what a fantastic deal they are getting. If anything, they will seek you out first. They may then choose to compare prices, but you will have effectively given yourself an exclusive chance to sell them your product or service.

In your ads and marketing, tell the story about the problems you're having, why you're having them, what may happen, and about what's necessary to keep you going. Tell them what you need from them, like their patronage, and what you're willing to do for them, like better sales, bonuses, or frequent buyer points, or something like that, and you can accomplish some really incredible feats.

But you should tell the story of why you're offering a discount, if you can tell it tactfully, in a way that your customer will see the advantage to them and you make a proposition that your customers can take advantage of.

83. How do I compete with all the big corporations, chains, and all the better-armed, stronger, capitalized companies out there?

First of all, I believe every small- to mid-sized business actually has some advantages over the large corporations that make it easier for them to get their product or service out to the public. Obviously, the larger corporations are going to have much more money to spend on things like advertising and development. That is a fact.

However, they also seem to frequently waste their money — not just a little, but a lot. Their ads are often noninformative, and even though a flashy Hollywood producer may direct them, the message doesn't get across well. Sure, it's a great-looking ad, but the product barely gets mentioned or receives too little attention. Too often the ads incorporate a sports star or famous actor that becomes the focal point of the ad, leaving the product shrouded in a cloud of oblivion. Big corporations frequently overdo it...way overdo it. Consequently, their prices for their product goes up, or the guarantee suffers.

They also have to deal with the "corporate ladder" — which frequently stunts any innovative growth within their marketing. They're often forced to be conservative and traditional in their thinking and marketing. Take advantage of this. If you flaunt an entirely fresh, nontraditional and nonconforming marketing program, you'll get attention.

The benefits and discounts that the larger companies get, through their buying power, can be relatively insignificant. And you can more than offset their advantages by "cutting corners." You, as a smaller company, have more versatility and are more flexible. What's more, because you don't have to distribute your profits through layers of people and a ton of overhead, you can act more quickly and efficiently.

To compete with these bigger businesses, you must take advantage of all their testing they've done for themselves — and utilize it yourself — for free. If their ads are working (and you'll know if they are: How popular has their product become? How frequently do you see or hear about their product? Is the company visibly prospering and growing?), then find out what specific factors in their ads are working. Incorporate your own version of those elements in your smaller-scale ads.

Also, now more than ever, you must tighten and enhance your message, making it more powerful; more so than the messages promised by the big businesses in your industry. You have to be exact with your USP (Unique Selling Proposition), making sure that it is right on target to satisfy your customers' needs. Elevate your guarantee and benefits to a more encompassing level. Make your offer sound irresistible. Focus on the quality control and customer service that you as a smaller company can provide.

Most importantly, make certain that you listen to the market to determine its wants — rather than you telling the market what it should want. And directly address those wants in everything your company offers.

You have to understand that, to an extent, in the customers' eyes, everyone is equal in a sales letter; everyone is equal in a commercial; everyone is equal in an ad.

And, although you're smaller, you will have a greater advantage.

Why? Because *you* understand the dynamics, leverage and the potency of effective marketing, and they don't. You can compete with people 10 times your size, and win their would-be customers, by using effective marketing. You can make 1/10 the budget go 10 times further.

Motivation is a key component to the overall efficiency of any business or operation. And the easiest motivation is to compensate your employees for supporting your goals and the company's aim. Hopefully, your employees won't require compensation for supporting your marketing efforts (I used to believe that was a prerequisite to employment).

Incentivize them and explain to them your objectives and goals. Let them in on the methods behind your madness. If they do accomplish something, give them some kind of reward: lunches, buying sprees, bonuses, trips. Do things that will make them want to work on your marketing. Use variable compensation.

84. I've heard that you have to run ads in different media so that people see your name in more than one place. Is this true, and how can I do this cost efficiently?

Again, test. Do not necessarily use the cheaper or cheapest medium, but rather find one that will expose you or your product/service to the most qualified prospective customers. Make sure to use direct-response ads to record the effectiveness of each promotion and medium. Keep testing that medium with different packages, promotions, copy (or scripts) and combinations of them to get the most results.

After establishing the most effective combinations with that medium, then you can try a different medium with a new set of methods and tests. You should be comparing the leads per dollar for each medium after implementing different kinds and types of packages and promotions to find the most cost efficient combination.

If every ad you run is a direct-response ad and not an institutional ad, it will pay its own way. It will produce a profit either directly or very quickly after you run it. And it's correlatable. You'll know whether it's profitable to continue running it or not. If it works, you keep running it; if it doesn't, then stop running it. If an ad doesn't do well the first time, it'll very rarely do any better the second, third, or fourth time. Determine your target audience, and select the medium which most effectively reaches those people. If it works there, then you might try to run it in a medium that is more expensive or more marginal, if it's appropriate. Lowest cost/highest yield is your strongest option — **not** simply the lowest cost. Too many people go for the cheapest without thinking of responsiveness.

85. What legal formalities must I follow when putting your techniques to work?

You'll encounter a need for contracts and agreements that ensure prompt and timely payment, protect ownership of ideas, and guard your interests in a variety of business situations.

Make contractual provisions that allocate who's responsible for what. And you can have great indemnification provisions that say each party is responsible for the information that they provide. I would always rather that you have something in writing than not have it in writing. And the real question is, "What are the high points?" If you cover a hundred different points you'll have a great contract, but you may have no deal. I think if you're dealing with licensed professionals it's important to deal with legal formalities. I'd write as thorough a contract as you can, but you need to attain a certain balance in that contract. You're trying to get something signed that everybody is comfortable with and that protects the most important things to you.

The easiest form of a contract is a handshake. Legally, an oral contract is just as enforceable as a written contract. But the problem is proof. Later on, you could say that you meant one thing, while the other person says that it was not understood that way. That's the real problem with the hand shaking oral agreement. It's binding and it's easier when you have witnesses. But an oral agreement does not really get into all the issues that are mapped out in a written agreement. You don't get into the "what ifs."

I would rather take a little bit of risk and get a deal done than be totally protected but with no one willing to do a deal with me and my binding, limiting contracts. But I think there's a balance. It depends on the market that you're working in. The more sophisticated your market, the more used to a sophisticated agreement they're going to be. If you deal with a multi-million-dollar corporation, a 20-page agreement isn't going to scare them. You may well find that you're still better off with a two- or three-page agreement because the guy that you're talking with will be less inclined to take it down to the legal department. It's an art. Keep it simple, deal with the important things, and walk before you run, crawl before you walk.

86. How can I start a company from scratch with a "guaranteed" customer base?

Let's say you want to start a business but you don't have any capital — no money for marketing, no money for rent or phones, no money for labor — nothing! Are you shut out? No, if you're well-versed in my methods and philosophies. Here's an example of a strategy you might try.

Say you want to go into the office supply business...You could contact 100 businesses who sell business-to-business (meaning that their primary customers are other businesses). Get them, in advance, to agree to do four endorsed mailings to their clients recommending your new start-up business. Do this with 100 businesses and you could get 500 to 1,000 customers ordering from you.

Only trouble is — you don't have a business yet; nor do you have a location, employees, etc. So what do you do? You find a "sleepy" office products company doing far less business than their capacity, and you negotiate a deal where they agree to sell you not only office supplies, but to deliver them for you and take the order, too, and give credit on the same standards and criteria they issue credit to their own customers. All you do is put in the phones — and they, in essence, put you in business to start.

Admittedly — you won't make great margins since, in all probability, the office supply company will obviously charge you a profit, squeezing your margins. However, if you only end up with 5% on the sales of 1,000 (or just 500 or just 250) business customers with virtually no real overhead, except the phones — how bad can it be?

By the way, the sort of deal you'd make with the office supply company is as follows:

1) You'd agree to keep your business with them for a minimum fair amount of time in exchange for their agreeing to do the deal — perhaps 12, 18, or 24 months.

2) You'd agree that if any of the business you got was already theirs, you'd give 100% of the profits to them, not only now, but for some period in the future if you moved out and into your own facilities after the original deal expired.

3) The office supply company would warrant to you that they wouldn't steal your clients for the duration of your agreement with them, plus some grace period — say six to nine months later.

4) You'd agree in advance that if the deal only produced a minimum amount of response within a specified period, you would offer to sell the customers you generated to the office supply house for an advantageous price and would even give them terms.

5) You would agree to offer the "business" to the office supply company at the end of 12 or 18 months for a purchase formula you'd both agree upon going in.

I could go on, but I think you get the general idea. I hope, also, that you realize that the above example can be applied to a nearly infinite amount of business situations.

How many ways could this apply to you?!

87. Many businesses are offering reduced prices to get market share. Should I consider doing that? And how do I make sure I'm not hurting myself by doing this?

If by lowering your prices, 10 times more people come in to your business, and the average unit of sale is actually higher, and in totality the net profit per transaction is greater, you should do it. If decreasing your prices brings no more people and cuts your profit down an almost non-existent level, you stop doing it.

But the answers to 95% of the questions that anybody could ask me are self-realizational. The dynamics are going to be different for each company. It depends on what you're playing for...whether you're playing for the back-end or just the front-end sale, and whether you really understand the precepts and the concepts of value.

The most glorious revelation I should have given you is the flexibility of testing. The answer to this, and to many of these questions, is: Any question you have, you don't need *me* to answer it. Basically, all you do is put the question to a conservative test, and analyze the results.

88. I haven't been able to get print media to do Per Order advertising deals with me. They say they're unwilling because they have no control over the sales efforts once a lead is generated. What should I do?

First of all, it depends on what print media you're talking about. If the big, highly respected media won't do Per Order advertising with you (where you pay them based on each order the ad generates), try to work with some of the "throwaways;" the smaller, community papers, the trade journals, and so on, that have much more flexibility. If you find the media to be the slightest bit apprehensive because of their lack of control, give them that control in a number of different ways.

In general, guarantee them a minimal downside risk. In other words, tell the media you'll pay them so much per lead, against so much per sale (based on how many leads are generated and your conversion rate). Guarantee them a payment of so much per lead, whether that lead converts into a sale or not. If it's a large, well-respected media — you city's biggest daily paper, for example — you can convince them by suggesting the following:

First, make the offer for a specific product, and you don't make that offer anywhere else. Give them credit for every unit that is sold, regardless of whether the customer was moved to purchase as a result of the ad, or if somebody just walked in off the street.

Second, if your product is something that is purchased through a telephone call, or a response is mailed in, let the media designate any address they want — be it their own or a third party. All you ask is that they transmit the names and orders to you quickly, each day, so that the customer is never denied prompt fulfillment of the product.

Third, if the medium you do the PO deal with is one specific company, and if all your business is generated by that deal, you can offer to let them receive copies of all your bank deposits to verify the income both parties are earning.

Fourth, if the deal will be generating big, big bucks, offer them the chance to have an auditor, on-site, that you'll pay for. In other words, if I knew that *The Los Angeles Times* was going to give me a full-page ad to promote my product or service my project, I would certainly pay the necessary wages to set up a full-time person in their office, as their employee, who would keep track of all earnings and expenditures generated as a result of my ad.

In conclusion, simply relieve the media of any risk, so that you're the party at risk, not them. Ask them, "What can I do? Do you want a separate bank account? Do you want the orders and/or money to come to you? Do you want a daily breakdown of the units sold? A daily breakdown of the dollars deposited? Our charge slips?" Whatever they want, give it to them, so that their fears are allayed.

You can have simultaneous promotions going on with different papers, billboards, card packs, radio, and so on, but you must promote a different product or service through each medium to keep the orders straight. Only do one offer per media to keep everything organized and everyone happy. Don't go through all the salesmanship, time, and effort to convince the media to do PO deals, then get orders and finances all confused and uncertain, leaving them unhappy and unwilling to enter another deal with you.

89. What are the different approaches I can use to acquire a partner? Should I hire someone to do my P.R. if I know that I am not good with people?

If you're not good at P.R., the least desirable thing to do is to hire somebody.

The most desirable thing to do is learning to do it yourself. You should understand that magazines, publications, organizations, associations, and newsletters are all looking for the same thing: **Something of very important interest that solves a specific need or problem or desire of their readers.** And if you can rearticulate some aspect of your business, your product, your service, and/or your unique operation/guarantee/performance aspect of your business in a way that you can make it satisfy the question, "How does this provide the reader with a really important, benefit, solution, and advantage?" you should be able to create your own press releases and send them out.

If that doesn't work, go to a P.R. agency and see if you can trade them P.R. for your products or services. If that doesn't work, see if you can trade with them, based on their performance. By that I mean, decide what an article is worth in a given medium— newspaper, radio station, television station, association, publication, and so on, and reward them accordingly.

Tell the P.R. professional your expectations of the result of that P.R. In other words, how will that media coverage get people to contact you for a certain reason? And then tell them that as long as they'll do that, you have an agreement with them — for every article or every exposure they generate that satisfies your criteria, you'll pay them a pre-agreed rate the same day it's published. If your P.R. person says that they have to prepare $200 worth of photos, $5,000 worth of letters or whatever it is, say, "Fine. I'll reimburse you the hard costs of that. I don't want you to be out a dime, but I don't want you to make any profit until or unless you perform. If you do perform, I'll pay you handsomely."

90. Don't I have to hire printers, designers, writers, etc. to provide professional presentations when using your techniques? I don't have the cash right now.

Effective use of these marketing strategies don't require slick stuff. Instead, it requires articulate, powerful, lucid information that solidly addresses the resulting benefit that will be made available to your customer. Your effective marketing campaign also establishes, verifies, validates, and develops the perception of why your product or service is better, builds a reason why, and has a call to action. People don't expect or need slick material.

Often, the slicker the material is, the more people distrust it. You just want it to be humanized, believable, professional, accurate and real.

91. What marketing accomplishment are you most proud of?

I think I'm most proud of teaching people to understand and value the lifetime worth of a customer. I'm proudest of the fact that so many people I've taught to determine their customer's lifetime value, have then <u>used this knowledge to spend the appropriate amount on generating more customers</u>. And this has frequently resulted in doubling or tripling sales.

I feel that I have the ability to explain to people the meaning of business life. I don't think most business owners realize how customers come to them, why they decide to buy, why they spend the amount they do, and why they do or don't come back. I think I have the ability to lay that all out clearly, crisply, and instantly make that understandable and known to them.

92. How can I overcome procrastination?

I must confess *I'm* a procrastinator, and have been one for a long time. The only way I overcome and control my procrastination is through a strict regimen I follow religiously. Perhaps it will help you overcome the procrastination habit if I share my routine with you.

First thing every morning, I review a list of all the people I have to contact, letters I have to write, and all the transactions I have to make. I figure out what I have to do on my own and what things I can delegate to someone else. Then I prioritize the list into three categories: <u>imperative</u> status (the things I absolutely have to do myself) are ranked first; the things I can <u>delegate</u> are ranked second; and the <u>non-time-sensitive</u> functions are ranked last.

I then scan my calendar and allocate my work load so it balances with my day. I try to attack the hardest but most important functions first, and get them off my agenda. That makes it easy to address the easier (but still time-critical) functions next.

Accomplishment early in the day fuels my desire to achieve more. It will fuel *your* desire, too! I try to accomplish as many things as I can before noon. Most of my telephone calls are made early in the day. After lunch, I write letters and hold meetings.

In addition to my regular work, I have a number of projects that are constantly “in progress.” They represent my biggest abstract impediment because, for the most part, they are glints of inspiration or ambition I’ve conceived in my mind and now must bring to life.

If they require any interaction by at least one outsider, I need to keep advancing the effort on this project, so I use a number of tricks to stay on track. I envision my ultimate result. For example, I want to create a profit center operating with “X” people and bringing in “Y” amount of dollars each month.

I dissect that vision to its smallest base component. And I work on *that* first. I reduce everything I do for myself (as well as my clients) to a series of little, logical, progressive, baby-sized steps. I keep advancing forward — always in a progressive, sequentially logical order. I don’t try to attack the big picture all at once. Just its simplest, most basic component first, the second basic component next, and so on, until I’ve solidly constructed the foundation, then the frame, then the wiring, etc. Just like a contractor builds a building. Once my plan is solidly constructed, the last thing I do is turn on the power.

Most people focus on the end result, but fail to transactionally “stair-step” their way to it. Consequently, everything stays in a developmental stage. Nothing gets accomplished. Force yourself to identify the five most important things you have to do every day, and do them *first*. Decide what things you can reasonably be safe in delegating to others and then delegate them. Don’t drop the ball. Look at your growth and success in terms of a lot of first downs — one after another — until you get over the goal line. Don’t ever think about swinging home runs. Think about continuously hitting a single or a double, and getting your people constantly on base.

Spend isolated time thinking or strategizing. Make a “to do” list at the day’s end that continuously updates the list you worked on that morning — taking special effort to always rank in order of importance every item you add. Don’t delete an item until it’s been totally completed or unless you’ve delegated it or decided that it’s irrelevant now in your scope of activities.

Keep a designated pad or worksheet next to your phone. Then record every person of importance you talk to and every obligation you commit to do, or someone else commits to do for you. Then follow up...*tenaciously*. Fall off the wagon just one day...and everything falls apart. A good “easy-to-start-with” system I recommend is to take a clean piece of unlined paper, turn it sideways, and make separate columns for the following categories:

1) Calls to make
2) Letters to write
3) Things to do
4) Items to check up on
5) Specific people’s names you have ongoing dealings with, both inside and outside your company
6) Miscellaneous “catch-all” heading

By keeping a simple form like this on your desk or carrying it with you, you automatically record and maintain a continuously organized “at-a-glance” picture of everything relevant that’s going on within your business and personal life.

Without organization you can’t get things accomplished. By procrastinating, you allow opportunity to pass you by. And the cost of doing nothing is enormous. In summary, the cure for procrastination is this: Reduce every objective down to its most fundamental sequence of basic steps. Then progress every day *one step at a time*.

Sounds simple. Sounds obvious. But few people do it. If you start practicing this kind of regimen, your marketing accomplishments will *soar*. So here's my personal recommendation on how to force yourself to act on my ideas.

1) Develop an entrepreneur's attitude about *creating wealth from scratch.* It's a very different attitude than the maintenance or mere management perspective most business people maintain.

2) Learn the difference between being *proactive* (which means acting to *make* things happen) and being *reactive* (which means doing something after *letting* them happen). Then choose to be proactive.

3) Study these books: *My Life In Advertising*, *Confessions Of An Advertising Man*, *The Lasker Story,* and *Taken At The Flood.*

4) Apply for a job selling insurance — even if you have to take a leave of absence from your business. Take the training, because it will teach you how to make things happen.

5) Read every issue of *Forbes* magazine.

6) Spend a Sunday afternoon reading the classified ads to see all the amazing businesses that are increasing their profits.

7) Put together a mastermind group of people to help you see your business in different illuminating lights.

8) Study and get to know people who have built businesses from scratch. Learn the entrepreneur's way of thinking.

93. What can I be doing outside of my business to make money?

Do joint ventures with other people's products or services, then with other people who are in a greater position to refer their customers to your business.

Frankly, I don't think it's necessary that you go outside of your business. But if it's important to you, then you take the same dynamics I just taught and look at the other businesses that have applications to this where they don't take advantage of it. Go to them and buy the rights to develop either their back-end sales, re-work their customer list, and so on.

94. Do you have any ad constructing techniques for a classified ad?

There are a couple of problems with classifieds. One is: many newspapers and magazines sort their classified sections alphabetically by subject. If this is the case then you're going to have to be sure that your first word in the ad is going to fit within that subject. So that limits you a little bit because it means that if your ad is for a restaurant, you have to put "Restaurant" first in order to get it in the right category, instead of, say, "Authentic Indian Cuisine."

But if you put words in it that indicate super benefits just for calling, that's what counts more than anything. Use "free:" "free information," "free literature," free something. Just the word "free," I don't know what it is about it, but people will go through the classified ads and they'll scan. And every time there's something free, they'll stop. And you'll get a lot more calls, whether they're qualified as you'd want them to be or not, but at least you'll get action. You get somebody to talk to.

Another problem is that I personally don't like classified display because I think if you don't catch your reader with something really strong, it's gone.

But I do believe in multiple insertions in multiple categories. I think that the more times you put it in, the more hits you'll get. As long as your ad is a sufficient size, you're better off with four little ads than one big one, as long as the ads contain all the proper elements. You have four times to sell. Four different chances. Four different environments. Four different attention-catchers. You can change your headlines. You can catch different people, rather than blow it out on one big ad.

You can run a full page ad, but get right-hand placement. Right-hand placement is everything. Left-hand placement inside a magazine is death. Nobody looks at it.

But the inside of the front cover (which is the left side) is also a good spot because the Table of Contents is there. The inside front cover is better than the inside back cover.

If you can get on the front cover, that's of course number one. Then the back page is number two. Then right side of the first page. Then the left side of the first page. Then left on the back pages. And then the split center spread.

95. How can I get better results for the same amount of effort and money?

By leverage... Did you know that an ad or mailing piece costs you the same fixed amount whether it produces X results, 10 times X results, or 100 times X results? The same goes for letters, commercials — even sales calls by salespeople.

A letter might cost you $500 per 1,000 pieces mailed, regardless of whether you received a 1%, 5%, 10% or 15% response. In other words, it costs the same to mail a poor letter as it does to mail a great one. And it costs the same to run a poor ad as it does to run a fantastic one.

Obvious, you say? Yes, but not everybody maximizes the leverage possibilities available in their advertisements or mailings. They unknowingly settle for less than they could get, and that's a shame.

You have to learn how to analyze your marketing programs and see if you can get better results than you're currently getting — with the same amount of effort and expenditure.

For instance, simply improving the headline of an ad can multiply your results by 20 times! And yet, so few people will ever test one headline against another. Or one direct-mail letter against another. Or one sales pitch against another, etc.

But the leverage possibilities available in each of these examples is enormous! My specialty is in liberating the overlooked marketing leverage that lies hidden in your existing business or professional operation. And it all comes from understanding the laws of testing. Testing is the key to getting the maximum leverage for your marketing money.

96. How do I set prices for my "hidden" assets that I want to sell off?

Let's say that you have a certain headline that someone wants to use. You can price it in a few different ways. First, you could request to be paid a set amount, say $100, each time that headline is used.

Or, you can charge a percentage of the sales. Or, you can charge so much per customer it generates. Or, test to determine a flat rate so a person could buy your headline outright. If they come back and say it's too much, it's okay. Ask for what they are willing to pay. The point is, it's always negotiable.

97. How will the application of these techniques change if and when the marketplace isn't so competitive?

I don't think it ever will in any big way. Competitiveness causes you to demand ruthlessly that everything you do is optimally productive. In a lesser market that's more forgiving where you have more events going in your behalf, you can be slack, less demanding, and you can sometimes get away with "murder."

Nothing should change. In other words, if you're doing great in a competitive market, you should do greater with these principles in a not so competitive market.

You should be able to do even better with your dollars because right now, you have to work harder given the fact that the marketplace is competitive. You have to really work hard. You just won't have to work as hard in an easier market.

98. How can I guarantee my success?

One of the biggest problems I observe when I'm consulting one-on-one is that people erroneously want me to "bombard" them with a ton of different concepts, ideas, and strategies in order to feel they've gotten their money's worth. I tell them that this is wrong.

Rather, they are far better advised to take one good, sound, and workable idea — particularly a simple and obvious idea — and single-mindedly work it to its fullest potential before turning to another idea.

Sadly, most business people become "whirling dervishes" of diffused freneticism instead of concentrating their attention on one focused concept and working it to its fullest potential.

I once had a fascinating luncheon conversation with a very well-known advertising expert. The subject of our conversation was why so many ambitious people never achieve great success for themselves or for their businesses. His conclusion — <u>and</u> I agree — is that most people are like impatient grasshoppers, jumping around from one exciting-sounding concept to another, never truly accomplishing anything, never even beginning to harvest the true bounty a single concept has to offer.

I'm sorry so many people are this way. The biggest realization I can ever hope to teach you is this: **The greatest successes normally result when you take the simplest of basic ideas and concentrate on implementing or exploiting it to the maximum degree possible.**

I'm trying to teach you how powerful simplicity, logic, and the obvious are. The very same philosophy applies to implementation.

Once you focus or find a powerful concept, spend all the time necessary on that concept — first to validate it, then to expand its application to your business, and finally to perpetuate its endurability in order to really reap the full potential of that concept's profit contribution to your business.

So often I see clients take a concept, try it out in a half-baked manner, make a small bit of profit, and then drop the idea to try out another one they hope will hold their panacea. These people rarely realize great enduring successes.

The real super-achievers I've known take on one really good idea at a time. Then they spend the time and attention necessary to fully perfect and optimize all the avenues of sustainable profit which that one idea holds. Then, after they've fully developed all the facets of exploitable potential existing in that concept, they carefully integrate the concept into an ongoing, continuous, and perpetual part of their business. **Only** after they've ensured that Concept "A" is an ongoing and permanent part of their marketing do they move on to Concept "B" — and so on.

By layering one solid concept on top of another, you can — very quickly — build fabulous streams of income resulting in a perpetual money machine that cannot be stopped.

My advice to all of you is this... **Find the one biggest, best, and most adaptable idea or concept you've learned in this report, and concentrate solely on that concept first until it either proves ineffectual <u>or</u> you progressively expand its potential to every avenue possible.**

Don't abandon this idea until it has been taken as far as possible. Then make sure it becomes an integrated part of your ongoing daily business operation before you move on to anything else.

By adopting this seemingly simple implementation approach for all new marketing ideas, you'll see growth in your business you won't believe. Focus on one idea at a time and work that idea to its maximum before jumping to anything else.

99. What should be my first step?

First, decide to be *proactive* rather than reactive. Choose to take steps to leverage your business. Then DO IT!

And for your first attempt at growing your business, remember, work your own customer list first — reactivate inactive customers, get your active customers to come in more often and purchase more when they do come in.

If you find yourself needing help to keep yourself energized and moving forward, then start a brainstorming group with other business owners, friends, etc. Or, join a group that's already in progress. Working with other people and throwing out ideas with other people makes marketing fun.

Make it fun! Compare results! Compete!

100. Jay, how do I bring all these concepts to life?

I'd like to talk about the process of actualization — or how to bring it all home, realization-wise. I don't know about you, but I've observed so many people who fail to successfully achieve goals, simply because they don't know or understand how to turn an abstract idea, concept, or objective into a tangible reality.

What inhibits or prohibits people from achieving their goals? A lot of things. All of which, I believe, are easily overcome if you truly wish to super-achieve and are willing to pay the necessary price in effort, perseverance, and action.

First, let's explore the primary reasons people fail to accomplish. I think they can be defined as: inertia, fear of failure, lack of ever experiencing self-induced success, and negative habitual thinking. Here's why:

Most people have their mind set in one myopic way for so long, they simply cannot break out of the rigors or constraints of their mental miasma — even if they're filled with desire. Inertia, like gravity, holds back your achievement capabilities.

How do you effectively break inertia's insidious hammerlock hold on your potential for accomplishment? First, by accomplishing a series of little, but meaningful, successes outside of the ordinary inertia-prone scope of your normal business operation. The reason for this is to "psych-out" your subconscious, to negate your negative or skeptical predisposition and replace it with positive achievement experience. Then get your mind believing you can achieve things.

Try a special promotional mailing to a few of your customers or prospects, a special upsell package, or an add-on approach to your customers at the point of sale or even after. Or go back to 50, or 100, or 500 old prospects or inactive customers and extend to them by telephone, letter, or personal contact an irresistible offer. Or go to another company and arrange a joint-venture endorsement test. All these suggestions are designed to compel you to get in the habit of acting on applications of my advice and then experiencing these actions paying off. It teaches your mind it can break out of the mold of not trying new concepts.

It also is designed to validate for you that my ideas really do work. They will pay off for you, if you put them into action by first attempting a few little concepts and tactics. By visibly observing their validation in your own business application, you will condition yourself to progress to more expansive and lucrative accomplishments. And it's perfectly acceptable for you to first attempt a lot of little and inexpensive validation tests of my various methods so you'll feel comfortable and confident in my recommendations before you embrace bigger challenges. At the same time, I'd strongly recommend you do some reading of positive-thinking literature. My favorites include: *How I Raised Myself From Failure To Success In Selling* by Frank Betzger, *How To Win Friends And Influence People* by Dale Carnegie, and *How To Sell Yourself* by Elmer Wheeler.

Now, presuming my little exercises helped break down your limiting mental governors and my recommendations readily infused you with the mental conviction to expand your horizons, here is a simple operating formula you might use to progressively implement my major concepts.

First, identify the seemingly most viable and adaptable concepts. Then take some time to realistically evaluate which **one** has the potential for the fastest or most profitable results — and concentrate on it until you either validate or invalidate its applicability to your business. (Parenthetically, one of the bigger implementation mistakes people are constantly guilty of is attempting to implement too many different concepts at one time, resulting in a massive diffusement of effort, concentration, attention, energies, and resources. **Don't you make this mistake!**)

Take on only one solid promotional idea or marketing concept at a time. Think its facets and stages of implementation through thoroughly. Meditate on it a bit before you act. This allows your subconscious to fine-tune your thinking. Then oversee and administrate the implementation of the concept fastidiously, not allowing some underling or uneducated associate to mismanage it. Rather than attempt multiple concepts at one time, I prefer that you attempt different viable tests of a single concept, to give it every chance of proving itself before you go on to another idea.

Presuming the idea pays off, what do you do next? What you <u>don't</u> do is abandon the idea. Before you move on to testing or experimenting with another idea, make sure you've taken steps to integrate the idea you just validated into a perpetual part of your ongoing business operations. Perpetuation of a proven concept, and then adding layers of additional perpetual concepts on top — that's the secret to enduring growth. The way to do this is to take every marketing concept you perfect, and before you go on to another concept, sit down and figure out how to continuously profit from that perfected concept, or derivatives of it.

Perhaps you initiate a procedural plan wherein that newly-perfected concept gets put into action on every customer — or follow-up letter — or insertion in every bill or whatever applications it has proven adaptable to. But, the point is, don't just use it one time and forget about it and move on to something new. Once something proves it works, keep using it over and over again, continuously, and in every possible application, until your monitoring of its performance proves it ceases working.

Don't drop a winning concept — expand it before pursuing something new.

That's how you build solid, enduring layers of marketing profit that are virtually impossible to kill off.

Section Three

Case Studies of Actual Stealth Marketing Strategies

In this section of *Stealth Marketing*, I'm presenting eight case studies of clients and seminar attendees of mine whose business profits have increased dramatically as a direct result of my advice. These clients describe the programming I chose for them to use, and I try to explain how and why I decided upon that particular strategy.

The first four case studies are first-person accounts, with clients speaking about how they utilized my methods and the subsequent benefits they reaped.

The next four cases are transcripts of actual consultations I held with clients, in which we explore the strengths and weaknesses of each of their businesses, and I offer a myriad of solutions to their problems.

All of these case studies and transcripts cover a wide range of businesses — both retail and service — and any one of them may be profoundly applicable to your business.

Now, don't look too closely at the specific business situations; instead, keep in mind how you can apply your own adaptations of these same approaches directly to your business. So, let's begin...

* * *

Nutrition Retailer and Wholesaler

A little bit about our background... We're in the nutrition business, retail and wholesale. A division of our nutrition business is Marathon Distributing Company, which deals in a very narrow segment, but a trend-setting segment — that's the power-lifting community.

The way we got where we are is just by overwhelming our competition. We started in the sport many years ago, when the only vehicle available for us to communicate with other power lifters was a simple, mimeographed newsletter that evolved to a full-fledged magazine. We've been a part of that for a long time. How we overpowered our competition...if they came out with one page of advertising, we came out with two...if they came out with two, we came out with four...and so forth. If they came out with 500 milligrams, we introduced 1,000 milligrams.

We evolved and matured in our field, about six or seven years ago, when the complexion of sports and nutrition changed — when athletes became very serious about nutrition, there was more than a message to convey about price, there were more than vitamins to sell, there were real honest-to-goodness formulas to sell. We still didn't quite have a handle on how to get the idea across about honest-to-God nutrition, as opposed to chemical alternatives, to the athletes. I think there was a time when athletes felt they *had* to be competitive, that they *had* to rely on totally chemical means to be world-caliber. It got to the point where it was such a disaster amongst athletes, and a lot of it is still around today. It's evolved even on a high school level for an athlete to look good that's not even competing — to look like an athlete — that they would resort to these chemical alternatives and spend their days and nights in gyms. They would go buy their gym membership, their gym bag, and their steroids. One, two, three.

We had all these great nutritional alternatives to offer them. We felt we weren't getting our message across. That being said, we knew we were doing some things right in our business because we were in a business and we stayed in business quite a while, prior to meeting Jay. But we also felt that we were doing something wrong; inasmuch as having 17 pages of advertising in one magazine is not the answer, especially when you want to go to the real world.

We're getting interest in our products from triathletes, from cyclists, from straight runners, other athletes, and pro football players. Sometimes I want to say we're the best-kept secret as far as real honest-to-goodness nutrition goes. Anybody that was in the game from within six months, was well beyond other calibers of supplement. They were into something with real substance. And that's who we were. Honest-to-goodness potencies that would work.

A lot of the nutrition was coming from Eastern Europe at the time. A lot of people felt that the Communist bloc countries were strictly using chemical alternatives to strengthen their athletes, and that's not true. They use far less than what our athletes use. We needed a way to find out if our marketing was correct. Every advertising agency or individual we brought in would come in and say, "Whatever you're doing is wrong. T*his* is the right way to do it." — if nothing else, to justify their existence, or why they should be on the payroll.

I was talking to a friend one day on the East Coast and he told me about this wonderful man, Jay Abraham... He said, "How does this fit you? 'Thousands Now Compete Successfully That Never Thought They Could.'"

What it said to me, is that "Thousands Now Compete Successfully..." meant that our nutritional program was going to mean something to a lot of people that were involved in other than proper means of getting strong and healthy. What it did was initiate our four-phase program where we classify every possible nutrient that an athlete could use into four phases: growth enhancers, performance enhancers, the aminos, and micronutrients. And from there, we started a program that evolved into our current advertising, that has paid off in many ways.

The other thing that we did to adjust our advertising. Other people that I've dealt with over the years in advertising, would come in and say, "What you're doing is wrong, let me show you. For instance, you have too many words in your ad. What you need is a picture of this big guy over here holding this huge bottle of vitamins or amino acids, and everybody will flock to your door and buy them because this guy is big and they're going to get that way." Well, that's pretty good for the first six months that an athlete is involved in a sport, but by and large, they don't believe it. They want information, and we had it. We had our headlines buried in our ads, as Jay so astutely observed.

I said, "But that's so many words for a headline." He said, "Just put the words up there. That's the way a headline is done. There's no limit as to the number of words in a headline."

So we tried that. That worked. He said, "Give them more information." We gave them more information; we sold more product. We went from, in one magazine, a four-page spread that advertised 20 products, to the same four-page spread that advertised three products. One product had two pages written on it, and we doubled our business in the second month it was in there. That told me a lot, obviously.

One of the things that came out of the first Jay Abraham seminar I attended, was a postcard mailing. I was questioning this. I said, " I want to believe this, but this is too good to be true. Be serious, guys. Here we are mailing two 11" x 17" pages folded letter style with a #9 envelope inside a #10 envelope, sending them out to our mailing list, and getting a response." Now, this character wants me to do a black-and-white postcard without a picture, without a price, just an offer to call me and "I'm going to help you and I'm going to give you something good." Basically, that's it. We named the product and what it could potentially do for them in very few words. We gave them, on top of that, 11 days to respond.

It saved me, obviously, in the cost of print and envelopes and so on, but also the postage was cut by 40%, because first-class, which I've always believed in, was 15¢ on a postcard. The phone didn't stop ringing. For days and nights, things went crazy. We were selling this product at an unheard-of rate and it was a heavy dollar item, it was a heavy margin item. It's a legitimate Eastern European natural anabolic growth enhancer. That's a lot of words, but what it does is help them get stronger naturally. We mailed this card five times to the same people, and it grossed $100,000. We netted about $55,000 on that particular promotion.

Then we had a project that we called our “supermarket mailer.” We mail it two to three times a year. It's a list of products, and it goes to our purchasing customers. It's a thank-you, it's a give-back, it's also intended to create volume for us. Jay asked, “How many people respond to this?” I said anywhere from 3,000 to 4,000 out of 25,000. He asked, “Do you mail it again?” I said, “Yes, I mail it two or three times a year.”

He said, “No, do you turn around and mail it three weeks later?”

I said, “No, why? They’ve got it already.”

He said, “Mail it again.”

We mailed it out again. This time we mailed 15,000, and we sent them to the states that we thought it should go to, where the most activity was. The return was a 33% increase over the sales I already had in. Just for the cost of a stamp. The stuff was printed up already and I had extras.

Back-end selling is a wonderful thing. We were spending $6,000 a month on one magazine that was called Iron Man. We were getting approximately 500 new names every quarter, and I was ready to can the program. Every quarter we had 500 new names. And Jay says, “This is worth much more than you’re getting paid for the magazine. Don’t you do anything with the names?”

“Well, sure, in the package we have our literature.”

“No, do you make another mailing and measure their effectiveness?”

It seemed like a simple thing, but it was something we had never thought of — the back-end mailing. It worked. As a matter of fact, it’s still working. By working those 500 new customers properly, we made much more on the back-end. We went back to them with more information, more products — repeat sales, other offers, and so on.

Last year we had a 32% increase in our gross sales which I attribute primarily to these programs. We couldn’t handle the phone calls. Dollar-wise it was about $400,000. That was just on two pieces.

*   *   *

Travel Agency

In our business, we try to articulate more about what is involved with the service. It’s not just ringing up and booking a ticket. There are 120 individuals or 120 different businesses, 120 different times and things they want to do, and that happens for every individual client we’ve got. If we can somehow devise a way to explain to people just what is involved in booking travel, I’m sure a lot more people would probably be more patient with us when we come back and say, “The airline’s not flying,” or “They’ve rescheduled their flight,” or whatever.

And willing to pay a higher fee for your expertise?

Yes, that’s something. Since I’ve been with the Results Corporation, I’ve always wanted to charge more, and we do put a lot more effort into our travel than most people in terms of the training... Every week we have a development meeting where the staff has input, and ideas on how we can improve not only service... We had a two-hour meeting just last Wednesday. We gave the staff a week’s warning and said, “Write down all the things that you can that you like, and dislike, and want to see changed, or feel you could improve with each other. Not the clients, just within our own business.”

We got a list of about 20 different ideas, and also formed a social club. And we’ve only got about 12 or 15 employees — they still felt it viable to form a social club to help themselves communicate, because we are very busy. Even though it's been pretty competitive out there, we doubled our business last year with virtually no advertising other than a newsletter, and I don't see why we can't double this year. And that's one of the things I got out of the last Boot Camp: If we're going to offer something to somebody, we must first of all make sure that we're able to continue to keep that standard.

I'm promoting Mexico at the moment. It's a destination — well, everybody knows the troubles that are going on in the world — I didn't even know what I was going to do. I managed to get a good deal... It worked out where normally if you were to buy it out of any other travel agency, you'd pay about $4,500 yourself. I'm currently marketing it at a total cost to myself of $2,000, and I sell it for $3,000, so I make a grand a shot out of it. It's $1,500 per person under the market. We've only one letter, plus — in the newsletter that I send out — I just used half an A4 page and used that handwriting-type print and said, "I've had to hold my newsletter up because I've been working on this deal and I've finally come through." I don't know the numbers exactly, but we got a very good response. We'll get somewhere between 50 and 80 people on this deal already from what we've got. And it's only limited 'til the end of May; if we could have it right through the year, I'm sure we'd have hundreds of people that would want to do it. It's a cruise. You fly to Los Angeles, you cruise down to Mexico for seven days and you come back and you have three days in Disneyland with a special early-bird pass that allows you to have breakfast with the characters.

What gave you the inspiration to do all this? You decided to package, is that what you're saying?

Yeah. As I said, it's worked surprisingly well for us.

Are you selling all you can get, or could you get a lot more?
Of the packages? I'm just selling whatever we can sell.

If I could get you 300 more, could you fill it?

Probably... I get so much good feedback on the newsletter. Everybody tells me it's fantastic, they love reading it, they can't put it down, what have you. I want to actually build up a subscriber list to it. It's based primarily on an introduction of myself and what's been happening the last quarter. Then it has a profile on staff members.
What's the frequency you put it out at? Quarterly?

Quarterly, yes.

When you put it out, do a free-standing insert that can be four pages promoting a specific trip — for instance, the one you just talked about. You describe it, you elaborate, you walk them through. Not just "you go to Mexico," but basically "You gently cruise down, you're watching the coastline." Take them on the whole thing. Don't assume that...the generic word conjures up all the images. Walk them through the adventures. And then make a coupon response, and put a response envelope addressed in there.

* * *

Income Protection

I'm an accountant by background, but I stopped practicing accounting about 15 years ago and got involved in a marketing company. We market people a range of income protection products, disability products through what we call sponsored and endorsed relationships. Now, we currently market 35 different association programs. We market through about 10 foreign-market general brokers. We market through sporting groups — for example, the Australian Touch Football Association has a program we put into place about 10 years ago. We haven't properly back-ended that yet, but we've got some ideas that we're going to do.

Coming to Jay's Marketing Boot Camp was, for me, a time when we were really looking for ways and means of handling what was happening to our back end. We redefined our USP in some very interesting ways. We used to just talk in terms of: "We provide income protection if you have a serious accident or illness." I'm not quite totally comfortable with where it's going to lead to, but our USP now is: "We provide you with guaranteed income for the rest of your life regardless of what happens from the point of your accident, illness, total and permanent disability and when you retire."

Now, that may not sound profound to you, but what it means to us, through a marketing view, is that we've got a product range, and we're the only people. Once we started looking at this concept — that we wanted to help people through their whole lives — in terms of making sure that they had income running through regardless of whatever variable cropped up, we then had to find the products that could do that.

And then we had to start marketing in a way where we could package that, and interestingly enough, it brought up a concept — I met a chap in England last October who marketed a concept over there called "wealth accumulation." And here it was, this chap, 62 years old, and he'd been marketing this concept for 20 years. And his wealth accumulation concept was the concept that I was coming to terms with for our USP. And that was to help people right the way through.

It got rather interesting, because wealth accumulation means a team of people. The chap in England had a team of finance brokers helping people fine-tune their interest rates, bank charges, different other things. He had accountants fine-tuning the tax planning. He had lawyers fine-tuning the tax structure. Then he had people coming in with risk management, and investment strategy, fine-tuning those areas. But the interesting thing the fellow in England said was that everybody gets five sets of advice, from five separate people, from five separate points of time, and the whole thing is a mess.

In Australia, we've got a financial planning community, we've got an insurance community, we've got an accounting community. We've got all these differing people giving people different advice at different times, and none of it is coordinated. So from Jay's ideas of looking at this USP, and from trying to redefine what we're doing, we started our relationship with a very simple product. And it has virtually an nth's degree of back-end. We've got two chaps that have recently joined our business in Sydney who are bank negotiators, who are going to make sure that people get the right sort of advice when it comes to finance. We're going to network this concept in a geographic location-style basis and we've already got a group of people... We've coordinated this team of people and we've started marketing.

We'd never done any seminar marketing. Our associations ranged from surgeons through to doctors, dentists, solicitors, all over Australia. We've got our database system, which we've purchased since August, and we're going to download all these people into the database. We're going to run our initial campaigns to let them know what we do, which we've been doing on an annual basis for 10 years. But our back-end is going to be getting them along to our wealth accumulation seminar and introducing them to a team of people that are going to help them on all these services.

With our basic marketing, we see we've still got to build up our database. I've started going to list brokers. There are four main list brokers in Sydney, and it's very interesting. The people that buy our product are the people that earn maybe $100,000 to $1 million a year. They buy it in bigger lumps, they buy it faster because they make decisions better. They've got the capacity to pay and they also have the most to lose, because — if you take a surgeon making half a million dollars a year, if he's disabled and he can't work again — if you compute that with inflation, you're probably talking $10 million, $15 million, $20 million worth of lost future income. So we've now started to target-market through the top-end range. We used to just shock our market, we used to mail to electricians, we used to mail to everybody. From the list brokers, about a month ago, I got a list in Sydney of 1,700 people who earn more than $250,000 a year. And for the first time, I'm starting to focus on people who are going to need our product most.

We've never targeted the female market, so I've got a list now of female executives in Sydney that earn more than $100,000 a year. We also, interestingly enough, have arranged a product that provides unisex rates. In our type of market, there are a lot of products that penalize females in terms of premium rates. So we've negotiated some products that deal around that.

Have you accessed the lists and done anything with them?

We've done the surgeons, along the lines of something you mentioned to me in my Hot Seat, saying, "Whom are you mailing to and why?" I said to you that we mail our groups three or four times a year because association people are very sensitive about the information. We were paranoid about upsetting the associations. So we target-marketed surgeons, and we mailed them in October, November and January.

What happened?

In December we picked up over $50,000 worth of extra premiums. There are only 280 surgeons on our list in Sydney and we started restyling the letter with bold headlines — I'm still working that out. Out of the surgeons we got in contact with, following along this very relaxed, kind of informal, personal-style letter, we got one appointment out of four with telemarketing calls. We were heading down the track with somewhere around 5% or 10% with surgeons and with the top market section.

We started to think along the lines of what would the surgeon like to know about — what could we could do for him. And we realized one of our USPs was that we give the best claim service of any insurance company in the country...we underwrite and fix the claim problems at the beginning. Now, you do that by a bit more research into medical history, a bit more research in income, background, other different variables. And by clearing that up at the beginning, you settle claims faster because you don't have to spend a month, three months chasing the accountant for figures, you don't have to chase the doctor and find out if there's any previous history, because that was all done.

We started selling this as one of our USPs... Statistics are that 94% of our claims get settled in four days. And everybody knows what a lousy image and a lousy track record insurance companies have. Something like 85% get settled in two days. We had about 10 practical examples of claims that are in progress...

The other thing we did was, we got back to explaining things. For example, when we negotiate a package with an association, we arrange group discounts because we can negotiate a package rate for surgeons — there are 1,000 maybe 1,500 of them in Australia — and that's about 30% below the market. What we used to say was, "We will offer you a discount of ___." In the new letter, what we do is explain how the discount came about. How did we go to the underwriter with the package, how we negotiated with the underwriter... We don't call it a discount anymore... "We save you, because of our negotiations, X amount of dollars."

By focusing on the USP you suddenly start to think about the dimensions of the product. And we've started projecting for people how much they're going to earn in their lifetime... When you talk to a surgeon that makes half a million, and you're talking $20 million in future earnings, we say, hey, that's the thing that's got to be put in place first... It's given us a lot of power by saying that we will pay.

* * *

Petroleum Company

Twelve months ago, our company name was Rural Distributors. Something hit me like a lightning bolt as I was reading our results report one day, and realized that our name said nothing about what we do. And we changed it to Bowen Petroleum Services. It was really easy to do. It's a stunning thing to learn by reading one of your newsletters.

I should tell you a little about what we do... Basically, we're a mini oil company without the refining capabilities. We buy petroleum products, terminals, etc. We market them by everything from wholesale, which is supplying service stations through our own service station network. We have 20 of them. And, through about seven convenience stores. We are now turning half a million dollars and $25,000 from each location on the bottom line from the techniques. And it's growing very rapidly. It's high-margin stuff, because we're offering huge services that nobody else is offering.

All of my managers are totally responsible for their geographic area that they're marketing. I told them that their aim is to be the most professional, the biggest, and the best petroleum distributor in Australia. And as long as they make decisions accordingly, I'll back them up. Everybody in the place was cost-conscious and nobody was in the value-added concepts to the end users or anything like that. You have to be really ruthless about it.

I suppose I should get into a few specifics.

The thing that knocked me out most was testing. We are currently testing everything from the colors of the response sheets; $50 offers versus other offers; employment packages; and probably the biggest test of all was testing our convenience stores after I realized that selling petroleum was all right but we don't have a back-end.

Are the convenience stores at all your facilities?

No, there are seven of them. They were trying to maximize their profit out of selling petrol, when the real profits are in the store. So we picked on the smallest of the convenience stores. A 750 square foot store. That store was doing $200 to $300 a day in groceries, and 150,000 liters of fuel a month at 6¢ a liter. We halved their fuel margin, and last month it did 500,000 liters at 3¢ and $30,000 in grocery sales.

So what did you make in combined profit before and combined after?

It was something like double. What these stores are all about is putting people through the shop. As a matter of fact, we increased the price margins and they've grown from 25% to 30% over the last six months. We just pushed them up, and as long as you don't touch the milk and bread, you can do just about anything.

That little extra margin means a lot on your bottom line doesn't it?

Oh, it's incredible.

Are you going to move that same philosophy to others?

Yes, we have.

And what do you project it will be worth?

We don't know.

Let's say it holds pat, discounted by 25% across the board. What do you think it would mean?

I think if it was worth $10,000 on their worst store in a month...$70,000 for the seven stores a month...about $800,000 a year.

For the number of people that come in to get fuel, how many people actually get out of their vehicle and go into the store?

We only have self-serve.

So it's purposely set up so that they have to go inside.

The next thing that we tested was the staff. People come into the store and pay, and the staff says "Thank you" and smiles. But I said, "How would it be if you suggested that they buy something else?" They said that it might be a little rude. I said that it wouldn't. So we sat down and I said that during breakfast time, we are going to suggest a sausage roll or a carton of milk and at lunchtime you're going to suggest a sandwich or a pie, and from 4 p.m. to 6 p.m. we're going to suggest bread and milk. I bet one out of three people would buy something else. So I left them alone with it. And the staff came back to me — two out of three people had bought something else.

So does that mean that upselling works?

The cheapest thing you will ever do in your life is ask somebody how they are for bread and milk.

I tell this and I don't think that anybody realizes that when I'm doing seminars everywhere I say, "I'm going to make you 10 times your money with this one utterance, 'ask everybody or make a suggestion for anything.'" As we talked about upselling, 30% to 66% will say "O.K." It triples the profit, doesn't it?

We don't play by the rules, we're setting the rules. That's exactly what's wrong with the petroleum industry in Australia. They all play by the same rules. I've had abusive phone calls from our opposition because we direct-mail people. Nobody else does that, which is great.

What do they say?

They say, "How dare you write to my customers and offer them $50 off their first month's account. You'll go broke." And I say, "Well, O.K., I will, fine."

I thought I should go into direct mail. I had a piece that I ran for a while, and then it started to get a little corny and I got tired of it, so I stopped using it. But in the last Boot Camp, Jay said, "Don't stop using something that's working." He also said, "Just keep mounting the same piece until it stops working." So I went home. The thing that I hadn't used in a while pulled in an incredible $300,000 worth of business for the year. Now it started again to pull in another $100,000 worth of business. There's a whole lot of people that didn't make their decision the first time until they got the second letter.

Now to finish up: Two promotions worked absolute gangbusters for this year. With the first one, we were going to spend $6,000 on advertising and promotion. I said, "Let's not spend anything on advertising, and let's give it away at the pumps tomorrow morning."

How did the staff react to that?

The staff said, "Great!" The staff always wants to sell cheap petrol. Everybody's excited. We opened up, and in two days we blew the money that we were going to spend on the month-long advertising campaign, but we had an instant customer base. We put so many people through that city store, that the thing was up and running as a matured city store in two days as opposed to six months normally.

What did it really save you, not cost you?

It saved us thousands.

The other thing is the bread promotion. We put on two loaves for $1. And two loaves for $1 lost us 50¢ a loaf, and it was a trial promotion in one store. We letter-box dropped 2,000 houses in the vicinity. At a 1,000 loaves, we had run out. And that was over a weekend. People were coming in hysterical, wanting to get this cheap bread. I couldn't believe it. To save 50¢, so many people were doing it. The whole thing cost us $500 and put a massive amount of people through the store.

The person didn't just walk up to the counter with the loaves of bread?

No, no. Half of them bought something else, which is great.

Most people didn't know what you were doing did they?

Ken, can I just ask you a quick question? You got started just changing your name to Bowen Petroleum Services. How did you go about explaining that to your existing client base?

Quite frankly, our name means absolutely nothing. Back in 1962, when we formed this company, we delivered stock food and produce to farmers. And the name Rural Distributors was applicable. In 1990, we considered ourselves a mini oil company, and it's no longer suitable to be selling under a name like that. We told our customers what we were doing. And not one problem. They all understood it.

They probably respected that.

As long as you're straight with them, you can tell them anything. As long as you're talking to them and at the time you're talking to them, you're being honest.

* * *

Mexican Restaurants/Temporary Help Agency

Cal's Mexican restaurants had been in business for years and had a loyal following. But his attempts to expand weren't working, and his narrow margins wouldn't let him spend large amounts on marketing experiments. In this consultation, I gave him six powerful marketing approaches that can be operated on a shoestring.

Jay: You've been in business what, 16 years?

Cal: We're in our 17th year.

Jay: How'd you get started and what gave you the idea of doing it cafeteria-style?

Cal: I wanted to get into Mexican food. When people ask, "How'd you get into it?" I say, "Well, I just didn't know any better." That's really true. If I knew then what I know now, I wouldn't be in restaurants. It's the hardest business in the world.

Jay: It's terrible and you can't depend on anybody. You have to constantly watch over it. Do you have a lot of good management people?

Cal: I have excellent management because I pay very well and we care about them. I've got three of my children in management. They're tougher than the others.

Jay: They would be. You're lucky.

Cal: They all care a lot. I did my flight training down in Texas and got to like Mexican food. There was an old man here in town who sold chili and tacos and things. I paid him $5,000 and worked six weeks in his restaurant to learn how to do it cafeteria-style.

Jay: That's smart. You probably were ahead of the trend, weren't you?

Cal: That was in 1969. There are a lot of Mexicans out here, so Mexican food has been here for a long, long time. But it was never popular and never developed in large restaurants — just little "Mom and Pops."

Jay: How big is your main store?

Cal: Well, my largest volume restaurant is about 4,500 square feet, and seats 180. My other newer store is about 5,800 square feet and seats about 190.

Jay: The latter one doesn't do the luncheon business, I see. Does it do good dinner business?

Cal: No, it doesn't do good business either time. It's $10,000 a week lower than my original store.

Jay: In your business, when you get into certain volume levels, the marginal profit is very lavish, isn't it?

Cal: The incremental profit approaches 70%. It's over 60% and under 70%.

Jay: That's incredible. Okay. You spent $6,000 a month on radio advertisements. What do your advertisements say right now?

Cal: We feature a jingle that I had written 10 years ago by a country and western singer and my advertising man, who then was a PR man with the school district out here. He's really brilliant. The jingle they wrote was in the running in Chicago that year against McDonald's for top jingle in the United States.

Jay: Really? And you've been able to use it continuously?

Cal: I didn't buy it from him. They wanted $10,000. The words were written by my advertising fellow here. He molded a very large PR company, but he works with me because we're good friends.

Jay: That's wonderful.

Cal: We're pushing things like, "We're not fast food; we're fast service" or, "We're not just Mexican; we're better than Mexican's ever been." We push our lunches...

Jay: Is it really delicious food?

Cal: Yes. It is definitely.

Jay: How many different offerings do you have?

Cal: Almost 100.

Jay: Wow!

Cal: We have over 90 items that are fresh when they're put on the line, though some of the items have to be pre-prepared and reheated in the microwave oven.

Jay: I understand. I saw your little comment about it. You said that using the microwaves is really an art — knowing how to do it right.

Cal: It is, and we pioneered it years ago when Litton had the only commercial microwave out there. I threw away literally gallons and gallons of products, just learning how to use it properly. Nowadays there isn't a successful Mexican restaurant out here that doesn't have microwave ovens in their kitchen. It's just that nobody sees them.

Jay: The radio — is that your chief source of advertising? You said you tried discount coupons, two for one or whatever?

Cal: The only coupon I ever found to work is to let someone buy any item and get any item of equal or lesser value free.

Jay: And what does "working" constitute to you?

Cal: Well, to bring in any response. I used that coupon in newspaper advertising. I get a 1% to 2% response on their circulation.

Jay: That's remarkable! Do you see any increase in business thereafter?

Cal: Not for long. We keep good records when we do the coupons. About 80% of those who come are already customers. Only 20% of them are new, and most of them seem to shop where the coupon is.

Jay: They're just coupon-oriented. What else have you tried?

Cal: Well, we've tried other offers and were unsuccessful with them. We've used radio. I've used billboards, but that's impossible to measure.

Jay: It's also hard to make any offer.

Cal: They wanted me to do that, and I said that in good conscience I would have to give whatever offer was on the billboard to every customer that comes in, whether they saw it or not.

Jay: That's exactly right.

Cal: I haven't really tried much else. I've had contests in the store. I've always maintained there are three ways for me to increase business.

Jay: Which are?

Cal: One is to get more new customers in the store — that's the hardest. Second is to sell them more while they're there.

Jay: And the third?

Cal: The third is to get them to come back more often.

Jay: I absolutely agree with you, and I'm sure most people don't do enough of the last two. So let's take the easiest. You'll do my job for me. How do you address the last two?

Cal: We do a tremendous amount of up-selling in the store.

Jay: How?

Cal: My kids suggestive-sell on the line. They're trained in techniques to sell on the line. If we have an untrained person up there, we'll see a variation.

Jay: The average order will drop?

Cal: About 10%.

Jay: That's incredible! Do you take them immediately and train them?

Cal: We watch them very closely. We do things inside. We post the revenue per person. "Keepers in our Line One position," we call it, and we post that shift to shift and keep the competition going.

Jay: Is there any benefit? Do you give rewards to people?

Cal: We haven't, because we didn't know how to tie it to the other kids in the store. We tried it, but the other kids resented it.

Jay: Shift to shift? Lunch and dinner is too hard to compare, isn't it?

Cal: Yes, they are.

Jay: Are the prices the same all the time?

Cal: We don't mess with our prices. I am the lowest-priced in the city. I'm definitely under any full-service place and I'm very little above the fast-food places.

Jay: That's incredible! What's the decor like?

Cal: Well, it's nondescript. I used to call it Early Montgomery Ward, because I didn't have much money when I went into business.

Jay: Can you enhance it, make it more pleasant?

Cal: I did and I think I almost overstepped. My understanding is that you must be congruent; that it's incongruent if you have a very nice place and sell at low prices like I do. People don't trust you.

Jay: You might be correct and you probably are. You don't want to jeopardize the integrity of your store. But one of the most fascinating things to do is to let the market tell you. You don't want to run your business into the ground. You're saying that when you upgraded there was a profound negative correlation?

Cal: Well, the people wondered about it. We have been there for so long that we know most or at least a large number of our customers. We even start preparing their food when we see them at the head of the line, before they order what they want.

Jay: They're that predictable.

Cal: They have commented on it. I tried to use metal, glass, fabric, and all sorts of things.

Jay: It didn't make it more comfortable for them?

Cal: It did, but I understood fairly quickly from the comments that I could go too far.

Jay: Did it also tend to slow down the turns on the tables?

Cal: No, it didn't. I used what I call high-density seating. That means I cram the tables so they won't sit around and feel comfortable.

Jay: I understand. Tell me about the decor of the new place.

Cal: It's very plain and they seem to like it. It's very airy in there. I have plants in the windows in both places, lots of plants. There was a chain steak house there before. This is a long building. The dining room is very long, maybe 20 feet wide and about 100 feet long.

Jay: Long tables?

Cal: No. We have spotted booths around the outside and then four-tops and deuces down through the middle. It's very airy, the walls are all brick, with a few things on the walls. It's very plain. We use a lot of pink, coral in there and some cherry colors on the wood. The people like it very much. It's very comfortable. What I try with the decor is to make it disappear.

Jay: I understand fully. Let's go into your specific questions first of all. What do you want to ask of me before I ask things of you?

Cal: Hopefully, I can find some way to reach newer customers with better ideas on making an offer than just the two-for-one coupons. My feeling is that if I discount my food, a couple of things happen. One is distrust on the customer's part. His subconscious response is, "Well, if he can sell at this price now, he can do it all the time."

Jay: One of your stores is close to a very high-density business and office area?

Cal: That's the original one.

Jay: Okay. Which one does not do well at lunch time?

Cal: The new one. The one in the high business concentration does about 45%. When I say lunch, I mean from eleven o'clock 'till four o'clock, five days a week.

Jay: Now the new one that doesn't do quite as well, what kind of density, what kind of a locale is it situated in?

Cal: It's on one of the highest traveled traffic strips in the area. There's a lot of business up and down it, but they're retail. There are no significant concentrations of offices out there, except about three miles from me. My other restaurant is within walking distance for people's lunches. I have about 63 offices within a one-mile radius.

Jay: Let me tell you what I've done with a couple of clients. It's worked very well even though it seems very unusual. Some of the things I'll advise seem nontraditional. By the way, did you get that material that I wanted you to read?

Cal: Yes, I did.

Jay: And did you read it?

Cal: I read the one piece, the original one, and the other one I have in front of me.

Jay: Good, good, good. Restaurants install what I'll call customer service or PR officers in their offices to go out with groups and arrange special promotional activities to get people acclimated to coming in. For example, I had one restaurant client about a year ago for whom we set up an arrangement where they dispatched an operative to office buildings. Also, once a week, the employee of the week at participating businesses got a free lunch or dinner at their restaurant, and usually four or five people would come with them. They had a regular ongoing program where they worked all the businesses.

In another program we set up, they arranged with civic organizations or women's organizations to have breakfasts or lunches — usually at off hours — to get people there and familiarize them. This place was more of a breakfast, luncheon, bakery-type thing and they had special breakfasts for introductory purposes for groups. They used marketing dollars they would normally dissipate on wasted advertising, and instead would expend it on a correlatable basis. In other words, instead of wasting $5,000 a month on advertising, they would figure $5,000 would buy 2,500 lunches at cost or whatever. They would place a certain number of them and experiment and analyze how many of them brought in more business. It was very interesting. I don't know if that's something you think could be done for your organization.

Cal: Ours is a little more difficult to promote that way since we use the cafeteria-style. If someone comes in when we're fairly busy, there'll be 20 to 30 people back in line. It's a little different.

Jay: You could bring on a young man or woman who would be the liaison between you and the offices, and you could still set up programs where offices gave their employees of the month a certificate...

Cal: We could do that part.

Jay: The point is, if every week you were placing 500 meals for example — no, that's too much. Start with 50 or 100, whatever you can comfortably correlate. If somebody at each office got one meal a week or two or whatever, then probably, unless they're the most antisocial leper, they wouldn't go to lunch by themselves. It's going to acclimate people to come in, don't you think?

Cal: I never see people come in alone.

Jay: There's also the intangible effect of your involvement with the office. The office has a tendency to promote you just by the fact that you set up something with them. By the way, remember that most people don't have vision and don't have the ability to actualize anything, so it's incumbent on the person performing it — you or your designate, a young man or woman — to go and set the whole thing up.

Tell the businesses why you're doing it. You want to stimulate business. You want to get involved in the community. You want to help them help their people, and for good business to accrue to you. So for the next 52 weeks, you'll set up for them an internal program where once a week, the employee of the week gets lunch or dinner — or whatever they want — on you, as a compliment from the business.

You could have different multiples and different combinations. You do it all for them. Don't expect them to even know how to implement it. You guys put it all together and tell them what to do, formulate it. Believe me it's a very powerful, albeit a seemingly understated program.

Cal: I agree. That's a good idea. The other idea is a little difficult, though — the civic organizations.

Jay: Because you're so busy. I understand. I'll tell you how to overcome that in a minute. That's one approach that's been very effective. Are there any specific kinds of foodstuffs that you're very well known for? Unusual things?

Cal: I don't know how unusual. We do have things we're known for, one of which is called chili con queso. Do you like Mexican food?

Jay: I love it!

Cal: Chili con queso you're familiar with? It's a cheese sauce — nacho cheese, they call it at the ballpark.

Jay: I'm not familiar with it. Is it hot?

Cal: No, no. It's a cheese sauce that's not even spicy. It's just very rich.

Jay: And it's really delicious?

Cal: Well, yes. We're known for it. One of the food critics, who is no longer here, years ago compared it to the finest French sauces he had ever eaten.

Jay: Are the stations you run your advertisements on talk radio?

Cal: We usually run 60 seconds, of which 20 to 25 seconds are voice.

Jay: Okay.

Cal: We always push something, either a margarita or a Texas burrito, and we have featured the chili con queso. Our guacamole too. We have real guacamole aficionados come in and tell us that they've eaten all over the world and have never tasted guacamole as good as we make it.

Jay: How big is your city relevant to the radio market? Is it cost-effective to use radio?

Cal: Well, it's over a million.

Jay: So it's almost marginal because you're paying for the whole area, aren't you?

Cal: We are paying for the whole area. We do draw from the whole area, though, because I have two restaurants. Last time, I really tried to determine where people came from, but we have such a fast turnover that it's hard to get people to talk to you very long.

Jay: Sure.

Cal: But our average customer was driving six miles to dinner.

Jay: Do you ever do direct mail?

Cal: I haven't. This same advertising man, my friend, is trying to come up with a little program to put 4,000 mailers out for the new restaurant with an offer. It could be coupled with this.

Jay: It would be very interesting. I'm just telling you the things I've done that have been successful. But everybody's situation is kaleidoscopically unique. What works in one environment has a high probability of success elsewhere, but everyone's market and execution is going to be different. When we're done with this consultation, you should sit and reflect on it and distill, then factor a discountability rate of between zero and 100%. It depends on how it's applicable.

I advised one restaurant, a nice restaurant. We drafted them a wonderful letter from the husband and wife who were the owners, the personalities, and we sent it word-processed and laser-printed to the 40,000 people in their town. We invited them, and really romanced the foodstuffs, telling, in a very human way, the story of how the restaurant started. We transcended, totally, the typical, superficial, nondescript, mono-dimensional rhetoric and hyperbole of most advertising. We got into a very personalized proposition. The letter looked like a personal letter coming from an individual. It was a letter telling about their hopes and dreams and why they started the restaurant, about the ingredients they choose and their favorite meals. It was very successful. It's possible you could do something similar, experimentally. You could do a laser letter that looks personal, but is computer-engendered and bulk-mailed. No one can really tell bulk rate if you do it right. What if you did something that looked Mexican? What if it looked like it came from Mexico? Maybe you could put a foreign mailing address on it. Check the postal rules.

Cal: What kind of an offer do you think we could make?

Jay: Do you subscribe to a lot of newsletters?

Cal: I read two.

Jay: I'm asking you for a reason — not to take you on a tangent. What else have you read lately? *Personal Finance*? Any of those things?

Cal: There was one other but I can't really remember.

Jay: The point I was going to make is that I've done a lot of things for Howard Ruff, and what I have found effective is giving the rationale and the explanation, letting people in on your thinking. Most people in business don't think the marketplace should know their angle or motives. But when you let them in on your dreams, your hopes, your thoughts, your angle so to speak, it's disarmingly effective because then people really trust you. I think you should try a charming letter, from the heart, that introduces you and says, "My name's Cal. I'm not an ad writer, I'm a restaurateur. Sixteen years ago, I came here after flight school." You tell the story of how you did it. You tell almost what you told me. You tell them from the heart, very charmingly. A really easy-to-read letter that's computer-typed with some sub-heads and a lot of separation. Tell about everything. "A lot of people have never visited our restaurant. They don't understand that it's fast service but great food." Invite them.

What I would do frankly — do you understand the concept of testing and interpreting? — you don't say, "Let's mail to the whole city." You say, "Let's try 5,000 people in the area and analyze the response. The worst it's going to do is be moderately successful or unsuccessful. We're probably not going to lose everything." Take 5,000 people in a contiguous area. Mail a letter out that tells them your story and makes them an offer. The offer that I think might be good is: "I'll buy one member of your family dinner on me," or "on me and my wife," or "me and my kids" or whatever you want. "There are no strings attached. Frankly, why am I making the offer? Because I know from experience that if I get you, your spouse, one of your kids to come in and taste our" — and then talk about the foodstuffs — "they're going to love it. They're going to want to come back for lunches, dinners, on weekends, when they're driving by thinking about something good to eat. They're going to really like it. It's a good investment on my part to invest in you. So I'd like to buy a member of your family a..." Tell them. "It doesn't mean 'buy one meal, get one free.' It doesn't mean that when three of you in the family come, you get a discount. It means that I'll buy one member of your family the dinner of their choice up to 14 courses" or whatever you want to do. Make it very liberal and nonthreatening. “On me and my family. It’s our investment in you. It’s the way I want to introduce you to our food.” It’s a neat letter from you with a little Mexican theme. You might start by saying something in Spanish in the beginning and then explaining it. That might be really charming, don’t you think?

Cal: I could do that. I’ve thought about doing direct mail.

Jay: Let’s look at the cost. Have it laser-printed. By the way, do not, do not, do not rent “occupant-owner” lists. People try to save money by renting compiled, generic lists. Get the names. It’s better to mail fewer letters and make the thing really work. Make it look as if you really drafted a letter to them. The envelope should be addressed, and so should the letter. There are services that will do that very cost-effectively. Send off 4,000. Say it costs 40¢ apiece to send out, okay?

Cal: Okay.

Jay: Say, “Bring this letter in. Ask for me.” Are you ever at the stores?

Cal: I don’t work them, but I’m at each one of them.

Jay: Still, say, “Ask for me. I may not be there, but if I am, I’d like to introduce myself.” It would be very personal, you see.

Cal: Right.

Jay: If you mail 5,000, it’ll cost you two grand. What do you need to get back to break even on that? That’s a question. You don’t have to answer me. The question is, “Will it work’?

Cal: Our profit per full-paying customer is $1.75. I pioneered a long, long time ago — and I don’t know anyone else in the industry that still does it — pricing based on profit.

Jay: So we have to figure. Maybe it isn’t efficient to do it.

Cal: If two people came in, even if one were free, I’d make a profit on that transaction.

Jay: Okay. I can’t promise anything will work, but let’s say you try it and it almost works. What you do is fine-tune it.

Cal: Right.

Jay: If it does work, then every week you just mail to 5,000 more people.

Cal: We get about 50% of the people who come in to come back.

Jay: Here’s another thing. If they have to bring the letter, then you’ll have their name. You can have on your computer another little letter saying, “I’m sorry I wasn’t in the restaurant when you came, but I’m so glad you visited. I hope you brought your family. I hope you liked it. I hope you’ll come back. By the way, next time try the blank, blank, blank.” People love to be acknowledged. You know that?

Cal: Yes, that’s true. We really school our staff to recognize people who are repeat customers.

Jay: I’m saying, again, that’s one approach. Your cost may be so high that it doesn’t work. It may be that you have to go to a more mechanized approach. Maybe you have to do it on a postcard or something, but still looking like it originated from you. You should experiment. Don’t automatically assume it will not work. Let me tell you why. Years and years ago, I did the first discount newsletter offer of all time. It was a $19 offer, back when newsletters were selling for something in the vicinity of $100 apiece. I was making a profit of three lousy dollars per transaction, but I wanted to see what would work. Up until then, I'd typically sold 500 or 600 newsletters at a time.

Cal: Yes?

Jay: The first time I did this offer, I sold 15,000. The numbers may sometimes startle you. They may not. The point is that people are used to getting a lot of junk mail. They're not used to getting a neat, personal letter from a principal inviting them and buying a member of their family a meal. Again, it may not work. The downside is that on a $2,000 investment, it may only bring back $1,000. Try it!

Cal: I agree. You see, for years I've wanted to tell my story to people.

Jay: Your story is very interesting. As you tell it to me, it's even more interesting than the way you wrote it in your letter. I think you could tell the most charming story in a one- or two-page letter. Tell them, "It's a labor of love." Say that they can't appreciate it unless they come in and try it. By the way, the whole theme of a series of ads you might try, even on radio, could be that you think it's wrong for them to have to miss out on this. To correct it, you'll buy them a dessert. Maybe you could try a couple of different approaches. One approach would be a little postcard from you, personalized to them. There are services that can do that. There are people who can do them by computer, and people who can handwrite them. Maybe one of the approaches is... do you have creme caramel or custard or whatever?

Cal: Do we have what?

Jay: What do you have for dessert? Custard?

Cal: We just have sopapillas.

Jay: So tell them. What if you try another 5,000 and say, "The next time you're out, I'd like to buy your whole family a dessert on me." Or, "I'd like to buy" — is there a college close by? — "I'd like to buy you and your date dessert." You'll find there'll be trends. One thing will work better than others on a combination criteria of cost, response, and residual sales. That approach is the one you use. But experimenting is very essential. Let the market tell you what works best.

I'm going to ask you about the radio. Tell me a little bit more about the stations you're on.

Cal: Presently we're using two middle-of-the-road stations that provide background music for offices. We're also using two country and western stations.

Jay: Can you track how well various ones work?

Cal: No, it's pretty difficult because we don't put offers on them. I hadn't used that jingle since 1981. When I opened the restaurant, it was unsuccessful and I lost $550,000 in 14 months.

Jay: That hurts, doesn't it?

Cal: Yes. It hurt a lot.

Jay: Why did it happen?

Cal: I decided I was going to add liquor, so I added a very large restaurant, a 300-seater in a more affluent area. Just made a lot of mistakes.

Jay: Just closed it down?

Cal: Yes, I closed it down, took Chapter 11. I'm 15 months away from paying that off.

Jay: That's wonderful!

Cal: By the way, I'm the only guy I know that went through Chapter 11 and came through paying 100¢ on the dollar.

Jay: I counsel a lot of people and not just clients. Even if you get in a jam, if you handle it responsibly, it's not only the best feeling, it's selfishly great for you, because the effect it has on your integrity is profound. It really improves your tensile strength.

Cal: It sure causes you to do a lot of soul-searching. I just started using the jingle again — I hadn't used it since 1981. My second restaurant was doing $16,000 a week, and in the three weeks I ran the jingle, it jumped to over $20,000.

Jay: Is it holding there?

Cal: It's holding at a little over $18,000. In September, when school starts, we take sizeable drops in volume, 8% to 10%, because we're largely a family business. When school starts, families change their habits for a period of a month or so. My older store went from about $26,000 or $27,000 to over $29,000 and it's holding in the area of $28,000. Last winter, it dropped to about $25,000 and we held at $28,000. So it did pull an additional $20,000 to $30,000 a month in sales.

Jay: Is this the jingle you told me about or a different one?

Cal: Yes, that's the jingle.

Jay: But you've never really made specific offers on different stations just to see how they pulled?

Cal: No, we haven't. That's a good idea, but again, I don't know what kind of offer to make.

Jay: Any kind of nonpublished offer. Say, "Just ask for it when you go to the check-out stand." Anything, just to see if anyone listens.

Cal: One specialty is that all of my peripheral items are free. My desserts are free already. I'm the only guy in the United States I know of who has a free self-service sopapilla and honey bar.

Jay: Do you tell people that?

Cal: Oh yes. Most definitely. All my advertising ends with "Free Sopapilla Desserts."

Jay: Do you charge for beverages?

Cal: Yes. The beverages are where I make all my profit. The chains who make special deals on the beverages are really losing an awful lot of money.

Jay: I understand.

Cal: I have advertising specialties. I've used everything from frisbees to special openers. Those could very easily be reused.

Jay: Let me tell you what we tried at one of those other restaurants. We got them to start a service where every day at lunch and dinner, they had a young man deliver meals to the disc jockeys. What happened was that over the course of 13 or 15 weeks, the disc jockeys would talk about them more. It was incredible. We got a lot of free mileage out of it.

Cal: I hadn't thought about that. That would be good.

Jay: It's very effective. You can't just do it and stop, though. You go to the station and say, "We appreciate your advertising, and we're going to buy your disc jockeys lunch and dinner from now on." Even if it's a pain in the neck, you get a young man to take over a smorgasbord or call them, and every day you send it over. It's a pain in the neck, but believe me, if you do the right kind of stations, you'll end up getting a lot of free conversation, a lot of excitement. That's worth more probably than the advertising.

Cal: Okay. I hadn't thought of that. Even when you're not on that station, you mean?

Jay: Preferably, ones you're on.

Cal: You see, what we do, we're on two weeks, we're off two weeks.

Jay: Okay, as long as you advertise on a regular basis. If you're a regular advertiser, go for it! As long as they know you're going to be there for at least 13 weeks in the course of a year, heavens yes!

Cal: I hadn't thought of that.

Jay: Set it up with your account agent or agency, or set it up with the station direct. That's a very effective technique. Think about it.

Cal: That's true. Most of them love our stuff. We have several TV stations, oh, a mile away, and they all eat here.

Jay: The problem is that you really don't have a lot of money, so you have to spend it carefully. You've got to really correlate it with results. One of the things I learned years ago was that if you're going to spend X amount of dollars, it's better when you're able to correlate each dollar to some specific result than to have some nebulous expenditure that may or may not come back.

Here's something else. When people solicit you for charity, it's probably a negative. Maybe you give coupons for dinner and maybe you don't. It's sort of an irritating, cringy, probably not a real positive thing. But remember what I told you earlier about having this operative who is your PR person or liaison? You could actually set up people to work full-time with organizations, setting up really powerful arrangements where you got involved. It wouldn't be a hit-and-miss thing. Instead, you'd mastermind a whole charitable program built around you. You set up a hundred of them around your community. Even though you give modest amounts of food as the prize or drawing, you get all this benefit, from the association, of all the good will. I'm being very abstract.

Cal: No, I understand what you're saying, because it's something I do for an organization here. They meet at my newer restaurant twice a month. What they do is grant whatever dreams a terminally ill child has. We help collect money for those who meet at my place.

Jay: Think about this. You get your person to find all sorts of charities and go to them. If your off hours between two and four are basically empty, then on Mondays and Wednesdays, you could invite groups to meet there during those hours. You could buy them coffee and sopapilla. That's the first thing. Second, you could organize fund-raisers where you give dinner for two for a whole year as a prize. You can mandate that it has to be on a certain day or something, because the probability of having to really deliver the whole thing will be less. You'll end up having to put out only half of it because nobody's going to come every Thursday for a year. Also, it's not transferrable. Do you serve breakfast?

Cal: No, we tried that and it didn't go over very well.

Jay: Really?

Cal: Yes. We had it in for a month and had an outstanding breakfast but no one came. They decided they just wouldn't come to a Mexican restaurant for breakfast.

Jay: Boy, Mexican breakfasts are delicious here.

Cal: Yes. But we just couldn't get it across.

Jay: Well, the point is, to have this person working with all sorts of groups. You go to schools and do fund-raisers. Just don't do it blindly. Try one each month or each week, or have a fund of experimental money. Maybe $20,000 or $25,000 a year. Experiment with derivatives of what I'm saying and create your own. Maybe the first thing is, your person goes to schools and charitable groups and gives them certificates. Maybe the certificates have $10 worth of dinner and you give it to them for $2. Or you give it to them free and they sell it for fund-raising. You see what happens and you analyze. What I think you're saying is that if people get acclimated to visiting, a finite percent of them are going to keep coming back X number of times a year forever.

Cal: I haven't tested the frequency, but I would guess that my regular customers return about every two or three weeks.

Jay: The problem is that you don't really have the dollars. The frequency and the dollars are more limited, so the dynamics are going to be more difficult to handle profitably and cost-effectively. I assure you that if you try four or five of the derivative kinds of concepts we're talking about here, some of them — one, two, or three — will work and be replicable. They will either produce immediately, or on a residual basis they'll yield enough cumulative profit that you can take the concept all over the place.

Cal: I'll tell you where I have part of the problem. We opened the new restaurant and at $18,000 a week, I break even. I don't have any profit from that, and I'm still paying $12,696 a month on my old debt settlement. So this hurts. To increase that one to $25,000 a week is my goal. My older restaurant is doing between $27,000 and $28,000. If I can increase it to $33,000 a week, then between the two of them I'd have $48,000 a month total free cash flow above what I have now.

Jay: Are there certain hours? Are you open continuously?

Cal: I'm open from 11 a.m. to 9 p.m. Monday, Tuesday, Wednesday, and Thursday, 11 a.m. through 10 p.m. Friday and Saturday, and 12 noon through 9 p.m. on Sunday.

Jay: There have to be segments that are very light.

Cal: Between 1:30 and about 4:30, we do very little business.

Jay: Could you experiment with Happy Lunch Hour too, where it's half-price during that period?

Cal: Well, we can, but I would lose money.

Jay: Really?

Cal: The margin is low enough that it wouldn't take much of a drop in price for me to lose my shirt.

Jay: Let me keep thinking. You're facing a challenge. You understand that, don't you?

Cal: Some of the things you mentioned... I wrote down 18 different ideas I was going to try to put into effect. Some of these were in organizing for scholastic achievement. We were going to give small, not big, scholarships, maybe $200 or something.

Jay: You even could do something else. You could have a service to help people raise money. If it costs someone $1 for a certificate, and it's roughly a 35¢ cost to you for the food, you could have a division that just organizes for fund-raising, where people sell dinner coupons. You'd give them the lion's share of the return, but take enough so you break even. If one month, every school in town was selling certificates, and you sold 10,000 of them, how many new customers would stick? You might really find that hiring somebody to work on this could pay off.

Cal: I hired a woman for a short period, but she took another position with a guy in California producing television shows.

Jay: Let me tell you what I've recommended that people do. I've had them hire a young man or woman who was intelligent, resourceful, ambitious, hungry but scrupulously dependable, honest, and then have that young person read my *Marketing Genius* course. Give them low wages, $200 a week or something, against some kind of variable commission based on increase in volume over what you ordinarily get. Right now, if you're doing $20,000, that $20,000 is yours. If they get you to $30,000, they could make $1,000 a month or $1,500 a month, since it's incremental profit anyhow.

Have the person you hire study my marketing reports and then try all sorts of cost-effective ways to implement the approaches they learn. The way it works is by making these programs ongoing. Every Monday, the person works charitable groups. Every Tuesday, they work the schools. Every Wednesday, they host coffee and sopapilla at two o'clock or at ten o'clock. Every Friday, they go to the offices and work the Employee of the Month program. They keep doing it and doing it, advancing it and advancing it. In between, when they're not out in the field, they're working on test mailings. They have to do it on an ongoing basis. You need somebody who is motivated by a large commission. They only succeed if they earn — not by spending your money but by making your money grow. It's very important that you do it that way.

Cal: Yes.

Jay: How big is your organization of people?

Cal: Right now, I usually have five full-time managers at each store and an assistant who runs my computers and things. My director of operations...

Jay: Can you afford to put somebody on, at maybe a $1,200 or $1,500 a month base, to take on full responsibility for what we've been talking about?

Cal: Cash flow-wise I can't at the moment. They'd have to pay for themselves fairly quickly. Unless I took it from the other advertising budget. That's what I could do.

Jay: I don't ever want to recommend that you divert money that is making money. It is a shame you don't yet have a lot of analysis to know what brings the most returns. Let me ask you another question. Who else can you play off of? Let's talk about ethical parasitism. What other kind of businesses or associations or relationships can you play off of? You don't do catering, you don't do banquets, you're not set up to do anything more than what you do, are you?

Cal: We do some catering.

Jay: Is it profitable?

Cal: Well, we just started getting into it. Mexican food is very hard to cater unless you have a lot of equipment. You can't prepare it ahead of time — it just goes soggy and it's a mess. You have to make it fresh while you're there, so it's difficult. But we've started doing some. In fact, this Sunday, I'm meeting with my daughter, who runs my older store, and we're going to put together a package of three to five set deals where for $3.50 a person, we will do this, for $4.50 a person, we'll do that. We've never done that previously but now my customers are demanding it. They're coming to us and demanding that we take it on. This Saturday, we're doing an auto dealership out here. He's buying enough tacos for 600 people.

Jay: Did they come to you?

Cal: Yes they did.

Jay: Maybe for your expansion person you should have a strict commission basis — not even pay a salary, but pay a generous commission. Bring on some people to set up programs like that. Have them in the field. I don't know your sales background. Do you have a big sales background?

Cal: I sold for years and years. I owned three industrial sales companies at the time I got into restaurants and had to sell them because my restaurant partners weren't any help here. So I sold my other companies and took this over and bought my partners out.

Jay: What I find is that when you hire people for a new, uncharted business, you're better off imbuing the job with all sorts of perceived value and respect. For example, hire them to be a catering director, strictly on a commission deal. Work a neat commission where their job is to work special projects. They go to groups, car dealers, all sorts of people. Get someone who is inventive. Give them at least half the profits for the first, oh, $3,000 to $4,000 of the profits so that they have every incentive to get up to a certain level and make a good living. Then give them a lesser amount above that if you have to. Pay their health insurance, whatever. Put them on pure commission if you can do it. There will be a lot of people who even can do this part-time. You might experiment, bringing people in and giving them the knowledge of trying all sorts of different areas. There are a lot of people who don't necessarily need the money, but need fulfillment.

Cal: Yes. That's true especially of housewives.

Jay: Give one person special projects. Put one in charge of fund-raising activity. Put one in charge of banquets. Again, I'm trying to grope for you. It sounds hokey, but if you mobilize it all together, make it cohesive, allow it to become a perpetual, ongoing function so each one is allowed to develop in forward directions, it would be incredible.

Cal: What types of parasitical relationships with other people did you have in mind?

Jay: Let's see what kinds of businesses could be useful to you. You could have specials where you do combinations. Is it hard to do deals with movie theaters — special promotions where you put combinations together with theater tickets or something?

Cal: There are probably deals that we could do on theater tickets.

Jay: That's probably tertiary. I'm going to you a suggestion and it's up to you.

Cal: I did want to spend a couple of minutes on the other new business that I was starting up.

Jay: Let's move on to your new business — it's interesting. How are you going to make a temporary help agency work on a $250 fee?

Cal: Well, it has to be by volume. Twenty years ago, a friend of mine and I put some money together and started a company that did professional inventory-taking at all sorts of stores. We did fairly well with it and found that every three months you needed a hell of a lot of people and in between you didn't have anything for them to do because inventories are taken on a quarterly basis. So we started a temporary help company to use these people the rest of the time. I found out it worked pretty well. We could see then that the average fee for a personnel agency to place a secretary was $1,400. That's ridiculous. They don't earn $1,400 in the first place, but a lot of people who are desperate will go to them. There are 39 of them here making good money. I've maintained for 20 years that there was a tremendous need and of course, everyone that I mention it to now, my law firm and everyone, they want to sign a contract on the spot that they won't hire from anybody but me.

Jay: And your idea is they pay $250 and you guarantee to find them an employee.

Cal: No, we wouldn't guarantee it, but when they hire someone, it's $250.

Jay: If they came from you?

Cal: We send them someone and they hire them — then it's a flat $250. They can't do it themselves for that. They aren't skilled at screening — which is really what the function of an employment agency is, prescreening. They aren't good at that. They don't want to do it. There's time out of their regular business day. They almost always end up hiring the next warm body. Then, because they've run an ad, the phone will ring off the hook for three weeks, even though the job's been filled. Let's say I'm placing 10 girls per week. That isn't much volume. That's less than two people per day.

Jay: Okay.

Cal: I can run that office on a commission basis with a full-time manager, another part-time person inside, full advertising, full expenses on under $50,000 a year. At 10 people per week, my revenues are $125,000. I think I can make 60% profit.

Jay: That's incredible — if you have the tonnage.

Cal: My break-even is just under three girls per week in placement.

Jay: Wow! Are you factoring enough money to advertise for the positions?

Cal: Yes.

Jay: Where are you going to find all the employees?

Cal: There were only two ways I was planning on doing it. I can make double-mileage out of a direct mail to offices because the girl that opens it is going to be appalled.

Jay: I agree. I agree.

Cal: Then the guy that she's going to give it to is going to need to replace her.

Jay: I agree.

Cal: Second, the newspaper, at $200 a week, can give some pretty heavy mileage off small ads in the Help Wanted.

Jay: When is your new service going to start?

Cal: I'm trying to start it up two weeks from Monday.

Jay: You already have your office?

Cal: Yes, I have no additional overhead there. It's just going to be the advertising. A girl I've known for a number of years was going to run it, but she turned her nose at the travel agency where she was working and they raised her salary tremendously.

Jay: So you have to find someone.

Cal: I don't know, other than direct mail to offices and advertising in the paper, how to do two things — namely, get the job orders and get girls in to fill them.

Jay: There are a lot of different ways to do it. I've found in start-ups for businesses that sometimes by almost shamelessly bribing people — people who have a presence in the market you want to access — you can parasitically play off of them. If you give them an incredibly lucrative share of any business they generate for a finite period of time, that can bring customers very quickly — a lot faster than you could get them yourself. Maybe there's an office products company that is the biggest in the whole marketplace. They may have 100 salespeople in the field. Or someone who sells to personnel managers?

Cal: How about a quick-print company?

Jay: That would be very good. The person you want to reach is the personnel manager, right? Or the employment manager? Human resources director or whatever it's called. Make yourself a grid of all the products and services that that person would buy from anybody. The ones they're buying. Maybe they're buying printed employment applications. Maybe they're buying psychological tests. Maybe they're buying I.D. cards. What would they buy? Then try to identify who locally would be selling it to them. Then find those companies that have a lot of representatives in the field. Go to the local branches of the company and see if one of them wants to take on the semi-exclusive or exclusive representation for you on the basis that in the first three months you'll give them 60% of commission. You want to get the thing going. Be honest with them. In the beginning, it's the hardest and you'll give them the most. Thereafter, they'll get a little residual as long as they keep the contract. Somebody who's got the presence, who could, in one fell swoop, have 100 people blitz and already has the ear of the employment manager. Doesn't that make sense?

Cal: Would that be of all the income we took in or...?

Jay: No, just income from the people generated by that business.

Cal: We'd have to have a way to identify that.

Jay: That would be simple. They would basically set up a client for you. Every client they set up, they get a commission. Would you have discounts? If someone hires 10 a year, could they get it for $200?

Cal: Most of the bread and butter would be people that would be hiring only one, two or three people a year that don't have a regular personnel director.

Jay: Yes, but if you had people on a contract for 10 if they paid you less, you might make more total. You could have all sorts of different experiments. You could experiment with prepaid. If you had affiliates who were only doing it on a percentage basis anyhow, you could do some wonderful market experimentation, couldn't you?

Cal: Sure.

Jay: What if you could get somebody for $1,000 to prepay up to 10 hires a year? Then you'd have prepaid money you could use. I don't know if it would work, but it could work fine.

Cal: If they'd prepay us on discount...

Jay: You're transcending the credibility problem. It's no problem if you're accessing people whom they trust and currently do business with.

Cal: Right. We want to expand from office-clerical into data-processing, then into accounting and bookkeeping, and then into health personnel.

Jay: That's simple. All you do is take every area that you want to go into, reduce it down to a grid where you first find the person who would make the employment decision, then think about what other products or services that person is responsible for buying, who they would be buying it from, who they would be buying it from locally, who they would be buying it from locally who has incredibly large penetration, who they would be buying it from locally who is relatively entrepreneurial and still family-owned in a way that if you went to them with the proposition, they would be willing to take on your service for a share. Give them a big share initially and a small residual after that for as long as they represent you. You work out the deal very simply. For new clients they bring in, they could get for the first hire 60%. They could get 10% thereafter, or it could be nothing thereafter. Does that make sense?

Cal: Yes.

Jay: You could also find people who send catalogs, brochures, and mailings to the people you want to reach. Make deals with them where you furnish them with inserts. The inquiries go back to them, and they ship them to you and get paid a commission for all the business that generates from them.

Cal: Or if they come directly to me, that same...

Jay: They get full credit for it. You also have deals where they'll do endorsed letters. You'll write a letter and furnish it to them. Tell them, "How'd you like to make $50,000 a year just for sending a letter out to your customers?" Leverage it like mad. I think we're about to run out of time. Did you get anything out of it?

Cal: Yes, looks like quite a few things.

Jay: Good luck to you.

Cal: Thank you, Jay.

Let me review the six marketing approaches for shoestring budgets that I gave to Cal:

1) *Get a full-time expansion person. Have them study my methods and put their ideas to work. To whatever extent possible, have the person's salary depend on the amount of extra business they generate. This will motivate them to promote your business as if it were their own. If you can't afford a full-time person, you might find one or more people willing to work part-time on one particular area of expansion, purely on commission.*

2) *Personalize your direct mailings. People see a lot of junk mail, but personal letters, addressed to them, apparently typed (though, in fact, laser printed), and signed by the business owner, will get their attention and keep it. In your letter, tell your story and make your offer in a human, personal way. Let the prospect in on your angle — the reason why you're making the special offer — because honesty wins their trust. And don't rent "occupant/owner" mailing lists. Spend the extra money to get names and addresses. The investment will pay off. Also, don't do large mailings until you've isolated the elements that pull the best response. Find out what these are by doing experiments with small mailings. There is a tremendous value in candidly and openly sharing with your customers a specific, personal aspect of your business or finances. Be careful not to elicit pity, and be as sincere as possible. The key is to allow your customers a glimpse into your thought processes, so that they understand your motivation. They will immediately perceive the value of your offer, once they trust your motivation.*

3) *Have local businesses offer your product or service as a reward to employees (the "employee of the month," for example). In Cal's case, this would generate extra business since the winner would bring friends in to eat with them. Think about whether something similar might work in your case.*

4) *Turn charitable contributions into an effective way of getting good PR and extra business. Make your contribution a discount or free service that costs you little or nothing, and systematically develop this as a form of marketing.*

5) *If you do radio advertising, culture the announcers by giving them special services from your business. This might generate free talk time.*

6) *Use host relationships as an inexpensive, low-risk way to get new business. One approach is to give related companies large initial commissions for any business they find for you.*

You don't have to be on a shoestring budget to make use of these strategies. In fact, you might miss some great opportunities if you don't.

* * *

Real Estate Sales

I could call this transcript "A Short Course in Lead-Generating." Hal's problem was a common one. In an area saturated with competitors, how could he stand out? The strategy I gave him is so powerful, yet so simple, that I cautioned Hal not to let other Realtors in his area know about it - it would be too easy for them to apply it themselves, and then Hal's advantage would be lost. This strategy could be equally powerful for you.

Jay: Tell me a little bit about where you get your clients, what you really focus on, what you've done the best with, where you see the opportunity, and where you're most frustrated.

Hal: In this market, the greatest opportunity lies in getting listings. If you have a listing, it's almost like money in the bank. It will eventually sell, even if it's marketed at what most people consider too high a price.
Jay: How do you get listings right now?

Hal: That is the frustrating part. There's a lot of competition for the listings. The best way to get them is referrals, and I have probably had on the average two or three listings a year referred to me. The others I've got as a results of working with buyers. Someone calls the office, and if I happen to be on the floor, I take the call and try to help them find a home.

Jay: And they have a house they want to sell as well?

Hal: Ideally. If I can find them something to buy, then I can list their own home too.

Jay: The key question you have to answer is: "What is my Unique Selling Proposition?" In other words, "What do I offer a prospective lister above and beyond what my competitors offer?" There are so many competitors, Lord knows.

Hal: Everybody and their dog.

Jay: So I'd like to give you a strategy that can double or triple your earnings. It hinges, again, on your Unique Selling Proposition - what benefit do you offer that is above and beyond what anybody else can offer?

Hal: Well, that has been the main problem. I'm not really sure how most people make their minds up about where to list their home. But I think that people want to list their home with an agent who, they're convinced, is really interested in their best interests.

Jay: I agree, but do you think that they're discerning enough to know which agents those are?

Hal: That's the question I have. First off, they have to feel comfortable with the agent and feel that he is capable of marketing property in such a way that it will bring the best price in the shortest amount of time. To me those things are intangible....

Jay: Let me ask you about legalities and qualifications. Are you allowed to solicit people?

Hal: I am not allowed to solicit listings that are with some other Realtor.

Jay: But you can absolutely send a letter to anybody's home saying something like this: "If you've contemplated selling your house, but you haven't yet put it on the market because you're apprehensive, or procrastinating, or have not quite made up your mind, and you need questions answered before you list with anyone, I'd like to try to answer any question you have. Hopefully, in the process, I'll garner your trust and get the listing. Give me a call." If you send that letter out, is that breaching anything?

Hal: No, that's totally legal.

Jay: Okay. Do you make mailings, and if so, to whom? How many pieces do you send, who writes them, and who pays for them?

Hal: I have not sent any mailings out since last December. Up until that time I was sending one every 6 to 8 weeks. I sent them to my "people farm" - my mailing list of friends, acquaintances, people who are already somewhat acquainted with me - just to keep them reminded that this is what I'm doing for a living, and that if they have any real estate needs, they ought to think of me.

Jay: Somebody must have available a mailing list of all the heads of households in whatever zip codes you want to be reaching. I think you should get that list on computer, or on disk, or on printed galley. I think you should sit down and write a number of different experimental letters to be sent out to segments of that list. Are there 25,000 homes in your area?

Hal: Who knows?

Jay: Somebody knows. Let's presume there are 25,000 homes. What you should do is sit down and try drafting five or six different quasi-personal letters that would seem like they emanated directly from you. They would not be the typical trash that most Realtors dispatch, which are quick-printed and of absolutely no lead-generating value whatsoever.

Hal: That's an appropriate description.

Jay: Yours will seem like personal letters. Now I'm going to teach you how to be leveraged, how to have a vehicle working for you every week, every month, every year, accumulating and accumulating, accruing residual goodwill.

The first thing I'm going to show you is that different hot buttons evoke responses in different people. People want to move for different reasons. They want to buy for different reasons. They want to sell for different reasons. People are apprehensive, and yet they're silently begging to be led - as long as there's a justification to make them feel like they're doing an intelligent thing when they favor somebody with the opportunity to lead them. You should find what hot button evokes the best responses in the market you want to reach. The way you do that is by experimentation. If you try five or ten different letters, each to 1,000 different households, you will find that certain letters evoke better responses than others.

My background is very analytical - lead-generating for investment firms - so I'm going to give you a quick course in lead-generating as it applies to real estate. You're in luck - I have a client whose business we've tripled by doing the very things I'm going to tell you. It's been validated. Very few people understand it. But I've been working with him for the last year.

What you want to do, first of all, is get the mailing list of household heads. Then you find somebody who either has a computer with a laser printer, or you go to mailing services that specialize in laser-printed computerized letters. You don't do form letters, you don't do quick-print letters. As I was saying, you try 1,000 at a time. Each batch of 1,000 is to try one of the different tests you're going to play around with. You don't have the right to decide what letters the market will respond best to. Instead, you have the obligation to try out a lot of your suppositions on the market, and then let the market tell you which ones hit their hot buttons.

You'll know that by seeing which letters get the biggest response, but there's an important subtlety to remember here: "response" can mean different things. Certain letters are going to evoke more front-end response, but that alone isn't the determining factor. You've got to analyze front-end response, but also look at the other factors. How many of those who respond convert to listing with you? Also, among people who respond and list with you, some may buy and sell costlier homes, so the letters that pulled them will bring you the biggest commissions. Some letters may pull fewer inquiries, but 100% of those people may be superb prospects for buying or selling at a much higher price level.

And you have to do some experimenting to find out, because every situation is going to be kaleidoscopically unique. Try different approaches - experiment to find out which ones are going to be the best for you. The letters should be trying to find buyers and sellers, but at the same time letting the market tell you the best ways to promote your services.

I don't know what your budget is. I'm going to assume that if you can spend $1,000 on me, you're willing to reinvest in yourself. By the way, all you have to do is reinvest for a short period of time. After a while, the payoff will be so gargantuan that you won't believe it. For example, one Monday morning you send letters to 1,000 selected people in one zip. I recommend an assumptive approach, where you assume that the recipient wants what you offer, as opposed to a question approach, where you ask whether they're interested. And it should start with a headline - I like headlines above the salutation.

The letter could say: "I know you've been thinking about selling your residence but haven't yet made the decision, Mr. Smith. You're probably afraid - afraid that you won't find anything else, afraid that you might not be able to sell your house for the top dollar, afraid of a lot of things. My name is Hal Janis. I have been selling residential real estate in this area for quite some time. I specialize in (the kinds of houses that you think they might be interested in). Every year I sell a number of fine houses. Last year, for example, I sold a house in this and this and this. More importantly, one of my skills is counseling clients on how to list their house for the maximum sale in the shortest period of time. There are techniques that many Realtors are not very familiar with that enhance the perceived value, that cause houses to sell close to or right at listing price, that enable the sellers to minimize the time the house is on the market. I'm very experienced with them. My clients find that their houses listed with me sell, on average, 2.5 times faster and for 50% less price reduction than most houses. I've got the statistics to prove it, but I'm not trying to get your listing right now.

"What I'd like to do is offer to serve you. I'd like to spend an hour with you, either in person or on the phone, whichever you prefer. When we meet, I'd like first to give you a little education on techniques you should know irrespective of who you list with or of whether you list it yourself. I'd like to give you some serious advice on ways you can profoundly enhance the perceived value of your house, and dramatically shorten the time it stays on the market. I'd like to give you a way to analyze and evaluate the difference between one Realtor and another. And I'd like to tell you about the services we provide, and give you ten questions that you should ask of anybody you're contemplating listing with. At the end of the hour I'll stop, and we need never talk again. You can decide to favor me with your listing, or favor me with helping you find a house, or neither of the above. But I think you're making a critical mistake if you don't get this information before you favor anyone with your business. The mistake could cost you $10,000-$20,000 in lost selling revenue, or it could keep the house on the market for an unnecessary extra 3 to 6 months. And finally, it could cause you to lose out on the new house of your dreams. I think I can help. I can't promise, but I think you owe it to yourself to at least talk to me." That's a pretty non-threatening letter, isn't it?

Hal: Yes, I think that sounds good.

Jay: Again, it may work, it may not. But you have to try. That's just one approach. But I'd try that on 1,000 people. And I'd add a P.S.: "If you're not ready to talk, send me back the card, and I'll be glad to send you out a short report I've prepared for my clients. It will be an evaluation form with questions you yourself might want to ask."

By the way, so that you visualize direct mail in the right context, let me say that I'm not talking about the printed blue and white and red pieces of mediocrity that people throw together. I'm talking about something that looks as if your secretary typed it.

Again, I'm suggesting an assumptive approach rather than a question. Most people say, "Are you interested in selling your house?" Yet the people who are going to respond are interested anyhow, right? So take the more intimate position. "I know you've been thinking about selling your house. I know you've been thinking about buying a new house. I know you've been reading the Sunday real estate listings. I know you've been going to open houses lately, or at least thinking about them. And I know you probably have no idea about the market yet. You don't know where the real values lie, and where the market is overpriced. You don't know how your house may stand. Sure, you may know what houses are listing for in the neighborhood, but do you know what they're really selling for? Would you like to know? Would you like also to know how best to market your house for the maximum sale in the minimum time, at the minimum expense? How to cosmeticize it for less than $1,000, which you can pay for after the sale, and which will increase its perceived value and its ultimate selling price by up to $20,000? The difference one color of paint, interior or exterior, may have over another in compelling a prospect to buy?"

Things like that are pretty exciting, aren't they? What I'm all about is getting people information. All of a sudden, you're rendering a noble information-based service, which no one else in your area may do. If you give people information that no one else will give them, it becomes implicit that you must be so superior to anybody else in effectiveness and competence that prospects would be afraid to go to anyone else. They'd be afraid not to favor you with their business.

The only way you're going to do it is by trying a lot of letters and constantly sending them out. Let me tell you what will probably happen. You have to try 10-15 different approaches. One letter might say, "I've heard from a friend that you're thinking about buying a new house." Or "I've heard from an associate that you're thinking about selling your house, but you're not really sure. I provide a unique service to my clients; maybe you'd be interested in it. What I do is sit down with them, normally over breakfast, lunch, or coffee at the end of the evening, and I help them evaluate and determine whether or not it makes sound sense to sell the house and buy a new one - whether the market conditions are right to maximize profits now. I help them understand in advance what it's going to cost them. I give them a candid assessment - not a salesman assessment, but a candid, analytical, financial assessment - of the opportunities and the pitfalls. And frankly, half the people who come to me I talk out of it. Half of them I help focus on certain locales they hadn't thought about. Some of these areas are perhaps sleepers that they would never have thought of looking at. And a few clients I convince to go a little bit higher. But it depends on what your needs and objectives are, and the dynamics of your financial and family situation. I don't think anyone can really make the right decision until they have all the answers. I don't think they can have all the answers until they ask themselves all the correct questions. Frankly, most people are too busy raising a family, working full-time jobs, to ever really know all the questions to ask.

"There are a lot of very competent Realtors in our area. But there are a lot of people who don't have the competence, or the conscientious attention to educational detail, that I think you need when you're going to commit the fate of your house to somebody's hands I may or may not be the right person for you, but I know this much: I've helped a lot of people, and I've talked more than a few out of making a decision even when helping them in that way hasn't benefited me. I would like to give you some answers to some very probing questions you either have been asking yourself, thinking about, or having difficulty focusing on. I think we would both enjoy the time. There's no obligation. I have a busy schedule but either I or my assistant will call you in the next couple of days to see if you'd like to get together for breakfast or lunch. We can do it close to me, or close to you, or by telephone if you prefer. Again, I'm not in a hurry. I have more business than I can handle. I find that the best way to grow my business is to help you clearly make the right decision for you and your family. So if I can help you, give me a call."

Those kinds of approaches I think are completely unlike what any of your competitors do. And if you can do them, you'll be getting a huge influx of people - people who are already set up for you, if that makes sense.

Hal: Yes, it does.

Jay: What I'm all about is simplicity and logic. Human beings want information. If you give them information and you give them candor, even if it doesn't always make you money, it becomes implicit that you can be trusted, and people favor you. People want to know how they can enhance their circumstances. So you answer one key question for them: How do they benefit by listing with you instead of with somebody else? If you can answer that, you're in.

One important principle you should understand is something called "pre-emptive advantage." The first person to tell the public something - even something that every other competitor is doing - if the public doesn't know anything about it, it sounds like a profound revelation. Does that make sense to you? Just tell them in some of the letters about all the things you do for them, even if it's things that you and every other Realtor take for granted. The public doesn't take it for granted, and they'll think you're the first to do all that for them.

So what I suggest is to try several letters. I don't have the answers - the market's response will give you those. Some letters are going to evoke great response, some letters aren't, but you can try many different things.

Again, I strongly urge the assumption rather than the question because the question sounds like an ad. Instead of "If you're looking for this or that," the assumption focuses right on me. If I haven't been interested I wouldn't respond to you in either case, but if I am, the letter that assumes I'm interested is more powerful.

Keep in mind what I call "the moving parade." People always change. That's why you keep mailing your letters over and over again, changing them and playing with the headlines. I used to live down by the grass church over by Portuguese Bend, and I had a little house off the street that's called Arrow Route. I bought it . I'm unlike most people you deal with, in that I don't like mortgages. I owned a house down there that I bought for $250,000 or $300,000, and I bought it all in cash, and I was very happy making a couple hundred grand a year. Then, all of a sudden, my business buoyed. Well, the people who sold me that house never followed up on me. No one ever really tried to apprise me of anything. One day, all of a sudden I had a really great year and I made something like a million dollars, and I had it sitting in cash. And all of a sudden I went from the bottom of the barrel in that neighborhood to the top. People who had solicited me before thought I wasn't even in the market because they didn't think I could afford it. So remember, people's circumstances are constantly changing, and that's why you can keep trying different themes on the same person over the years.

Remember that from each prospect, you're accruing forever. While it's true that you have to worry about tomorrow, you have to worry more about next year and two years from now. So don't be afraid to nurture these people. True, there are some flaky people out there who are going to take advantage of you, but you have to factor that in just like spoilage and pilferage are factored into retail business and grocery business. Some people are going to take advantage of you. You're going to educate them and they are going to go to somebody else, or may negotiate commissions with somebody. But they're few and far between. You're going to get the quality people with the approach I'm suggesting.

I'd try a whole spectrum of different letters. For example, I think you should make a list of all the ethical tricks, not chicanery, that can help a buyer get a price down or seller get a price up. You should have different headlines on every letter before the "Dear whatever." Each headline is basically an ad for the letter, it gives the essence of what the letter's all about. You should experiment with different ones, because certain headlines will produce 5 or 10 times the response of others, and I can't tell you which ones they will be. I can recommend books that will help you understand them, because each situation you're involved in is unique. There are no clear answers, but I can tell you how to find out everything you need to know quickly and very inexpensively, by letting the market tell you exactly what it wants. And once you get the answer, you can keep purveying it to them forever.

One approach might say, "I've been selling real estate for many years in this area. I've participated either directly or indirectly in hundreds of sales. I have developed an uncanny knack for two things: (1) Helping my clients buy homes at substantially less than they are listed for, and (2) Helping my other clients sell their houses for the maximum price possible. This has been accomplished by 10 basic techniques. I don't know why everyone doesn't use them, but I seem to be one of the few who have mastered them. I'd like to share my techniques with you, and tell you about some case studies and how they've applied. I'll talk to you seriously about your situation, whether you have a house you want to sell, or a new house you want to buy, or whether you're trying to get the top dollar or trying to move a house quickly, or trying to find the absolute best value both in dollar and appreciation potential. Or, you may just want to get acclimated and start developing a strategy to focus on later. I'd love to help you sell your house, and I'd love to help you buy a new house.

"I'm committed to future service, and I find that too many Realtors worry only about the present. Many of my clients just start out with a gnawing desire to move up or sell the house they're in, or find a higher appreciating house. Or maybe the investment isn't their major concern, maybe they're just looking for a wonderful value on an ocean-view property. Maybe you want to move to an estate and don't realize that there are a handful of wonderful estate values that pop up every so often. You have to know about them - they very rarely even make the market because a handful of people are vying for them. I know about all these things. I'd like to go over some of the other possibilities and see if perhaps your needs can be filled by the kind of unusual service that I render. At least we ought to talk a bit. I'm in my office weekdays from blank to blank, I have a lot of clients, and I do have a busy schedule, but I'd be willing to make time for you. If your needs are critical, I could do it very quickly. If they're not, we can do it at a convenient time next week or next month."

Hal: Do you always include a response card?

Jay: I think you should for two reasons. Some people will pick up the phone and call you, but some people will feel intimidated. If they won't call, offer them something you can send them that has very high perceived informational value. Not brochures, but a report. Distinguish yourself above all your generic competitors. Again make everything personalized. There are mailing services that will do it. Instead of mailing 10 million pieces of occupant/ resident pink offset letters, if you only send 1,000 personalized ones that look like you actually drafted it to the recipient, and the outside of the envelope is personalized, and the letter is personalized, the effect will be infinitely better, believe me. But returning to the response card, maybe add a P.S. to the letter, which might say, "If you're uncomfortable calling, or you're not ready to call, and I've touched a responsive chord, but you really don't know where it's going to take you, or you don't really feel like you want to get committed to anyone even just in a conversation, I've prepared a wonderful confidential report called 'The 10 Best Local Areas for Both Value and Growth Potential, and Why and How to Get the Best Value From Them.'" I don't think anyone else has ever done anything like that. "I said it's confidential, because it's actually for my current and past clients, but I would be willing to send you a confidential copy as long as you promise you wouldn't share it with anyone else."

Are you starting to get the trend of what I'm saying? Makes sense, doesn't it? Let me go through the dynamics so I can really excite you. You have to reach in your pocket and seed it, like anything else, but if you work it right, it will stop costing you money and start earning for you. If every week you send out 1,000 to 5,000 letters it will cost you the price of renting a mailing list, printing, and so on, and you can send them out bulk rate if you want. Just have it metered, instead of saying "bulk rate." Most people don't look at the meter on it if it's personalized. Don't cut corners, make the letterhead look personal. It could say . . . . maybe it would be better if it just had your name. Just because you're a Realtor. . .

Hal: I'm a Realtor associate.

Jay: You might have just your abbreviations on it. Try different approaches - different approaches effect different results. It's going to cost you in the vicinity of 40 or 50 cents a piece - if you mail 1,000, it will cost $400. You will probably get a response of between 2 to 5% - that means you're going to get 20 to 50 people who are qualified, marginally or highly. What I recommend you do, if you have a lot of money, is try 3 or 4 or 5 or 6 or 7 or 10 weeks worth of experiments with different letters, which will cost you 2 or 3 or 4 thousand dollars. If you can get your office to co-op the expense, that's good, but only if you can make absolutely certain that it's warranted as confidential and proprietary. You don't want the other brokers imitating it. You may want to be very discreet about it so that everybody in the marketplace doesn't pick up on it. And direct mail, by the way, is wonderful, because few people know what's going on. They can't tell if you're mailing. I wouldn't talk about it to other Realtors, because you're talking about an industry of emulators and plagiarizers. This is so simple, but it's so powerful that I wouldn't make it readily available.

It's going to cost you $400 to get at most maybe 50 responses. Imagine if every week you could do that and accrue 50 people who you could put into the loop of on-going viability. What is that worth to you? You only find that out by working them.

If you change your letter systematically, you can find little trends. Sometimes you're going to want more listings, sometimes you'll want more buyers, sometimes you may want to approach residential or income property - and a specific approach that you discovered by experimenting with your letters may produce exactly the response you want. You can try all sorts of different approaches, but not using the question, "Are you looking for this?" Make the assumption! Have the letter say, "I'm told you are interested in investing in income property. You probably know that it's a polka-dot area. There are some really fine properties that can throw out a decent cash flow, and some that give a very meager negative cash flow, and some that break even and then appreciate like mad. Those are few and far between. What I try to do is find people wonderful prizes that will achieve their cash flow needs and also give wonderful growth appreciation. Property like that is not just sitting on trees, but I know how to look for it, and I also know how to counsel my clients to restructure certain deals that don't seem to be lucrative so that they become very lucrative. We've done it for a lot of people. I'm not promising I can do it for you, but at least I'd like to tell you some of the case studies that we've done and how we've turned lemons into lemonade, and maybe see if a technique applies to you. If you're looking to buy a few really good income properties, I may be able to help you." The point is that if you mail 1,000 letters a week, 52 weeks a year, and get 25 solid prospects per letter, you're going to have spent $20,000 annually, which should produce for you around 25 x 52 = 1300 prospects. What's the average commission you make on a sale?

Hal: Right now it's about $10,000.

Jay: All you have to do is sell two of those people a year and it's paid for itself. That would be wonderful.

My master strategy for you is to be information-service oriented. Craft a number of letters that offer valuable information, so that even if the prospect never talks to you again after that, they would be so well armed with knowledge that they would get more for their house, they would be able to buy at the most astute price, they would know how to get the best mortgage rate, etc.

You have your clients because they feel you serve their needs better. You give them better strategy, you're willing to talk them out of mistakes. You'd like to sell a house to them, but not just to get a commission today, because frankly you have clients who keep coming back every four or five years as their circumstances change. Maybe they have more kids, or their kids grow up and move out so they need a smaller home. You're committed for the long haul. You're there as an adviser, not just to make a quick buck, and you'll give them information that will be useful to them whether they ever use you or not. You're hoping, and it's been borne out, that by giving this knowledge, it becomes implicit to the client that they can trust you. They feel that you can counsel them better and in the process save them money and point out values that are overlooked by the marketplace. You can provide them with negotiating recommendations and techniques that will bring the price down.

Most people don't understand this, but frankly, most Realtors - their objective somewhat contradicts their client's.

Hal: Slightly.

Jay: If you point that out to them, it would be interesting. It's implied, but why don't you say it: "I'm not saying all Realtors, but most of them don't want to get you the lowest price. They want to sell for the most because they get the highest commission." Show them why it makes better sense for you to really help them, because if you help them and save them $20,000 they're going to give you 10 or 15 referrals, which will make you more than the $3,000 you would have made on the $20,000 you saved them. The kind of clients you seem to get are the ones who are growing. They're not going to stay in the house. They're going to go from the $300,000 to the $600,000, and from the $600,000 to the millions sooner or later, and they're going to be worth three or four sales over your lifetime with them.

Hal: That's right.

Jay: I probably gave you recommendations you didn't expect, but though they're so simple, they work. A lot of people I've helped in the insurance business have done this sort of thing. They've found that it works so well that they had to bring in operatives and share commissions with them, and bring in secretaries just to work for them and keep advancing the relationships, because they've become so busy. Once they get the programming I'm talking about, it's like a money machine. It really works, Hal.

Hal: That's what I want.

Jay: The first letter may not work. Different letters evoke different responses. You have to find the right hot button. But what I've just given you is very powerful stuff.

Hal: It's great.

Jay: It's very powerful stuff, but it's very simple, and you're going to find that the most powerful stuff in the world is logical, obvious, understated, and simple. It'll amaze and delight you. And I hope that the seed I've planted will gestate in your mind. If you mail 1,000 letters a week, you're going to get back 20 to 50 responses if the offer is right. You may find a letter that pulls 150 responses. All you have to do is start working them. And then, if you want to be huge and you can't work them yourself, bring in an associate under you. Believe me, what I've told you is how to double or triple your income, but it's a long-term strategy. When you get all those inquiries, you have to keep advancing them.

Let me give you an epilogue, and then we'll go. If you start doing this regularly, you're going to be bringing in all these prospects, so you've got to keep advancing the relationship. If you can't do it yourself, bring in someone to keep sending them information, not just garbage, but really profound stuff. Send them information repeatedly. When you have a great accomplishment, tell about it. Chronicle a case study, how you got a million dollar house for a client at $850,000 through. . . , or how you got a client an extra $20,000 off listing by giving them a couple of different techniques. Keep advancing your image. It works so well, it's scary how much you can do with it.

Let me briefly summarize the strategic points I gave Hal:

1) *The essence of any marketing program is identifying your Unique Selling Proposition - what you offer the public that no competitor does. Identify that, in your own mind and the public's, and you have a solid basis for garnering new customers.*

2) *Don't try to impose your preferences on the market - let the market tell you what it wants. Experiment to find out which approaches bring the best responses.*

3) *In your experiments, systematically vary one element - headline, text, picture, etc. - of your direct mailer or ad, keeping everything else constant, to see what kind of effect each element has. In the long run, this strategy will increase your returns by many times the cost of the initial experiments.*

4) *Analyze responses for quality as well as for quantity. Analyze not only front-end response to a promotion, but also how many of those who respond convert to a sale, and how much the average sale is in dollars.*

5) *In most mail promotions, it's wise to include a response card for people to send back. People may be shy to phone you, or afraid to make a commitment. The response card makes it easy for them, especially if their response doesn't involve committing to anything.*

6) *People crave information. Give people valuable information as part of your promotion. Your generosity in sharing knowledge implies that you must have much more to offer than what you've shared - and also much more than what your competitors have.*

7) *People appreciate candor. Explain your strategy. Explain that you could make more on an initial sale if you wanted to, but that you're concerned about the long run - about return business over the years. Say, "I find that if I really give customers the best service at the lowest price, both the customer and I benefit in the long run."*

8) *Don't underestimate the "pre-emptive advantage." If you're the first to tell the public about your industry's standard, behind-the-scenes services, they will consider you to be the one among all your competitors who looks out most for their interests.*

9) *Remember that life is a "moving parade" - people's circumstances change constantly. Don't lose contact with a former client or lead, and don't be too quick to pigeonhole him or her. Someday a poorer prospect may strike it rich, or a wealthier prospect's circumstances may*

change. In either case, you may suddenly find you can offer exactly the product or service they need.

* * *

Towing Service

Seymour had made his towing business the biggest in his area. But it still had plenty of possibilities for growth. I gave him five powerful marketing strategies, any one of which could double his income. These strategies can be applied to almost any business, and they don't require risking large amounts of cash up front.

Jay: Tell me, do the police give the towing business exclusively to you, or do they rotate it? Give me an overview of how you get a client.

Seymour: Okay. In the police business, no matter which town I'm operating in, all of it is shared, whether it's state patrol, county, or cities.

Jay: On what basis?

Seymour: On the basis of which towing companies are responsible, have the right equipment, the right drivers, and the storage yards in those communities.

Jay: Let's take a hypothetical situation to help clarify it for me. A car breaks down, or gets in an accident, or is parked illegally. Give me those three scenarios. Why would they call you instead of somebody else, and why wouldn't they?

Seymour: Okay. If a car breaks down, that owner is going to go to a phone. He's either going to call a garage and say, "Hey! I'm in trouble!" and they'll recommend a towing company, or he's going to look right in the Yellow Pages and decide which towing company to use.

Jay: And it may or may not be you?

Seymour: It may or may not be us. If he calls a towing company, he's going to do it based on how he feels after looking through the Yellow Pages. So the Yellow Pages are an important aspect of our advertising.

Jay: Parenthetically, when do you come due for your next Yellow Pages ad? Are the Yellow Pages pretty well locked up for a while?

Seymour: No, it comes due in February.

Jay: So it's relatively soon?

Seymour: Yes.

Jay: Okay. What about a situation where the police get involved?

Seymour: If a car breaks down and is blocking a roadway in a city and the police come along, they're going to call for an immediate tow. They'll call whoever's on the rotation list at that given time in that city.

Jay: Okay. It presumably is just random — every third or fourth time the call goes to the next person, right?

Seymour: Correct.

Jay: That applies whether it's a breakdown, a blocking, an accident, an arrest for driving while intoxicated, or whatever?

Seymour: Yes. Now, the police business represents a pretty good portion of our business — probably 25% of our income.

Jay: Okay. That would mean it's shared...

Seymour: I divide that with other people.

Jay: Is there any factor that would let you get more of the jobs from the police?

Seymour: No, other than if we service them really well and quickly, we'll tend to get more officers making private requests for us because the officer knows we'll be there ahead of the other companies, and he doesn't want to fool around waiting. He'll just say to his dispatcher, "It's a private request for..." and they'll call us.

Jay: Do you have any equipment that your competitors do not, or vice-versa?

Seymour: No, we're all pretty much competitive, with late-model equipment. I'm usually leading the industry in the style and type, but they're pretty well caught up with me now.

Jay: Are your trucks actually Mack trucks?

Seymour: No, they're Isuzus, Fords, and Chevys, primarily.

Jay: Okay. That's one segment. That is 25% of your business. All you can do to enhance the city police-engendered business is service them to the highest degree possible.

Seymour: Absolutely.

Jay: Which you very proudly do right now. So it's not an area that needs a lot of concentration, or is it?

Seymour: Quite frankly, my men, because they own their own trucks the way we run it, are usually much sharper than the average. We tend to get more private requests from the different police agencies because of the way we operate.

Jay: One of the nice things you could do, however, if it's acceptable, is to prepare kits that the police could have on them and disseminate to motorists who are choosing. The kit would tell what happens when the car is towed away, where it'll usually go, how to handle it, the time wait, and so forth.

Seymour: That's not a bad idea! We don't do that.

Jay: All things being equal, if you could prepare a really neat, informative kit, that could tip them towards you. I know from the few things I've had to have towed that it's dehumanizing. You're scared to death, you don't know what the procedure is, you're left on your own, you don't know what's going to happen, you don't know whom to call. I had a breakdown on the way to Palm Springs and a very nice highway patrolman stopped. He took our information and called it in, but the towing people he called didn't show. So we called them ourselves, and when they came, they didn't know what to do.

If you could give the policemen something really informative that overcomes all that fear and confusion and trepidation and is clarifying — and no one else does that — it may only have little effect, or it may have a lot to do with them calling you, but it's probably a wise investment. It would just be a nice, courteous touch. It would basically be a little, sealed kit they could give people.

Also, if the people need a ride somewhere, work out a special deal with a cab company or make a deal with your men. Maybe you'll have a courtesy service. That may be the deal. Maybe you could give free courtesy transportation to the motorists within 20 miles of where you tow the car to?

Seymour: We do that usually within a three-mile radius.

Jay: Do the police know that?

Seymour: No. Only superficially.

Jay: I think that's a very important point. Whether you do it or not is not as relevant as whether it's <u>known</u> that you do it.

Seymour: Right.

Jay: Start talking to the police and let them know that you don't really care about promoting yourself — you'd like it to help your business, but you think this is so good they should give it to everybody, even if it's somebody not serviced by you. Anytime there is a problem, people should have this. They should know that as a service, you have courtesy transportation that'll do one of two things. It'll dispatch a courtesy vehicle, or it'll see that the person is put up overnight. I think that's fabulous, don't you?

Seymour: I do, as a matter of fact! I follow you.

Jay: Little things make all the difference. I've done so many consultations on how to better educate contractors who did only sealed bid work. By using a similar technique, one of my clients got offered so many more bids that his business doubled — even though it was a sealed bid type of business. I'm being very abstract, but just because he extended himself more in educating them, they gave him more service. If you extend yourself more than anybody else in the eyes of the police — first to help allay the fears of the person who's immobilized in the middle of nowhere, and second, to see that the person gets shuttled somewhere, either to a relative's home, a restaurant or whatever, at no cost — the police will tend to favor you. That, to me, is demonstrably superior in their eyes. I tend to believe, even though they have a callous public image, that policemen still care about other people.

Seymour: Oh, yes!

Jay: I just imagine that if you would show you're going to extend yourself, all things being equal, even though legally they're not supposed to, you'll get more of the calls than other people.

Seymour: I think you're right there, because we already feel that just in the way we're approaching people, we get more private requests from the police than most.

Jay: You should have a wonderful little kit. I don't know what it would entail. Where you are, it's cold on the side of the road. I don't know what you could put in the kit for that, but probably there's something. I wouldn't spend a lot of money. Something for them to read, instructions. Big reflectors. Flares. I don't know what it could be.

Seymour: I could think of something and so could my wife. She's very good that way.

Jay: Did you read the *Marketing Genius* material I sent you? Don't do anything without pretesting. Try a couple of hundred. Go to the police and tell them you're trying an experiment. Tell them that you think this is a noble service, that it's very costly to you, but you think it'll manifest itself in better service to the end-user from everybody. You think it will also help your business. You'd like their cooperation. The next 500 tows or 200 tows (or whatever you can afford) that they encounter, whether the jobs accrue to you or not, you'd like them to disseminate these kits and help you in a little research project. Tell them that you can't speak for other people, but for every job that they give you, you'll see to it that within a 20-mile radius, the stranded motorist and his or her family will get shuttled back to their home, to a relative's home, or another safe place.

Seymour: A place where they're safe.

Jay: And comfortable.

Seymour: Yes.

Jay: There's no charge. You don't know if you can keep doing it, but you think that there's value to this. Maybe you can espouse it genuinely under the auspices of trying to extend a service to the end-user. My gut feeling is that it will do a profound job of increasing your chances of getting more calls than just one out of four.

Seymour: I think you're right, because just the little additional service we have, the little edge we already have, has already had some impact. We feel that and know that. This would certainly be just that much more positive.

Jay: You could take it to even loftier levels. I don't know the level of cooperation you could get from the police, but see if they'd let you put hot urns of coffee in the back of their trunks to give to these people on the road. You'll furnish them and you'll pay for it. I don't know.

Seymour: That one I doubt, but it's certainly something that we'll follow up on.

Jay: Understand that with what I'll teach you in this consultation, the specifics aren't as important as the general concepts. I don't know the rigors with which you have to contend, but to the maximum level possible, if you extend yourself in the eyes of the police to try to serve the stranded motorist better, I think that will accrue great benefits for you.

Seymour: You bet.

Jay: Let's move on.

Seymour: The next 75% of my business comes from commercial accounts and the Yellow Pages.

Jay: Let's take commercial first. Yellow Pages we'll cover later.

Seymour: Let's say the next 40% of the business comes from commercial accounts.

Jay: Which would be...?

Seymour: Garages, service stations, body shops, dealerships.

Jay: Okay. Let's take every scenario. What do you charge? What are the criteria that get them to favor you over somebody else?

Seymour: Price is rarely a factor. I can name the shops that are concerned about price. But the real factor to most of them is service.

Jay: Can you be more specific?

Seymour: Okay. What they want when they call a towing company is to be well represented out there in the field, because they don't at that point have the real control of that customer. They want to know that the towing company's going to get there soon, that they're going to be dressed nicely, that their trucks are going to be good, that they're going to do a top-notch job, and that they're going to do a real personal job with the customer.

Jay: What do you charge for the tow?

Seymour: My basic tow is $32, plus $2 a mile from wherever we pick the car up to wherever we deliver it. We are about the middle of the road in price.

Jay: Give me an average price total.

Seymour: It generally runs about $45.

Jay: On $45, you pay on a variable rate to the driver. What's he going to get?

Seymour: Fifty percent of whatever they do.

Jay: Of the remaining $22.50, you give nothing back to the garage?

Seymour: I give some. Some garages I give a 10% discount to and that's not on the remaining $22.50 — that's on the whole bill.

Jay: So it costs you more?

Seymour: Right.

Jay: Is that taken off the top prior to remitting to the operator, or do you just eat it?

Seymour: I eat it. That's my cost.

Jay: So on the $22.50 that you get, you take right off the top $4.50.

Seymour: Or $9, because to some of the bigger shops I give 20%.

Jay: How do you pay them? Who pays whom?

Seymour: The shops pay us directly, or if they pay the driver or if the customer pays the driver, he turns in all of his receipts and sales.

Jay: Then you'll remit to the garage or whatever.

Seymour: Then we bill the garage. We handle all the billing, all the receivables, all of the bad debts.

Jay: Are receivables a problem in your business?

Seymour: Not too bad. I have a pretty high volume of receivables, but I don't have much in the way of bad debts.

Jay: So you may have a lot of money outstanding but it's paid in a relatively timely manner?

Seymour: Correct.

Jay: So you have big-volume people who would get between 10% and 20% and that's for generating how many...is there a dollar amount?

Seymour: Yes. If there's $500 or more per month, that customer is given a 20% discount.

Jay: Okay.

Seymour: They must pay it by the 10th of the following month.

Jay: Okay. Interesting.

Seymour: The smaller ones get a 10% discount.

Jay: When you tow for repair shops, do they pass the towing fee on to the customers, or do they cover it themselves?

Seymour: They all pass it on.

Jay: So if I go to a General Motors dealer when my GM car doesn't work, they make me, the owner, pay the $45 towing fee. They don't cover that if my repair bill's $500 or something like that.

Seymour: That's correct. That's an add-on. That's an outside service added to their repair bill.

Jay: Those two commercial categories require you to remit back a percentage of the gross depending on volume.

Seymour: Right.

Jay: Okay. What other commercial categories are there?

Seymour: Well, you've got dealerships and plain repair garages.

Jay: Let's talk about dealerships. Of 100% of the dealerships in your marketing area, how many do you have contracts with? And are your contracts exclusive or are they shared?

Seymour: Okay. First of all, I don't have contracts with any of them as such.

Jay: Because?

Seymour: Because it's always been done on a handshake and, "Here's what we offer," and we tend to hold each account because we give them such good service. We'll do a lot of internal personal favors too. If they need a car moved, or a car goes out of their shop and breaks down right away, we'll go pick it up and bring it back to the shop for nothing. Lots of private favors done.

Jay: And they all know that?

Seymour: Yes. Most of the dealers in our area do. We probably tow exclusively for 60% of them.

Jay: And the other 40%?

Seymour: We're either in the door sporadically or they're exclusively with somebody else.

Jay: Okay. And you got those 60% because you did what?

Seymour: Because I went out and sold initially, and then just plain serviced them — kept giving them good service.

Jay: Do you, in fact, still go out frequently, or do you stay back in the office?

Seymour: Almost every day, I'm out at least two or three hours, or I take one of my driver-owners and we make calls.

Jay: And when you make calls, are they to existing clients, new clients, or both?

Seymour: I usually make calls to the new accounts. I go with the drivers to get them into the habit of doing it.

Jay: What's your approach to the existing accounts?

Seymour: I'm on the phone a couple of hours in the morning and several hours at night, so I usually have a lot of phone contact with the existing ones. Also, I personally drop in on them and talk just to see what's happening. But the driver-owners do a lot of that, too, because each one has his own little given area, and they're pretty jealous about them, they guard them well. In fact, one of the reasons I went to driver-owners is because they take a strong vested interest in keeping business good.

Jay: So they're very covetous about it, and they take it very possessively.

Seymour: You bet! We have a very, very good rapport with all of our exclusive customers — almost a friendship basis. If something goes wrong they tend to call us up and say, "Hey, I don't like this," or "This happened," or "What can you do?" or "I need a favor."

Jay: And the driver-owners have a high degree of stability with you? They don't say they're going to take that client themselves and make twice the money?

Seymour: No. Because of their contracts with us. It's a very open, up-front, and solid contract.

Jay: So they can't take your clients.

Seymour: That's correct.

Jay: Let me ask another question. Right now, what is your utilization rate relative to the operators you have?

Seymour: Almost 100%. In other words, if I add more business, I'm going to have to add another truck.

Jay: Let me ask you another question. There are several competitors. How are they doing?

Seymour: There are four others that I consider solid competitors.

Jay: Do you think they're making money?

Seymour: Yes, they are.

Jay: Are they making good money?

Seymour: I honestly couldn't answer that.

Jay: One of the things I suggest to a lot of people, and it may seem funny, is that they go to their competitors and offer to buy their business and integrate it in and pay them forever a variable rate, whereby they can do nothing and still get paid. You can add 40% more business and get both the clients and the operators.

Seymour: I follow what you're saying. As a matter of fact, that's essentially what I've done over the years.

Jay: But a lot of people, even though it works, they stop doing it. People don't understand. In a competitive environment, most people like yourself are working hard to make $70,000 or $80,000 or whatever you're making. Let's say your competitor down the way is not quite as adroit an operator and is working equally hard but only making $50,000. You could take over his business, integrate it in, bring it up to $75,000, and pay him forever variably $55,000 for doing nothing because you're still adding incrementally $20,000 more to your bottom line.

Seymour: A very good thought.

Jay: Sometimes I've told people this, and they're shocked when it works. Draft an overture letter to somebody — don't even call them. Just say, "I know this is going to shock you, but I have an idea. This is a tough, competitive business. I've decided I'm entrenched for the long haul. Instead of fighting each other, I've got an idea how I can make you more money for doing nothing and also reward you for the past effort you've made. My deal is that I'll take over your clients. As long as they stay active with me, I'll pay you 15% of the gross forever. I'll pay you every month, or I'll pay you every week. I'll take all your good operators and give them jobs." In another letter, you state it differently, "How'd you like to make more money than you're making now for doing nothing?" It's just a very powerful approach.

Seymour: It's certainly something I'll go after right away. I like that idea.

Jay: It's worth it, every time you bring a smaller business in. Look at it. You need the right attitude. If you could buy business you didn't have, and after all's said and done you make a profit even if it's only half the profit you would normally make, and it isn't grief-ridden...

Seymour: Then it's more profit!

Jay: Right. You can buy $300,000 of gross profit and you have to pay out $280,000, but you end up with $20,000 you didn't have. Again, you have to factor in overhead and management time, but don't be shortsighted. What I advocate is that you pay people on a variable basis for a longer period than most people would imagine. Pay them forever. Who cares, if that's what it takes? Give them a most binding agreement, as long as it's fulfillable and it's fair on both sides. If you made that offer to the four biggies and to the three or four little guys and then start some acquisition... what if you double your business for no capital expense, no sales expense, and pay only after you bank the profits?

Seymour: Sounds great.

Jay: There are probably a lot of tired competitors out there who aren't as formidable as you are, and aren't as well-capitalized, and passionate, and poised — who are basically just breaking even, or maybe are debt-ridden. You can show them how they can get out of their lease. Do it strictly on contingency so you don't have to take on any long-term debt except for the variable compensation to that person. It's wonderful, isn't it?

Seymour: You bet!

Jay: By the way, don't just send one letter and then stop. What I recommend is that you send a succession of them forever, because people's attitudes change constantly. Make it always gentle and very up-front and explain your position and why it makes sense to you — but even more, why it makes infinitely better sense to that person, because it's quite possible that the recipient of your letter will make more money on variable from you for doing nothing, than he's making now working hard 18 hours a day. In fact, they'll get a check from you and they can go take another job. They can be your salespeople if you want and go out in the field and do what they do well, and you'll pay them a variable on that to boot. It's a very powerful offer.

Seymour: Yes!

Jay: It's so overlooked that few people do it. So, there you have two useful approaches — the police kit and competitor buyout. Let me ask you a question before we go on. Right now, are you making money?

Seymour: Just started to again.

Jay: On the $50,000 you indicated you're spending on marketing, where is that being spent?

Seymour: Let's see. In my Yellow Pages, I'm probably spending about $15,000 or $18,000.

Jay: Of the $600,000 you do a year, how much comes from that $18,000?

Seymour: About 10%.

Jay: So $18,000 generates $60,000?

Seymour: Yes.

Jay: And from that $60,000 you give up 50%, right?

Seymour: Right.

Jay: So $18,000 makes you at best $30,000, probably $25,000 marginally. You make $7,000 on it, maybe, before expenses. Is that what you're saying to me?

Seymour: On the service, yes. I am constantly asking people why they called me. If I didn't have that Yellow Pages ad, I'm wondering how many of the people that know us and look us up might call somebody else if they didn't see our ad. In other words, even though they know us, they have to look up that number.

Jay: So you feel that it has a lot of intangible worth. It's just augmenting your persona in the whole marketplace.

Seymour: Right. But I may be wrong in that.

Jay: I don't draw conclusions. I try to reconstruct the analytical data you have available and just tell you what it means to me.

Seymour: I understand.

Jay: My recommendation would be that you try different approaches. If you could afford it, try going a year with trying multiple ads hitting different headline-type hot-buttons with scenarios that might cause people to call. See what happens if you ran more, if it would justify itself. But it's a function of going backwards and finding what your marketing allocations are.

You read my instructions and commentary in that prefacing letter about headlines and the like, didn't you?

Seymour: Yes.

Jay: About telling stories. It would be very interesting if you could run more ads in every publication but each one had a different thematic approach. For example: 90% of your catastrophic noncommercial business must probably be attributable to five or six basic scenarios, would that not be true?

Seymour: Yes, it would be.

Jay: So take those six scenarios. Instead of clustering them all together, take each one as a headline and make small ads. Or take the three or four biggest. I don't know what they would be. "If your car is broken down on the highway and you need to be somewhere, call us. Call this number. Not only will we pick you up but we'll be there within 30 minutes, 24 hours a day, in most scenarios. We also provide a free courtesy shuttle back to your home, to your office, to the airport, wherever you're going." That's a powerful statement, don't you think?

Seymour: Yes, it is.

Jay: Don't just run one ad, if you can afford it. If you can't afford it across the board in all the four or five Yellow Pages, try one or two, and try it in three or four other scenarios. I don't know what they would be. What are the other scenarios?

Seymour: You've got a car breakdown, you've got an accident, you've got a car that won't start at a person's home...

Jay: When there's an accident, does the wrecker call the police?

Seymour: Yes, normally.

Jay: Okay. So that's not really as big for advertising as some others. What are the other scenarios? At home?

Seymour: At home.

Jay: Okay, really a big one. "If your car won't start and you're late for work, call this number 24 hours a day, seven days a week. We guarantee to be there within 30 minutes or we'll give you a discount on the tow. Plus we provide free shuttle service for you to or from wherever you're going." That's a powerful approach, I think. Don't you?

Seymour: Yes, I do.

Jay: It may not be, but test it.

Seymour: All right.

Jay: So that's a third approach. Let's talk about getting the dealers — 40% of the dealers you don't have. Do you want them and, if so, what does it take to get them? Do you have a full-time salesman working for you?

Seymour: No.

Jay: Can you justify one?

Seymour: Not quite yet. That was hopefully my next step — adding personnel.

Jay: What does it take to do that?

Seymour: It takes probably $20,000 a year and a car. I've got the right man lined up.

Jay: What's he do right now?

Seymour: He's actually working for himself towing, but his whole background has been in selling for years.

Jay: Let me suggest an interim step. One of the things that's very useful — most people don't think about it — is to identify sales people or businesses that are calling constantly on markets you can't justify. For example: If you find a company that distributes parts or products to body shops all over the area, and you find either the drivers, the owner of that company, or the sales people, and you contact them and can give them a commission for every client they open up for you — forever, as long as they work the client — you have all the body shops covered. And it costs you only after they perform.

Seymour: I see what you mean. As for the service stations, it would be the guy that sells the tires, batteries, and accessories to the service station.

Jay: I've done a lot of this and it's very successful. You structure extremely generous programs in the beginning based on the fact that the person has to stay and work it. Basically, if the person leaves, they lose their participation, right?

Seymour: Right.

Jay: My feeling is that if somebody brings you $1 million worth of good business in year one that you never would have had, and you need to give back $900,000, you still make $100,000. If that person falls by the wayside after year two or three and you don't have to pay that $900,000 anymore, it's very lucrative. See what I'm saying?

Seymour: You bet.

Jay: A lot of people can't reconcile themselves to that. My feeling is that I'd even be delighted just to break even on the front-end if I'm accruing business that I'll have forever.

Seymour: Yep, makes sense!

Jay: But I structure it so the person I approach to commandeer or access that marketplace is supremely motivated. In other words, giving them 5% is nothing. If you're going to make 50¢, I'd give them 25¢ or whatever you can afford, to make it so inordinately lucrative that just by commandeering 100 body shops, they can make themselves $3,000 a month. But I'd make that deal either for the first year or the first two years, or whatever, with some compensating stipulation where there's a high probability that their participation will diminish. Even though you may pay through the nose short-term...and I'm giving you a very general philosophy; you have to factor in your own sense of that reality. If you get everybody who's calling on body shops and you make it so overwhelming — not just marginally, but overwhelmingly worth their while to pitch your stuff in concert with theirs — you could get that locked up. Get everybody calling on service stations. Or go to every service station that doesn't have towing and make a deal with them.

Again, I don't know all the scenarios. But imagine if you got everybody who's calling on the people who would be positioned to use a towing service, and they were motivated as can be and they had the ear of the person who made the decisions, and you had a hundred variably compensated people in your four-city area doing that all day long — what do you think the cumulative effect would be?

Seymour: I'm sure it would be positive, but I'm not really sure how...

Jay: I don't know either, but...

Seymour: But it would be positive.

Jay: But you test it. It's self-regulating. If you go to a salesman for a body shop supply company, or to the owner of a body shop supply company, and say, "Look. We have a way where, just by your contacts, with no additional effort for your salesmen or service people, we can probably make you an extra $10,000 a month. And that's without taking a dime away from the business you'd normally get. It's going to augment, not supplant, your normal business. All you need to do is present our towing service as your recommended one. Or we'll work in concert with you in some package that we put together."

Try it. Do a test. If it doesn't work, stop promoting it. If it does...I think a lot of people have found it does, it's like reclaiming relationships. There's got to be — and I don't know the business — but you identify for me backwards who the biggest possible commercial sources of towing business are. Then take those sources and ask yourself what products or services they buy. Who do they buy from? Then go to the people they buy from and approach the owners of those businesses first, so they'll take the thing on company-wide. If they won't do it, go individually to the salesmen.

You test it. You test an industry. You test a distributor. Make that distributor your representative. Make him an exclusive rep to all the body shops you don't yet have as customers. They'll get, for every customer they bring you, 20% of the gross, or 10% of the gross or whatever. 25% of the profits for the next two years. Show them what that means: Just by one quick blitz and doing nothing else, they could accrue $100,000 in their pocket. Try it.

Seymour: That I will try. That, I think, will have a very strong impact on our business.

Jay: Spend a lot of time, Seymour. It's important for you to sit down with a pencil and pad and think through backwards who, leveragability-wise, controls or has the ear or the favorable disposition of the people who could generate business for you.

Seymour: I pretty well know in all cases, too, because I've been in this industry long enough that I just know who to go to.

Jay: Let's go to another scenario — impounding. Tell me about that.

Seymour: Okay. That's a smaller segment of our business, but it's a growing segment, because parking space is becoming more and more at a premium in our area. But it represents only 10% of my business now.

Jay: So it's $60,000. Is it a very lucrative $60,000?

Seymour: Yes, it is.

Jay: Let me ask you a question. Let's take the parking lot of John Doe discount store, okay?

Seymour: Yes.

Jay: How many towing jobs will be generated in his location?

Seymour: Very few. One maybe from each location. It's the big apartment and condominium complexes that will generate probably three to four a week.

Jay: Would they call for you?

Seymour: Yes.

Jay: Let me give you a scenario, okay? Simple scenario. You go to places that have the problem. You offer the following only when you create tasteful signs for them. You'll also, if they sign up with you, engage a car that will come at regular intervals around their area and will actually patrol and do the service for them. It will do the policing service but also have an implication of security for the area as well.

Seymour: I would have to think that through in terms of what the law does, because by law, we can't police-impound on our own policing. We have to have the...

Jay: But if you drive by, if your compensated security personnel drove around... Let's say John Doe discount store is worth one impound a month?

Seymour: Yes.

Jay: How many of these do you have right now?

Seymour: Three stores.

Jay: First of all, you have to go backwards. Let's say you had 100 of them, okay?

Seymour: Okay.

Jay: That would be 100 impounds. A hundred impounds times what? $45?

Seymour: No. In this case, times $70.

Jay: So you make a lot more. So that would be 100 impounds times $70.

Seymour: $7,000.

Jay: And you make $3,500. What would it cost to have a person make rounds? He wouldn't do it all day long.

Seymour: In the evening, and it would be...

Jay: So it would probably be $500 to $600 a month?

Seymour: Well, with the car and everything, it would probably be...

Jay: Say $1,000. Can you get your operators to eat a portion of that in exchange for the business that would be generated?

Seymour: I doubt it, the reason being that they do the releases of the impounded cars too, so they're actually making two calls for every one call.

Jay: Does a release mean that they bring the cars back?

Seymour: No, it means they go to the yard. In some cases, yes, they'll pick up the customer and take them to the yard.

Jay: It doesn't matter. Think of this scenario. I'm trying to give you a way of thinking, by the way — whether it's right or wrong, whether what I'm talking about right now specifically is embraceable. I'm trying to expand the elasticity of your mind and open your perspective. What if you picked up 100 retailers, 100 apartments, whatever, in that area so you could justify a part-time operative who would make the rounds. Whenever he saw a scenario where it was obvious that the person was abusing the parking restrictions, he would call whoever the designate was at the respective place. He calls John Doe, he calls the ABC Apartment manager and says, "Do you want me to let it go or do you want me to call it in?"

You do a test and the test goes for a month. For a month you're at risk. You're only at risk after you set up enough people.

Seymour: Yes.

Jay: But what if it worked? Again, this is sad, but if the abuses go on anyhow, it's almost like when you double the amount of parking meter maids, you probably triple or quadruple the number of tickets that are written. If people are abusing it anyhow — and there may be a moral implication — but what about patrolling and having the patrolmen contact the owners of the restricted parking areas? Having the owners call the towers, that's a little like an eight-ball in the side pocket the hard way. What if you generated $12,000 worth of towing?

Seymour: And I can see where it would, very rapidly.

Jay: And you're doing a service for the owner. You have a procedure so that the security guard isn't jealous. The point is if it says "John Doe Discount Customers Only" — and you've got to be careful that it's not someone who just bought $5,000 worth of products and is next door shopping, you have to work that out — my feeling is that what you're offering is free security patrol. That's pretty exciting. Just having a security guard driving around for no cost whatsoever to the operator, having you put the signs up. Maybe even do specialized signs, maybe some line — painting or something. The deal is that they've got to give you the contract for a reasonable period of time if the thing tests out. I have a funny feeling, and again, it may be too aggressive or too contrived for you...

Seymour: I don't think so. As a matter fact, I think that in condominiums and apartments that would work extremely well.

Jay: I would think that they would love having free patrols.

Seymour: Here we're actually ending up giving them more security, which they all want.

Jay: Same thing with shopping centers. If every time you invested $500 in a security guard per month, and accrue $2,000 worth of heretofore unfound or unavailable <u>net</u> profit for yourself, that's not so terrible!

Seymour: That's very good, as a matter of fact! I like the idea.

Jay: Well, it seems logical to me. In other words, people want service. Tell them, you know you can't stop the abuses. You're not trying to. You're just saying that if people abuse, the premise is that they deserve to be reprimanded. You agree with the owners what it should be. Maybe they're going to be tolerant and there will be some grace period. In other words, if the car is there for 10 minutes, obviously you're not going to tow, but if you guys make the rounds and over an hour goes by and the car's still there and it's in a restricted area and it doesn't have the right markings, you walk in the store and ask who owns the '87 Chevrolet and nobody says yea or nay, I just have a funny feeling you might find...

Some locations will probably be much more profitable than others, but you won't know that until you experiment. I think that might be very powerful. You go into it very openly with the people. You don't know that you can justify it, but you think there will be enough business to justify it. You'll be willing to do a one-month trial, and if it pays off, you'll keep doing it forever, to furnish between the hours of blank and blank, hourly patrol or 15-minute patrol or two-hour patrol. I just think that's a really interesting concept.

You might only break even. If that's the case, stop doing it. However, when you stop doing it, you'll probably still keep a lot of the clients, right?

Seymour: Right.

Jay: And it may make 10 times as much as you imagine because again, my concept is that if you double the number of meter maids, you'll probably triple or quadruple the number of tickets issued. Interesting approach?

Seymour: Yes.

Jay: Okay. So now we have five good ideas for you.

You spend $50,000 on marketing — $18,000 is Yellow Pages. Where is the other $30,000 spent?

Seymour: Much of it is on one girl's salary, because she's dealing with all these customers all the time that have problems, and I consider that part of marketing...

Jay: That's customer service, okay. What kind of problems do they have?

Seymour: A lot of it is private impound. She spends a great deal of time on private impound, assuaging customers, explaining what happened and why it happened, keeping us out of court and making the customer feel that they haven't just been stabbed.

Jay: Is she very good?

Seymour: Very good, extremely so. A lot of customers who have had a private impound, even after that, they become our customer just because they felt they were treated right.

Jay: You know what you might do? Every time you do a private impound, why don't you issue a credit slip for like $10 with a letter saying, "I feel terrible. We are an extension of the owner of the property but because we feel terrible and we're here to serve, and we think we give good service, even though the context of our dealing and introduction to you may not have been the most positive, we'd like to make it up to you. If you ever have the occasion, not only will we give you this discount but we'll warrant you that we'll make every effort to get to you if you're stranded or your car won't start."

Do one of two things: Give them a discount or give them something you do anyway. "We'll be glad to pick you up and furnish you with a shuttle." That's a great way to turn around a negative. Do you have a computer?

Seymour: No, but that's the next thing we're adding.

Jay: Get a computer. I don't care if you rent it, lease it, or buy it. Get a computer with a laser-printer or the equivalent. Every time you have an interaction with a customer, irrespective of the scenario, send a letter to them at home or wherever, acknowledging, empathizing, because most of it is problem-oriented. It's negative impact. Talk about the fact that the context of the meeting was not a positive one. Their car broke down, or they were involved in an accident, or they got towed away. You just want to tell them that you feel bad, that you have empathy.

Then you tell them you'll try to make it up to them in one of two ways. The next time — and you hope there is no next time, but the grim reality of the prospects of their car breaking down, or whatever, is almost certain over the next couple of years — the next time that occurs, if they will call you, you will either give them a reduction, or besides picking them up, you'll see that they're shuttled, within a 20-mile limit, at your expense to work, home, or wherever.

Seymour: "Save this letter in your glove box."

Jay: Exactly. You can't tell me that won't have an incredible effect!

Seymour: I think it would have an extremely powerful, positive effect.

Jay: It would have a positive effect for you. Tell them that if they prefer, they can transfer this to any family member. That'll be very powerful, and every time you send it out, if you do 3,000 people a month, you're doing 3,000 letters, it will cost you $500 to send them out. It could be a simple letter with a little logo. It'd be very powerful.

Seymour: You're right!

The rest of the marketing budget is pretty well spent on hats and the like, Christmas liquor and Christmas gifts, and that sort of miscellaneous advertising that I sent to you.

Jay: It's fine. You want to ask me anything else?

Seymour: No.

Jay: Have I helped you?

Seymour: Yes, you have. You have given me some very key points that I think will immediately generate more business.

Jay: The stuff I'm all about — the philosophies and the concepts that I teach, advise, and recommend — are disarmingly simple and logical, but they are used by almost nobody.

Seymour: Yes.

Jay: Implement them, and sustain them when they work. Don't just jump from one to another. Make them an ongoing integrated part of what you do. For example: Soliciting people to take over their business. Don't just do one letter. Keep sending. Have a master file. Every time a new person comes into business, you should immediately send a letter to him, 30 days after you hear about him, saying, "If you find the towing business is a lot harder than you thought and you're questioning staying in it, why go out of business with nothing when we'll buy your business and give you a check forever?" Think about that. Keep doing it over and over again.

Seymour: I like that!

Jay: I hope I've helped you. I wish you great success.

Don't rest on your laurels. Even if you're doing better than your competitors, you can still increase your business by applying principles such as the five I gave to Seymour:

1) *In the long run, profits come from repeat business. The best way to get repeat business is by offering the best service. But don't just apply that to the basic product you offer. Think of ways to offer something extra to your clients — even if it's just a courtesy, a convenience, or something that makes them feel better. Never stop being alert to new ways of helping your customers.*

2) *Consider buying out your competitors. If you offer a deal that lets your competitor continue to make money while doing nothing, it's true that you'll be paying him for the life of the business, but so what? You'll still be making more profit than you would otherwise. Many businesses are ripe to the prospect of selling, and if you come along with an equitable deal, many will probably take you up on it. Try to make arrangements to pay them out of the profits you create, even if that means paying them or their heirs for years to come. The reason is twofold: One, you will take a share of the resulting profits, and two, you will control a greater market share. Not only will you be able to exert more control over your product or service, but you may be able to streamline your operation to an even more efficient level.*

3) *Whenever you do an ad or mailing, test several different headlines and layouts to see which gets the best response. Each headline should hit a different "hot button" — some benefit that hits home with your prospective customer.*

4) *If you don't want to expand your own sales force, sometimes you can reach new customers through existing businesses (or their sales reps) in related fields. Offer those businesses a commission that's so high they wouldn't think of passing up your offer. The high commission doesn't really cost you anything — it comes out of money you wouldn't otherwise have had.*

5) *Don't try things just once. Make your offer on a regular basis. This pays off, because people's situations constantly change.*

* * *

Specialty Chemical Product

Linda was smart to recognize the high-profit possibilities in her uncle's unique chemical cleaner. She purchased the small business from him and proceeded to sell to workmen in her home town. She also placed advertisements in a few trade publications, but the returns were disheartening.

I helped Linda pinpoint her biggest markets and I showed her how to target those markets. I told her what her Unique Selling Proposition is and how to state the proposition dynamically in ads and mailers. This consultation shows that how you articulate your offer is as important as the offer itself.

Jay: I read your material and it's intriguing. I want to ask you a couple of very quick questions.

Linda: Okay.

Jay: First of all, am I correct in my assessment that what you did was buy a distributorship, or do you own this exclusively all over the country?

Linda: It's our exclusive business.

Jay: Is it your own product?

Linda: Yes.

Jay: You created it?

Linda: No, I bought it from my uncle.

Jay: And the product really works great?

Linda: Yes.

Jay: Basically by dipping a file or a rasp in the solution for a finite period of time, it has the same effect as having it hand-burred or hand-whatever?

Linda: Yes, sir!

Jay: Could you or I put our hand into the solution without it pulling our skin off, or do you have to wear gloves?

Linda: No. You could put your hand in it and it won't pull your skin off. It washes off with soap and water. It's biodegradable.

Jay: Please give me the background on this business you bought from your uncle. But first, tell me your background.

Linda: I have some sales background, door-to-door sales, that sort of thing. Basically, I work in the restaurant business. I owned a restaurant with my parents for four years and I had another one for about a year.

Jay: How old are you?

Linda: I'm 22.

Jay: That's incredible! Tell me about your uncle's business, how he started, what he did with it, what you really have bought, and whether you have existing clients — just give me some overviews.

Linda: Okay. Basically, my uncle makes mandolins. Then he heard about this product and thought it could save him money if he used it in his business.

Jay: How did he hear about it?

Linda: A chemist who invented it was working for an aircraft company. My uncle met him and they became friends. He told my uncle about his invention and how he sold it to his company but they never marketed it. When the aircraft plant shut down, my uncle approached him to buy the chemical solution.

Jay: So your uncle bought out the rights, the patent, whatever?

Linda: There's no patent to it. The inventor felt that in spite of having to tell the patent office absolutely everything about it, even if a chemical engineer took the product and broke it down, he might be able to see what was in it but he could never calculate the percentages.

Jay: They could screw around forever trying to duplicate it and it wouldn't work?

Linda: Right.

Jay: So unless it's a certain combination, it doesn't work?

Linda: Right. My uncle, through the music business, has about 10 or 15 customers he has sold it to.

Jay: What kind of businesses would they be in?

Linda: People in the music business — anybody who makes their own instruments. But we found that it works on rasps, so we've gone to horseshoing places and big ranches.

Jay: Is it very expensive to use? What are the alternatives? Instead of using yours, what would they have to do?

Linda: There are no alternatives. What people have been doing for years, is throwing the tool away and buying a brand new one. The only other alternative is sand-blasting, and that's not economically feasible.

Jay: Okay. So for $18.95 for a quart of sharpening solution, what does that do?

Linda: It will sharpen approximately 30 10-inch files.

Jay: Then what happens? Is the solution still usable?

Linda: Basically, yes. You put the files in it and the residue from the file will gunk it up. You can use it forever; the product never actually breaks apart. You just don't get the best results.

Jay: So it's better to buy another quart or gallon or whatever? What does it cost you to make it?

Linda: A quart costs me around $5.01.

Jay: So it costs that much? Does that include the packaging too?

Linda: Yes.

Jay: What about a gallon? What does that cost you?

Linda: About $7.38.

Jay: Do you make it yourself?

Linda: Yes.

Jay: You said horseshoers are a prospect. What does it cost to buy a new rasp?

Linda: They estimate anywhere from $15 to $25.

Jay: How long do they typically last if they don't use your solution?

Linda: Once it gets to the point where you would throw it away, our solution can sharpen it giving it another life. We can do that five times.

Jay: If I were a horseshoer and I bought a rasp, but didn't have accessibility to your product, how long would that rasp last normally?

Linda: The easiest way to figure it is on your usage. With some people a rasp might last six months and with some it might last a week, but they average two months.

Jay: So you make a rasp, instead of lasting two months, last almost a year.

Linda: Right.

Jay: So, if you have to buy them every two months and they're $15, one rasp sharpened five times...you can do 30 in one quart. So the savings could be hundreds of dollars. Do you have a lot of analytical studies that will show that?

Linda: No, basically all I have is proof of people using it.

Jay: Who's been using it so far? Tell me the clients you've got? What do they do?

Linda: Well, I have several of the ranchers around my specific area.

Jay: And they use it for what?

Linda: For the files that they use on their animals.

Jay: Who else?

Linda: I have some clients in the music business who use it for custom-making mandolins or guitars, and some cabinet makers — people who work with wood to make cabinets — and some machinists and locksmiths.

Jay: And do you have letters from them? Testimonials from them?

Linda: No.

Jay: Okay. The first thing I want you to do is get letters from them. Get testimonials from them. Try to quantify specific performance. In other words, a letter saying, "Before I bought your product, I had to replace my rasps or files every two months. Now because you've prolonged their life, I have to replace them once a year. Conservatively speaking, I believe every time I spend $18 on your product, it saves me $200 on files." Get analyses like that. I saw the ad that you ran. Where did you run this ad?

Linda: I ran it in *Fine Woodworking* and *Western Horseman.*

Jay: Okay. Now, you're saying it pulled only four responses in one of them. Did any of those responses buy anything?

Linda: No.

Jay: I'm looking at the one from *Fine Woodworking.*

Linda: I got a little over 50 from that magazine.

Jay: Of the 50 people, how many bought?

Linda: Around 30.

Jay: How much did the ad cost?

Linda: $795.

Jay: Just at $800, you got 50 responses and how many orders?

Linda: Thirty.

Jay: The average order was how much?

Linda: $31.

Jay: So an $800 investment brought in $930 in sales. It cost you probably $150 to manufacture the product, right? So you actually almost broke even! Okay. Let's start a couple of things. There is no other alternative other than sandblasting. Files you can't resharpen either, right? Okay. We'll talk about ads and we'll talk about mailing pieces. We'll talk about focusing the market. Do you know anything about marketing at all?

Linda: I don't have any marketing experience at all.

Jay: Did you get the material I asked my people to send you?

Linda: Yes.

Jay: Did you read it? Did it give you any ideas?

Linda: Yes, what I need is a Unique Selling Proposition and I'm not sure I have one.

Jay: Yes, you do. Let's put it together. Your Unique Selling Proposition should be, "Amazing Chemical Solution Prolongs Life of Files and Rasps Up to Five Times." That would probably be what your offer is, isn't it? A sub-headline under that kind of a headline would be, "An $18.95 investment in our sharpening fluid or etching solution can produce annual tool savings of $200 or more." That's the first thing. Next, you should try the same size ads, but you should experiment. Do you have money to spend on marketing?

Linda: Not massive amounts, but I do have some.

Jay: Try two different things. You should try ads and mailing pieces very conservatively. The ads are going to be more expensive and slower because it takes two or three months before you know how it does. The mailing pieces will be easier to do. They may be better. Go to a list broker. I'm sure you can find one in your area who can get you lists of the kinds of people you would want to reach, like machine shop owners, musical instrument manufacturers, horseshoe and tack owners and suppliers.

Then draft little letters or long letters and say, "How to Prolong the Life of Files and Rasps Up to Five Times. Our amazing $18 etching solution will increase by five times the usable life of your files and rasps." Explain the essence behind it. "It's a chemical action that brings back the..." Talk a little bit about what it's all about and make a specific offer. "Don't take our word for it. Try it in your shop. Try it in the field. Try it in your horseshoing business for 30 days at our risk. Try this simple little test. The next time you've got a rasp, the next time you've got a file..." Are those the only two things it works on?

Linda: That I know of.

Jay: "Next time you've got a file or rasp you can no longer use, instead of throwing it out, throw it in a container of our etching solution for 30 minutes. Take it out, dry it off, then do one thing. Try it out again. If it's been rejuvenated, if it's sharp and usable again, keep the solution. If it isn't, screw the cap back on, put it back in the box it came in, and send it back and we'll give you your money back. If we're right, you'll get five more uses a year out of that rasp or file. That'll save you in the vicinity of $100 to $200 a year per tool. If we're wrong, it won't cost you anything. We'll even reimburse you the cost of sending it back. You've got nothing to lose and you could save $200 a year if we're right. Put us to the test." That's pretty powerful, don't you think?

Linda: Yes.

Jay: Modify your letters to blacksmiths and tell them what it is. I'd send a letter to blacksmiths and say, "If you shoe 30 horses a month or week or whatever, you're probably going through X number of rasps or more a year. How would you like to go through only two or less? We've got a product that makes it possible." Then tell about the product. "One quart of our product will do thirty rasps. On average, we can prolong the life of your tool by five times. What does this mean to you in dollars and cents? It means that a tool that you would normally get two months use out of and then have to throw away, now can give you almost a full year's worth of use. I know this sounds impossible. The only way you can appreciate it is to put it to a test yourself.

"So we're going to make you a proposition which you're going to find irresistible. Send us $18.95 plus $3 postage. We'll send you, by immediate return shipping UPS, a quart container of our etching solution. Take your most worn-out rasp or file, drop it in the solution for 30 minutes, take it out, wipe it off, put it back to the test. If it isn't just about brand-new, if it doesn't have the same effect a rasp and a file really should produce, if it doesn't hone things down, if it doesn't form and smooth the finish, or whatever, the same way it did when you first bought it, we'll give you all your money back. In fact, you can even send your check to us post-dated for 30 days. Then you can try it out at our risk, not yours. If it doesn't work, just ask for your money back and we'll send you back your original uncashed check." Those are very powerful approaches, don't you think?

Linda: Yes. How would you approach a corporation? I've been sending out a lot of fliers and enclosing letters that I wrote to General Dynamics and Boeing Aircraft.

Jay: What happened?

Linda: I never heard anything. How do you find out who you need to talk to in situations like that?

Jay: Do some research. There are certain trade magazines that are read by the person responsible for tools in big companies. I don't know what that person would be, whether he would be the maintenance man... Maybe it's *Machinist Magazine*, but some magazine like that. What you want to do is find out what that magazine is and either: a) run ads in that magazine, or b) get the mailing list of the people who subscribe and try mailing 1,000 or 5,000 of them a personalized letter. You can rent mailing lists of the prospects and you can get lists of anybody you want. Somebody who does filing at home probably won't appreciate the value as much as a machinist who goes through rasps and files really fast.

So you should probably go to the most probable, reconsumable market first and cap that before you go to the more secondary ones. It's just logic. Sometimes you've got to step back and think logically. Get a list broker or, if you don't want to use a list broker, go to the library and get the *Standard Rate and Data Service* directory of mailing lists. It's published by a company out of Illinois. It should be at a good library or you should be able to call and buy a set. They are directories of every mailing list available on the market, and there are 30,000 mailing lists that you can rent by designation. Go over this and find the mailing list you feel would represent the best prospects. Maybe it's subscribers to a trade magazine, maybe it's machinists, maybe it's horseshoers, maybe it's musical equipment people. Go to the magazines that are most read by the people who most probably are the prospects for your product. You either get their names or you run ads in their publication.

If you're talking about aerospace... You want to get the person. You don't want to just read Aerospace; you want to go to people who make the buying decisions. You are probably better off reducing it down and looking at all the different trade publications... There's a *Standard Rate and Data Service* directory for trade magazines. You might want to get that and see what trade magazines they read. Or go to machine shops, horseshoers, and musical instrument people and ask them what magazines they subscribe to or what newsletters they subscribe to. If there are newsletters, write to the newsletter people and tell them about it. Ask them to publish a press release for you. Press releases, by the way, are wonderful things for you to do. Send press releases to a lot of the publications. I would think that a lot of manufacturing-type trade magazines would dearly love to write articles about something as fascinating as your product, wouldn't you think?

Linda: I would think so. What does a press release constitute?

Jay: A picture of the product. A release talking about how your chemical company has a chemical etching solution that rejuvenates files and rasps and prolongs their life up to 500%. "Maintown, USA, XYZ Chemical Company announces a file sharpening system, a chemical etching solution that for the first time offers an alternative to throwing away rasps and files when they seem to be worn out. By reimmersing the tool in the chemical solution for 30 minutes..." Talk about what it does. Talk about the fact that "in tests it's proven that it will increase and prolong life five times which means that all of a sudden it's saving companies as much as $100 to $200 per tool per year. The company offers a 30-day, proven-in-your-own-shop guarantee wherein you get to try the solution on your own files and rasps. If it doesn't work instantly, the company will not only refund your money, but they will refund the cost of shipping it back to them. It's a simple system. One quart will normally do 30 rasps. One jar will save you $450." This is what you're saying really, isn't it?

Linda: Yes.

Jay: That's another approach you might try. "An $18.95 investment in a quart of our etching solution will save you $450 in replacement files and rasps." That's pretty powerful, isn't it?

Linda: I sure think so.

Jay: That might be your Unique Selling Proposition too. When you write your letters to people and when you write your ads, tell them, "Don't take our word for it. Prove it yourself in your own shop. Here's a proposition that's irresistible. Try this test. Send us your check for $18.95 post-dated 30 days if you like. We won't wait for the check to clear. We'll send you, by immediate return UPS, a quart of our product. The moment it arrives, take the top off, take your most worn-out rasp or file, drop it into the solution for 30 minutes, take it out, dry it off. Then rub your hand over it, visually observe and, more importantly, try it on a piece of wood, try it on a hoof, try it on a piece of metal or whatever you do. Either it works or it doesn't. It's either been rejuvenated or it hasn't. If it has, keep it and keep buying it from us. If it hasn't, pack it back up, ship it back to us, we'll include a return label with the box. We'll send your uncashed check back plus $3 for your trouble." That's a powerful offer, don't you think?

Linda: I like it.

Jay: What you've got to do is get people to start using it. Once you get them started, they should keep reusing it, don't you think?

Linda: Yes.

Jay: You might also say something else. You might create a small container that's long and lean — good for one usage or something. You might write an ad: "We'd like to save you $100. Here's the deal. We've created a solution, we've got a product that will increase the life expectancy of every rasp and file you'll ever buy by five times."

Stated differently, "We'll save you $100 per rasp or file you use. The only way we can prove it to you without you having any risk is for you to send us your name, your address, the name of your business, and your title to us. We will, by return mail, send you a one-usage vial that you can put to the test at our expense, our risk. It costs you nothing. Just put your name on this coupon and send it back to us. As long as you're a decision-maker and you have the capacity to keep rebuying the solution from us if we prove our product works, we'll send you a one-usage vial for you to try out in your machine shop, in the field, on the range, in your musical shop, in your woodworking shop. You decide." That's pretty powerful, isn't it?

Linda: Yes.

Jay: Am I giving you some ideas?

Linda: Yes. Lots of them.

Jay: Did I help you a little bit and give you some direction here?

Linda: Yes. I think I'm a little overcome. I'm excited about some of them.

Jay: What I want to do is make this consultation so valuable that I get a letter from you in six months saying, "I'm making $200,000. You were right. It's so simple and logical." Keep in mind all you're trying to do is give people a chance to sample your product. If your product can perform — and I'm taking you at face value that your product can perform — what you've got to do is get them to try it out. Once they try it out, the product will sell itself over and over again.

So you want to make it as easy, as nonthreatening, as risk-free as possible for them to try it out. If they ask for their money back, you deserve it because it didn't perform for them. If you make a pact with them that's fair and they're intelligent people, they'll put it to the test. If it works, they'd be a fool to ask for their money back. That doesn't mean that some people won't, but by and large, all you have to do is get a lot of people to try it and you'll be accruing reconsumption orders forever, right?

Linda: That sounds great!

Jay: Some people don't see it. A lot of times it takes somebody like me to explain it. Don't be afraid to buy people trials. If it really works they'll reconsume it. Try a lot of different approaches. That's why direct mail is usually very efficient, because for a thousand-piece mailing to a targeted audience, you spend $400 and you'll know something really quickly. If it works, you might get 3%, 4% or 5% response. If it doesn't, you might get 1/2% because it's a reconsumable product... You just can't judge the ad — how it did in those magazines. You've got to look at the reorders that'll come from it. You ran it for $800 and got back only $900, but you got back 30 customers, and if you knew that three out of every 10 were going to reorder forever — look what you're accruing in the future for yourself. Do you see that?

Linda: Yes.

Jay: So you've got to not only look at it just for the moment but forever. If you had to stay in the restaurant business for a year but meanwhile you keep running ads for the chemical solution and every time you ran an ad, you break even but you keep bringing in 10 new customers, 100 new customers... Then you start a series of follow-ups. You follow up with a letter that tells them what they should do. You've got to keep them reordering. Every three months you send them a reorder form.

You come out with more suggested buying and applications, finding new markets. You keep bringing people in and breaking even or losing a little bit on the front-end. Everybody that comes in, every 100 people you bring in, you keep 40 of them and those 40 keep buying three times a year forever. Look what you're accruing in year two and three and four.

Linda: I see.

Jay: Do some research, some experimentation. Write some new letters or ads. Before you waste a lot of your money on it, send them out in small quantities as a test.

Linda: I'll do it.

Jay: Good luck!

A success story as rich as this emphasizes one clear point; the engine of every company is marketing. It's not only what makes companies tick, it is ingrained in every aspect of their business, from production to personnel to compensation. Outside forces do not have to control your business. If you control your marketing efforts, you control the very engine which fuels the rest of your business and even your industry. Having a great product isn't always enough. To earn high profits you must also have a great marketing strategy. Even the world's best mousetrap needs a dedicated and committed marketing program to realize its full potential.

Do some research and target your product to a specific audience.

Use print ads conservatively because it takes a longer time to see the effects.

State your Unique Selling Proposition clearly. Your offer should be very easy for readers to understand. Tell the readers exactly how much money they will save by using your product. Leave no doubts in the readers' minds.

Do whatever you can to get people to try your product. Offer a free sample and include order forms for their first purchase. Offer a money-back guarantee so there's no risk to the customer. Don't worry if you only break even on the front end. If your product is a great product it will sell itself over and over again.

You might be interested in learning that Linda's business literally skyrocketed following this consultation. When she bought this business from her uncle, it was doing about $1,000 a year. In her first seven months of operation, she earned $1,200. Then she met with me.

In the 12 months following her consultation, her file sharpening business experienced 1600% growth. She expects to do $1 million in sales in 1991.

* * *

Section Four

Techniques for Generating Tens —
Even Hundreds — of Thousands
of Dollars Virtually Overnight

Welcome to Section Four of *Stealth Marketing*. This section explains foolproof techniques that can generate much-needed cash for you — instantly.

When you first read the techniques, you'll probably think they're too easy and simplistic to really work. But I assure you, they're not! The principles, methods, and techniques contained in this section can boost your profits right before your eyes. In my 22 years of consulting, I've seen these same techniques work literally 99% of the time.

Surprisingly, virtually any business is a prime prospect for these techniques, provided one thing — you have assets which you are underutilizing. These assets can be salespeople, advertising opportunities, customer lists, and so on. All you have to do to boost your profits, is recognize the overlooked opportunities in your business, and capitalize on them.

* * *

Technique #1: Fully Utilize Your Customer List

Overlooked opportunities almost always exist in any business, but more so in retail businesses. Why? Because most retailers come from other business areas and they don't know or understand the <u>real</u> leverage they possess. For example, 99 out of 100 retail stores rarely, if ever, capture (by this I mean retain and record) information about their various customers.

Retailers should try to capture each customer's name and address, the dollar amount of past purchases, the number of past purchases, specific products or services the customer bought or is interested in buying, total dollars spent, specific interests of the customer, where the customer lives, etc.

If you're one of those business people who doesn't capture customer information, don't feel bad — you're not alone. And the first step toward overcoming this mistake is to recognize it. Keep this in mind: If you have your customer information detailed and segmented (by segmented I mean segregated in different listings), it can save you and make you a lot of money. How?

You can send direct mail to your customers (people who you <u>know</u> are interested in your products and services) rather than waste your money running expensive ads that reach a lot of people who may not be interested in what you have to offer.

You can send out personalized, direct-mail promotional letters, instead of wasting your time and money mailing to a general resident list. A general resident list is an ineffective, untargeted, shot-in-the-dark waste — yet that's the main promotional thrust most naive business people opt for. By sending out a special, "preferred-customer" mailing to people who are familiar with your business, you can be sure that you're reaching people who <u>are</u> interested in what you have to offer — and you'll make a profit.

In your promotional letters to your customers, you can offer goods and services that are not stocked, "preselling" all kinds of merchandise before you invest a single dollar. You can take deposits from customers, or they can prepay the full price.

You can also use direct mail to get rid of all sorts of overstocked, slow-moving, damaged, or undesirable goods, and convert that stale inventory into cash.

And, if you know a lot about each customer, you can gear specific letters to specific segments of your customer base, offering them the precise type, kind, or subject matter of products or services you know the customer is most interested in. Let's say, for example, you have a shoe store, and you know that 100 of your 1,000 customers are women who buy an average of two pairs of shoes each time they come in, and they always buy the hottest, most fashionable shoes you sell. You could write a simple letter, exclusively to these 100 women, offering them either the newest shoes that have arrived, or offering them a chance to prepurchase some exotic shoes before they even get to your store. Chances are, if your letter is crafted correctly (and I'm providing a compendium of proven sample letters in this section), your letter could sell as many as 33 or 50 of these 100 women a pair or two of shoes. And if the average woman purchases two pairs of $50 shoes every time you mail to them, you'd add $3,300 in additional sales to your business every time you mailed out 100 letters — and conceivably a lot more if 50 people bought instead of 33.

But let's just say a mere 33 women buy two pairs of shoes once a month from a simple letter you send out. That $3,300 in added sales only cost you a whopping $50 to produce (that's what it cost to mail print and mail the letter), yet it yields over $1,500 in pure profit. And if you, like many retailers, triple your markup, it may even yield as much as $2,500 in profit.

Just for risking a "whopping" $50 on a letter, you could make $1,500 to $2,500-plus — extra profit — from mailing one letter to one segment of your customer list. And most customer lists can be segmented (or broken down) into at least four or five different categories — each of which can receive a singular type of mailing every month or two.

I won't take up important space in this report by listing all the math on a typical business, but it's not at all uncommon for a business to have 1,000 to 10,000 customers they've never mailed to before, or have mailed to very infrequently, or mailed a very boring approach that didn't work.

By the way, you don't have to be a huge retailer for my concepts to work. The previous example is for a small to medium-size local merchant...not some huge chain or super-dealer. Local shoe stores, clothing stores, health-food stores, landscape or nursery shops are perfect hosts for this type of promotion.

Technique #2: Use a Handy Phrase to Upsell Your Customers

Don't get turned off because my first example is sending out letters to customers. My cash-generating concepts work for all sorts of other business applications, too. Want a quick example?

Say that you have a business (any type of business) that sells a lot of people the same thing, either retail or by phone...

For illustrative purposes, let's say you're a widget store. Of the 100 people who buy merchandise from your store in a given week, the average purchase is about $100. What would happen if you gave your cashiers and salespeople a simple phrase they could say right at the point of purchase — right when the person is ready to pay for the merchandise and is most excited about it — that would persuade one out of every two customers to add an extra 20% to their sale?

If you could successfully induce half of your customers to add $20 more to their purchase each time they buy something from you — you've just added $10 or more extra profit per sale, or $5 in added pure profit per every person that buys from your store. (We get the $5 figure, by the way, by taking the $10 extra you make on half the people buying, and dividing it in two, averaging the profit over every customer).

Remember, as I said earlier, that your business sells to 100 people a week. By using a simple little phrase, you could instantly add $500 in profit to your cash flow or bank account every week. Multiply that by 4.3 weeks in a month, and you've just produced $2,150 in found profit that you never would have had before. Do this every month for a year, and you'll have added $25,800 in pure profit, just like that!

But before you say "O.K., Jay, what is that magic phrase I get the salespeople or cashier to utter?" Let me tell you — all you have to do to add, quite literally, 40% to 150% more profit and size to every sale your business makes is to **ask each customer, as they're finalizing their purchase, if they'd like to take advantage of an unpublicized, "in-store" special offer, only available to customers buying a minimum of $X worth of merchandise today.**

All you have to do is put together an appealing "package" of merchandise or services (or both) to be offered at the point of purchase. This package must be perceived by the customer to be extremely expensive and desirable — but in reality, the cost is very low. Let me give you a few examples:

If your business is a hardware store, and the cashier offers a complete $50 tool set for just $31, which actually costs you only $15 (and one out of every two customers bought the special "bump") — you'd add $16 profit to every other sale — $8 extra profit for every customer who walks through your door. Say that 100 customers come into your store each day and you added $8 profit per customer — that means you'd be adding $800 a day in absolute pure profit to your bank account. Multiply that by six days, that's $4,800 a week, times 4.3 weeks, which comes to $28,640 per month!

If your business is a video store, and you offer customers two extra rentals for just $2 when they rent any three movies at $3 each, you'd add probably $1 profit per rental per day. And many of the rental companies rent hundreds to thousands of tapes a day.

If you have a restaurant and you offer your customers free dessert and coffee if their check is $10 or more, how many people might order a more expensive meal? You'd be surprised!

A word of clarification or explanation is in order now.

You're undoubtedly saying that this is too simple. These ideas are too obvious, everybody does that (but everybody doesn't do it!). People are surprisingly conservative — they're myopic — they suffer from tunnel vision and don't know how to experiment, test, and try different unfamiliar things.

Not one in 20 businesses incorporates any of the techniques I've just outlined.

Stated differently, that means you have an advantage over 95 out of 100 businesses.

Technique #3: Telemarket Your Customer List

Another method you can use to boost your profits is telemarketing. What would happen, for example, if somebody from a company you're familiar with, whom you liked and trusted and had a good relationship with, called you up and offered you a proposition on either a product or service, or a package (a combination of products or services) that was only being made available to an exclusive group of customers, and not normally available, or an item that was not normally stocked, but that the store could manage to get if you were really interested in it? Chances are, if it were something you were excited about, you'd probably agree to purchase it.

So try telemarketing to your customers. Educate them about the products and services you have over the phone. Put a special package together and call your preferred customers. Offer your customers a product or service that you don't normally carry.

Telemarketing can also be used to strengthen your mailing efforts. Have your sales staff divide up your customers by those they have the best rapport with, or randomly, and follow up via the telephone. (A client of mine made an extra million dollars a few years back when he first started using telephone follow-up to intensify and enhance the results of his mailings).

Try and test different telemarketing approaches, packages, offers, etc. and increase your profits!

Technique #4: Write Ads that Work

Another way to easily and instantly increase your profit, is to change and test different headlines in your ads, sales letters, and sales presentation — or start using headlines if you're not already doing so.

Any business that runs advertising probably doesn't realize it, but by changing a headline, you can increase the pulling power of an ad by up to 21 times. That, by the way, is 2,100%, which is an outlandish amount.

And half the people running ads don't even use headlines!

Different headlines produce different results. Different headlines communicate different motivations to prospective customers. Leverage your marketing and start using and testing different headlines.

Here are an additional nine key elements for your ads and sales letters:

1) Identify your **Unique Selling Proposition** (USP) in your sales letters — the one benefit that sets you apart from your competitors. A USP can be product advantages, price, guarantee, or any other unique benefit your product or service offers. Play up your USP for all it's worth. Use it for the headline on your letter and as teaser copy on your envelope. Expand upon it in the letter. Restate it at the close and again on the response device. The USP is crucial; state it clearly, dramatically, and you'll be well on your way to direct-mail copy success.

2) Use short paragraphs, sentences and words. This will increase readership by making your letter easy to read.

3) Don't try to make the copy either long or short. What counts is how interesting it is to the reader. You're after response, not just readership, so don't be afraid to tell your whole story.

4) Cut out unnecessary repetition, tortured grammatical construction, redundancies, passive verbs, nonessential facts, etc.

5) Use testimonials to gain credibility. Use them liberally in the letter and on the response device. The reader will really listen to what other customers have to say. It's been proven that nothing sells as well as testimonials.

6) Use "bullet" (•) statements to draw attention to benefits and features.

7) Start paragraphs with "And," "But," "So you see," "However..."

8) Drop the warm-ups. You'll almost destroy your entire letter by starting off, "As a homeowner, you know how maintenance costs are climbing every day..."

9) **STAND OUT.** Separate yourself from your competitors as early as you can. (Or make your appeal uniquely important and urgent). Discover, isolate and dramatize all the reasons for doing business with <u>you</u> instead of someone else. Build your entire mail package around these reasons.

Technique #5: Lock In Sales In Advance

Let's talk about another easy, overlooked way to increase sales.

Many, many, many service people are simply "reactive" in their marketing — they're not "proactive." By this, I mean that most service people simply react to their customers who call them for service. And once they've rendered the service, they never try to set up an ongoing relationship with that customer. They just sit around waiting for the next customer to call.

Now, what would happen if, right at the time the service is being most acutely rendered — by that I mean right at the very crux of the service (for instance, when a pest-control operator has saved a homeowner from a horde of vermin) — instead of rendering a bill to the customer and walking away, the service person merely asks the customer if they would like to put their house (or their business) on a regular or ongoing maintenance program?

Probably 50% of all the customers calling for a one-shot service would take advantage of this ongoing offer. The maintenance program could consist of coming to the home (or office) four times a year and taking care of all the vermin and insect problems for one simple fee charged on their charge card every quarter. Let's see what that would be worth...

If a pest-control company has 1,000 people they deal with each month on a one-shot basis, and they were able to persuade 50% of them, or 500 people, to sign up for a four-times-a-year maintenance program for $250, that would add $125,000 in sales to the pest-control company's business — just by asking customers if they would like to sign up for an ongoing maintenance program — and that's probably worth $85,000 in profit!

But it's not limited to pest-control operators. It's open to plumbers, electricians, carpet cleaners — the list goes on and on. If, for instance, when a tree trimmer goes out and trims a tree, instead of leaving after they've been paid, they say, "You know, Mr. Smith, for only $300 a year, we'll come out and trim that tree four times a year, and if it gets out of hand in the meantime we'll take care of it free-of-charge," probably 1/3 of the people would sign up for that.

If the tree trimmer deals with 500 people a month, and 150 of those people sign up for the maintenance program each month, that makes 1,800 people who sign up over a year's time (150 times 12 months), times $250, of which probably $100 is profit, which means you've probably added $100,000 in profit to your business — instantly!

Virtually no company ever thinks in terms of selling their customers a longer-term package of their goods and services. And yet, it's very easy to sell people a six-month, or 10-month, or even a two-year supply and get them to pay in advance, whether you have to furnish it to them now or not. All you have to do is make the right proposition.

Technique #6: Test Your Sales Pitches

Give your salespeople five or six different ways to express or pitch the essence of their sales offer, and then test them in the field. If five different salespeople try five different pitches, or if one salesperson tries five different pitches on 20 different prospects or companies each, you would find that one of the pitches — saying the same thing in a different way or making the proposition a little more appealing or a little less appealing — would outproduce the other pitch by two or three or five or six or 10 times.

By testing, you'll find the most effective ways of selling, and you'll get rid of the ineffective, or less productive, sales approaches.

Technique #7: Understand What Your Customers are Worth to You

Figure out how many times a customer reorders and repurchases during the course of a year, and then how many years on average a customer keeps buying from you. It's not terribly hard to do, really. All you've got to do is study backwards the data or sales records your company keeps — even businesses that are poorly organized should have these basic records. By reconstructing various data, you can learn very quickly how much customers can be worth to your business over their life expectancy.

Let me give you a clearer example:

Let's say your business is a hardware store. And you know that for every 10 customers that come in the first time, five of them will come back at least 10 times a year, and on average they'll spend $20 each time. If that's the case, that means that for every 100 people you get in your door the first time, 50 will come back 10 times a year and spend $20. (50 x 10 x 20 = 10,000). That means for every 100 people who walk in your door for the first time, you'll generate a definite $10,000 in sales the first year, right?

If you understand that, you'll have a great advantage over all your competitors, and you can utilize your illuminated insight to make a lot of money.

How do you get these people in? Run an ad offering a better price, better packaging (by packaging I mean putting together a combination of more products for an attractive price), a better guarantee, a better something that will appeal to almost everyone, just to get them to start doing business with you. Here's a good example...

In a hardware store, let's say the price for hammers is $5, and the hammer costs $1.25. Run an ad and sell the hammer for $1.19, and talk about the fact that it's regularly $5, and it's only available to first-time customers. If you start running ads like this, you'll probably get 100 or 200 people to come in, and every time you get them to come in it's like locking up an annuity for yourself in the future. It's going to make you $1,250. Bring in 100 new people every week, for 52 weeks, and you'll make $65,000 over a year.

* * *

Additional Techniques for Generating Cash

There are many more ways to instantly generate cash for your business. I've included two additional selections to help you do just that: A complete education on the fine art of bartering, and eight sample sales letters you can send to your customers.

How to Profit from Barter—
Confessions of a Barter Profiteer

While the bulk of my dealings are basic cash-purchase or debt-financed transactions, the most exciting (and certainly the most extraordinarily profitable) dealings and ventures I've ever engaged in have creatively utilized barter. It can work for you, too.

I'm not talking about just your basic one-for-one, product-for-product transactions, but some ingenious derivations encompassing goods for services, highly margined triangulated activities — even the liquidation of a business. And I've made millions of dollars for my associates, and hundreds of thousands for myself, just by engineering the dynamics of the trades.

This all probably sounds very esoteric — like it's extremely sophisticated stuff — but really, the contrary is true. Virtually any person with a sound understanding of real and perceived value, plus a basic awareness of the human need to obtain value, can master the art of becoming a barter profiteer in a matter of hours. So utterly astounding are the rewards that you'll only believe me if I tell you about some of my own firsthand dealings.

The Advantages of Barter

Let's begin by reviewing quickly just why barter is so appealing. By engaging in barter activities to acquire goods and services you want or need, you can:

1) Enjoy up to 80% cash savings on all your purchases.

2) Acquire needed items with money you've already spent.

3) Finance major purchases interest-free for up to two years, and get the purchaser to carry the paper at a discount.

And that's just the beginning!

If this sounds like some hyped-up promotion for a make-a-million-dollars-in-your-own-business deal, it is not. It's merely a glimpse beneath the surface at the incredible profit opportunities available to the astute practitioner of sophisticated barter. I'll dispense with the basic commentary on how fundamental barter is done. Instead, I'll take you directly beneath the surface into the most fascinating and lucrative avenues of barter transactions. And, hopefully, I'll be able to teach you ingenious devices you can put to use, starting tomorrow — devices to pick up huge chunks of money (or equivalent value) month-in and month-out from now on.

Determine Your Barter Leverage Position

Let's start off by determining what your barter leverage pivot position will be. Suppose you own a company that manufactures or sells a product — any product. As long as there is an established market for your product, somewhere in this country (or the rest of the world), you've got the basis for building a profitable barter opportunity.

Let's start with a consumer-oriented product. Perhaps you run a mill that makes carpet, or a plant that manufactures furniture and accessories. Now, the items you create in your factories cost you a fraction of the retail price, right?

Make up a list of all the goods or services you need or want for your business and your home. You may need new office equipment: typewriters, dictation equipment, etc.

Or possibly you need new heating and air-conditioning units for your office. Of course, your needs may vary greatly. You may need new equipment in the factory, new vehicles, etc. Once you've determined exactly what you require or crave, you're ready to begin bartering — and profiting — greatly.

Start With the Obvious

Start by going to the most direct and logical prospects first, and proposing a direct exchange of your goods or services for theirs.

Let's say you're trying to get office furniture and your business is air-conditioning sales and service. Go through the phone book and call every retailer of the kind of furniture you seek, introduce yourself and your business, then come right to the point. Tell the owner of the furniture store (always strive to speak principal to principal) that you need nearly $8,000 worth of furniture to revamp your office (if that is approximately the amount you need). And tell him you'd like to trade an equal dollar amount of air-conditioning and/or heating equipment and service for that amount of furniture, would he be interested?

Be sure to stress the fact that you seek to trade for retail value and not necessarily the discounted price that the furniture dealer may be selling the furniture for.

Dealing on a retail or suggested retail price basis is an excellent way to effect most trades. Why? The reason is very simple — markup. Most retailers have a minimum of 100%, and often times up to 300%, if they sell an item for full suggested retail value.

Unfortunately for them, our ultracompetitive society usually prohibits ever achieving such lavish profit margins, and the furniture store owner must content himself by earning a still-respectable 35%, 40%, or 50% markup. But when you come to him offering to trade $8,000 worth of air-conditioning or heating equipment or services for an equal dollar value of retail furniture, at full list price, the dealer immediately sees the opportunity of making that 300% markup on the transaction.

Whether he presently needs the heating or air-conditioning items or services now really doesn't matter, as long as he is persuaded that he will be able to use these items or services in the near future.

Offer Unlimited Time/Date Use

Herein lies a very important secret to effecting fabulous exchange transactions. Whenever you require something right now, and the person or company you are trying to trade with doesn't need or want to avail themselves of your firm's goods or services right away, don't let the deal slip away from you.

Rather, offer the prospective trader this creative option: Tell him he can have an unlimited time/date in which to use your goods or services and that he may assign the credit you are offering him to anyone else he may designate.

You have created rational, valid, persuasive reasons for him to exchange with you. If he knows he uses approximately $2,000 worth of heating and air-conditioning services a year, if he understands he can "buy" these services from you at 35¢ on the dollar, and if he realizes he can pay for these essential air-conditioning or heating services with dollars he's already tied up in slow-moving furniture, he comes out smelling like a rose.

An astute business person would jump at that chance. Any person who would normally take the 2% early payment discount on an invoice should jump at the chance to pick up a 66% discount just for entering into such a trade with you. Point these things out if he still resists the idea of barter.

If he is receptive to the prospect of trading, and concedes he will need the services you are offering sometime in the near future, but claims his money is all tied up in the inventory he needs to sell, suggest two things: Perhaps he has a friend or business acquaintance he knows who can use $8,000 worth of heating or air-conditioning services right away, a friend who would be willing to buy the credit you are offering to trade to him for say, a 40% or 50% discount.

If the furniture owner's mind is working while you're talking, he'll quickly see that he can trade you $8,000 worth of furniture that's not moving, and which cost him only $2,300 or so, for the $8,000 worth of heating and air-conditioning services he can sell immediately to a friend for $4,000 or more in cash. It doesn't take a shrewd mathematician to realize that this would yield our hypothetical trading prospect a nearly 100% profit plus provide him with much-needed cash.

The creative possibilities of such an approach are virtually limitless. Here are some ground rules you should always follow in the role of trade initiator:

1) Always insist on assignability rights for any item or service you ever receive a credit for.

2) Never try to trade your goods or services at anything less than retail value. Remember, the higher the retail valuation you place on the goods or services you trade, the greater the buying advantage.

Go Wild With Possibilities

Let's explore some unique profiteering opportunities. Let's say you are the manager of a very swank restaurant — the kind that charges $100 or more for a gourmet dinner for two...

Go through the Yellow Pages; call all the proprietors of every business dispensing high-class services or products, and offer to trade $X in restaurant credit for an equal dollar credit in their goods or services.

Tell them they can use their credit with your restaurant forever until it's used up — but stipulate that you want to acquire your proceeds of the trade within the next few weeks. And stipulate assignability on both sides of the exchange.

After consummating the trade, place small classified ads in your local newspaper, offering to sell the recently acquired trade credits for 25% to 40% off. Let's examine quickly what you've just accomplished:

1) You've just bought X thousands of dollars worth of intrinsic value for food and beverages which, at most, cost you approximately 1/4 that amount.
2) By issuing a nonexpiring credit, you've assured yourself that the credit won't be frivolously used soon, but rather will be judiciously preserved by the recipient for many months — possibly years — thereby creating the equivalent of interest-free balloon-note financing for you to pay for your trade acquisitions.

3) By immediately turning around and liquidating the trade credit you received for 60% of face value in today's dollars, you end up making an immediate 200% or more on your money.

Triangulation — The Hidden Key to Greater Barter Riches

Perhaps the single most valuable technique for the creative barterer to master is the fine art of triangulation. Triangulation is the use of three separate transactions (or more) to achieve your ultimate barter objective. And while it may seem complex in theory, it is really very simple in practice.

Like many other barter nuances, triangulation is simple. Triangulation becomes invaluable — and essential — whenever you cannot achieve your primary barter objective through the conventional two-party trade situation. In other words, whenever you cannot convince a barter prospect to accept your goods or services directly for his goods or services, triangulation becomes the device to save the deal.

The Restaurateur and the Auto

Suppose you own a classy and prestigious restaurant that sells food and beverages that have an average gross markup of 500% over your out-of-pocket costs.

You'd like to trade food and beverage credits for a new car. Simple enough, until you approach the local car dealer, who has absolutely no need whatsoever for $10,000 worth of your food and beverage credits. He may laugh you out of his showroom. Then what do you do? You probably will approach more car dealers who will probably also turn you down.

Stop for a moment and analyze the car dealer's profit-or-loss perspective. What goods or services can make or save the dealer more money? How about — advertising! Most dealers spend between $5,000 and $10,000 a month just on radio, TV, and newspaper. How can you use advertising to help you trade credits at your restaurant for a new car? Why, through triangulation, of course!

Set Up a Three-Way Trade

Approach all of the prominent radio and television stations in your market plus the local newspapers...

Offer to provide them with restaurant credits they can use to "wine and dine" their better customers in exchange for advertising credits, which you have the right to assign. And because we know most car dealers don't begin to have the same margin spreads as restaurants, in order to make the "triangulated trade" work, you must acquire at least twice as much advertising credit to offer the dealer.

So you trade $20,000 worth of restaurant credits, to be used as the station sees fit — with no expiration date — with the provision that you can assign your newly acquired credits at any time. As long as your restaurant has a solid reputation, chances are very good that the station will go for that trade. Then, with $20,000 worth of advertising in hand, you go back to the car dealer. But now you have a different barter proposition: In essence, you offer to trade him advertising time in exchange for the car, but at the rate of $1.75 to $l in his favor!

You are giving the dealer $17,500 worth of advertising for a car with a retail sticker price of $10,000. (Why not the full $20,000? I'll get to that in a moment.) You're offering the car dealer something he can definitely use — at a better discount than he can get. Chances are, he'll accept your deal. Why shouldn't he? You're giving him $17,500 worth of advertising credit — something he would have to normally pay real cash for — in return for a $10,000 automobile that probably cost him no more than $7,500, max. The car dealer, who normally makes less than 10% on an all-cash new car sale, increases his profit by 233%!

Find the "Hidden" Profits

But what about your "hidden" profits? You traded $20,000 worth of restaurant credits (that, at most, cost you 1/5 that amount, or $4,000) for a $10,000 car, right? You bought your car for 40% of retail — an unprecedented savings of 60% off the sticker price!

And that's only the beginning. Chances are good you won't have to pay off on the restaurant food and beverage credits for a long time. In essence, the radio station, television station, or newspaper winds up "financing" your $4,000 purchase price for months or years — at no interest to you!

If it's beginning to sound unbelievable, wait. It doesn't stop there. Since your prices are bound to rise over the next few years, by the time the stations or publishers start to use all of their credits, the purchasing power has been discounted. The longer the station or publisher waits to use up their credits, the less it will cost you.

By putting a three-year expiration date (or no expiration date at all) on the restaurant credits you provide, you may have actually discounted your already drastically discounted purchase price of the automobile by another 10% or 15% or 25% — or another $1,000. Now that brand-new $10,000 automobile has cost you as little as $3,000 in "hard" dollars — and it's being financed, interest-free, for three years.

Get the Gas and Insurance Free, Too

But wait! Remember that you originally traded for $20,000 in advertising, but you only used $17,500. What happens to the remaining $2,500? You could go to other merchants and sell them the advertising credit at 65¢ on the dollar (a 35% savings over what they could buy it for direct), and get $1,625 in cash. That would be enough to pay all licensing and taxes on that new car, the first year's insurance premium, and a full tank of unleaded gas — and still have a few hundred dollars left over! Or, you can use the advertising yourself.

I used restaurants, advertising, and cars only as an illustration. In truth, almost any conceivable combination of goods-for-services, services-for-goods, or any other variable can be used in triangulation to achieve your objective. Always identify the real personal profit hot button of the person who controls the goods or services you want and then satisfy those needs that push the right hot button.

Some Possible Variations

Controlling the goods can many times be just as satisfying as owning the goods. If the car dealer won't trade outright for the actual "ownership" of the new car, how about the use of the car for two years? Or a new demonstrator every two or three months for two years? Or...well, I think you're beginning to get the idea.

* * *

Eight Letters That Increase Profits Like Crazy

Letter #1: A personalized letter to established customers

**I'm Writing to Alert You to an Opportunity We're Only
Making Available to Our Best Customers...**

Ms. Jane H. Customer
1209 Arlington Avenue
Anytown, USA, 00000

Dear Ms. Customer,

About once a year, we get the opportunity to purchase some very special _____. There aren't enough of them made that we can stock them in the store, because too many people would want one and we'd sell out too quickly. Therefore, we've started a policy of picking out our most special and preferred customers and alerting them in advance to the fact that we're buying these _____, and that we're only going to have (number) available, and offering them the chance to reserve or buy one or two or (number) of these before they even come in. That assures them to be able to receive at least one of these before our supplies are exhausted.

The last time we got in 50 of these _____, we sold them out in the first few days. You weren't able to take advantage, and I know you were disappointed. This time, I want to give you first shot.

Here's a description of the _____ and a few of the reasons I think it's so special (describe and explain product or service here).

I'm holding one of these in your name for the next three days. Call me to confirm that you want it. You can give me your charge card number, or you can come in and give us a check, or you can mail us a check, whichever you prefer. The moment it arrives, we'll call you, and you can either come in or we'll have it sent out to you.

Then, if for any reason you don't like it, we'll be glad to take it back, because we know we'll sell it out. I just know you'll love your _____ once it arrives, and you would hit yourself if I didn't make it available this time, since you missed out last time. If you'd like to be one of the (number) people who gets one of these ____ when they come in, contact me right away.

Sincerely,

Name

Letter #2: To sell people a larger quantity of something than they normally would buy

I'm Writing to Offer You an Opportunity to
Save $___ (or ___%) On ________

Ms. Jane H. Customer
1209 Arlington Avenue
Anytown, USA 00000

Dear Ms. Customer:

We know you are interested in _____. You're one of our very best customers and probably buy more _____ than anybody else who patronizes us. For that reason, we decided to offer you a very special purchase opportunity. We just realized we could afford to make you an extraordinarily generous price on a larger quantity of _____ than you normally buy. Given the fact that you seem to buy often from us, we thought that you probably would just as soon buy a two or three month's supply, rather than just one, particularly if we can save you a lot of money on it. So we've put together a special "package" just for you. It's (number) of ____, enough to last you three full months. And we'll sell it to you for just (dollars). That's a (dollar) savings over what you'd probably pay if you bought it the way you normally do. We're not going to make as much profit, but we're going to make you a wonderful value, and we hope that because of it, you'll come back more often, and you'll buy more things, and you'll refer more people to us.

In the long run, we all benefit, and that's fair and equitable. If you'd like to take advantage of this offer, pick up the phone and call me personally, or call one of our salespeople and tell them. They'll be only too happy to provide you with delivery or hold it at the store for you to pick up at our offices. By the way, any purchase you make is fully guaranteed, just like when you buy a one-month supply. So you're risking nothing. You're just saving a lot.

It's our way of thanking you for all the past business you've given us and to show you that we really appreciate you. Thank you very much for your past, present, and future business.

Warmly,

Name, Title
Phone Number

Letter #3: For a customer list that's never before been mailed

I'm Writing to Alert You to an Opportunity
I've Never Shared With My Customers Before...

Mr. John H. Customer
1209 Arlington Avenue
Anytown, USA 00000

Dear Mr. Customer:

We got to thinking a few days ago about how valuable our customers really are to us, and we realized we'd never before expressed our appreciation or tried in any way to show you how valuable we find you to be. I want to do something about that. Something that would really make you see how much I appreciate your past business, and would encourage you to do business with us over and over again in the future.

How could we persuade you? What could we possibly do to induce you to really love doing business with us? The answer, actually, was painfully obvious. A staff member suggested, "Why don't we make them an offer that's better-priced and more advantageous than any offer we've ever made to our customers?"

Why would we make such an offer to you? The answer is equally simple. You're worth more to us. You've got the capacity to buy more frequently, and buy more of our product (or use our service more) and we'd like to reward you for it. So, for the next seven working days, we're going to allow you to purchase all the ____ (or up to $___ worth of ____) you want for 30% less than anyone else in the store can buy it for. Stated differently, every time you spend $100, you're going to get $130 worth of value. Are there any catches to this proposition? Only one. I think you'll agree it's quite reasonable. We ask that you be discreet. Walk up to the salesperson and quietly mention this letter, and mention that you want to take advantage of the 30% savings because you're a priority client. Since it's an offer we're only making to select people, we would not want to embarrass, offend, or hurt any of our other customers who may be browsing in the store. As long as you're willing to respect this request, you can come into our store, or if you prefer you can call and have it charged to your credit card and we'll sell you up to __ for 30% less than anyone else can pay for it today.

We hope that by making you a generous proposition, you will appreciate the value and importance we place on you and your business. In order to take advantage of this preferential offer, just come in or call us before (date, or seven days) and mention this letter. Do, however, be discreet about it. We appreciate your business. We hope that you realize how true that statement is. Thank you for the past, thank you for the present, thank you for the future business.

Warmly,

Business Owner

Letter #4: This letter is to pre-sell something that's not stockable, but that could be lucrative for the store

I'm Writing to Alert You to a Buying Opportunity Not One in a Thousand
of Our Customers Can Take Advantage of...

Mr. John H. Customer
1209 Arlington Avenue
Anytown, USA 00000

Dear Mr. Customer:

We know you have a strong interest or enthusiasm in the _____ area. How do we know that? Because you're one of our better customers, and you seem to buy the best specimens of _____ that we have ever stocked.

Recently, our buyer uncovered a source of unbelievably high quality _____ in New York that, frankly, exceeds the quality and construction limits of anything we've ever stocked or sold in the store before. They're not cheap. But then again, the best of anything rarely is. They're made to sell for $_____, and at that price they're probably a steal given their construction, their beauty, and their performance characteristics (or capabilities).

However, because you are one of our very best customers, we wanted to both inform and reward you at the same time. So we decided to write this letter and tell you about the ____, and also tell you about a problem we have and turn that into a buying opportunity for you.

The problem: The _____ we're in love with are too expensive to be stocked in the store. They're only going to appeal to the most discriminating and purist amongst all of our _____ oriented customers. Like you!

It doesn't justify buying three or four of these and stocking them. Parenthetically, all we could buy if we wanted to is a handful of them, because they're made in such small quantities and they're so expensive to manufacture. We decided that if we could get you to advance order one or more of these, we'd allow you the opportunity to buy them for a very advantageous price, far below their suggested retail price.

How much are we talking about? Would you believe a savings of _____%? That's the reduction we're willing to give you. That amounts to $_____ off the suggested retail price. Admittedly, we're not planning on making much of any profit on the item. But we thought it was such a spectacular product that it would be grievous not to alert you to it. But it was too specialized for us to stock. So if you'd like to own one of these as your own, you can buy it today, not for the $_____ it was intended to sell for, but for only $_____, which is a _____% savings.

Is there a catch? Only one, and it's quite reasonable. To buy it at this profound discount, you've got to agree to pay us a deposit of $_____, and when the product comes in, pay the rest in about three weeks. Otherwise, the only way you'll probably be able to buy it is if you're in New York at one of the more expensive stores that stocks them — which there are only two of that we know of. But then, you'd have to pay the $_____ instead of the $_____ we're willing to sell it to you for today.

In other words, we want to reward you for being our favorite customer by giving you almost a 40% discount on a product that is probably the most spectacular specimen of its kind in the country, and one we know you'll treasure owning because it will perform so well (or look so beautiful — modify this to the product you're selling). We're certain we can only get a handful of these _____ this year, so we must limit you to a maximum of (one or two, you decide based on availability) and we must get your order request in person or by telephone (we can charge it to your charge card or bill your company) immediately, if we're to order one of these for you.

In a month or so, you'll probably kick yourself if you don't take advantage of this offer, particularly if you see any of your friends or associates, or colleagues using one (or wearing one, whatever the appropriate application is).

In order to reserve one of these _____ for yourself, call me personally at (phone number) between 9 a.m. and 4 p.m. weekdays, and tell me the size and the style you want. For your benefit, I've included a descriptive catalogue sheet on the product in with this letter, and a few of the rave reviews that have been lavished upon it. I appreciate your past business. We look forward to having you be a client in the future. Thank you.

Warmly,

The Owner
Telephone Number

Letter #5: A letter to move your overstocked goods & services

I'm Writing to Alert You to a Problem I Have and a Golden Opportunity it Creates for You...

Ms. Jane H. Customer
1209 Arlington Avenue
Anytown, USA 00000

Dear Ms. Customer:

Something quite unusual occurred recently in our business that's quite perplexing and annoying to me, but could hold a wonderful buying opportunity for you. Let me tell you the problem. It's simply this: Our buyer screwed up. He goofed. He overestimated the demand the market would have for (color, functions — fill in appropriately for the business) and he ordered 1,000 units last year.

In case you're unaware of how we buy for our business, we have to forecast seasons ahead and give the manufacturer the order early so they can start production of it and have it in time for the selling season. Back then, we didn't know anything about the market, and the need, and the interest for this product, so we forecasted what we thought would be a reasonable purchase order. Boy, were we wrong. We overbought by 500 units. And those units are sitting in our warehouse and on our showroom floor gathering dust, costing me interest, and doing no customer any good in the crate. We're perplexed. We have hundreds of thousands of dollars invested in these _____, and they're wonderful items. They perform magnificently, they're top-of-the-line ,and they re beautiful to look at. The only problem is they're_____, and the market seems to want _____ (could be colors or sizes, you fill that in as appropriate).

We're getting ready to hold a sale. We were going to basically take out ads in local newspapers, on radio, and TV and sell them at a certain price, which was better than the retail price, but would still give us a modest profit that was necessary to justify the cost of paying for all the expensive advertisements.

Then Helen Schmidlapper, our bookkeeper, made a rather insightful suggestion. Since we were planning on just breaking even when it was all done anyhow, and the only profit we would've made was enough to pay for the advertising in the newspapers and on TV, Helen suggested that we send an advance letter to you, our preferred customer, first, and inform you about the situation, be honest and forthright about the dilemma we suffered, and offer to pass on to you the product at a much more preferred price than we would if we advertised in the newspaper!

To be quite honest, we'll end up with the same net revenue, whether we sell it for $___ in the newspaper, and use $___ of that to pay for the advertisement, or we just sell it to you directly for $___. The difference is, you'll really appreciate the savings and it will endear us more to you, and we'll probably make a handsome long-term profit because you'll keep coming back to us over and over. Therefore we've decided to send you this letter in advance of running any ads in the newspapers, and if you'll come into our stores or call us within the next seven working days, we'll sell you one of these beautiful _____, not for the regularly suggested price of $___, not for the advertised price we'd run in the newspaper for $___, but for the hard-cost price of just _____, which frankly doesn't even cover the expenses we've incurred.

If you've always wanted a _____, but you've put it off because the price was too high, or you've never really thought about it, now's a great time to consider having one for your home, office, or business use. We encourage you to come to our store or call us, or visit our offices, and try out one of these at our risk. You can use it in your facilities, your home, in your office, for 15 days, totally at our risk. If it isn't wonderful, if it doesn't perform well, if it doesn't save you time and money, if you don't get great compliments on it, we'll take it back. No hard feelings. No questions asked. We'll be delighted to refund your money. On the other hand, if it exceeds your expectations, if it's everything you thought except for instead of its being blue, and ours is brown (or instead of being deluxe, ours is more basic) but you saved 75% on its purchase, you've got to be pleased, and if you're pleased, you've got to come back and buy from us over and over again at our regular discount prices. We believe the best investment we can make is to waive our profit and sell you the product for just about our hard costs. But we can only make this offer valid for the next seven days. After that, if we have any of them left in stock, we'll run the ad in the newspaper. And then if you want one, you'll have to pay the same price everyone else does, because we'll have invested the money in the advertising and we'll have to get our investment back. So for the next seven days, now through next _____, you'll have the chance to buy one of the most desirable products of its kind for a fraction of its retail cost.

If you have any questions, call our offices and speak with one of our knowledgeable salespeople. If you're not sure it'll perform for you, come in and look at it, or let us ship one out to you, or pick one up and take it home, because you can try it out in your own home. If it doesn't exceed your expectations, take it back, and we'll give you a full refund. If it does, all we ask is that you think well of us, and hopefully the next time you're thinking about buying any _____, you'll visit us first and give us the chance to supply it for you.

We can't be any fairer than that. The only problem is, we only have _____ total units available. When they're gone, we obviously aren't going to replace them, since we blew it this last season and we're thinking seriously about whether to keep our buyer on staff or not. But in the meantime, our mistake is your golden buying opportunity to purchase one of these wonderful ____ at the preferential near-hard-cost pricing. Come into our store or call us at the following number immediately.

Thank you very much for your past business. We felt that the best way to show you our appreciation was to save you 75% of the price. If you agree, take advantage of us. We'd much rather you be the one instead of some outsider who we've never dealt with before. We appreciate you, and we know that you'll love the performance of this product.

Warmly,

The Owner

Letter #6: For retail businesses

Mr. John H. Customer
1209 Arlington Avenue
Anytown, USA 00000

Dear Mr. Customer,

I'm writing to let you know about a new service we're offering only to our preferred customers. It's a service designed to give you, the people who favor us with a larger amount of business, an advantage in accessing the products or services you're most interested in.

Simply put, we typically carry a large selection of exclusive widgets. These widgets often are a bit more exotic [or more quality-constructed or special handmade items or are the highest-performing widgets carried anywhere], but because of our inventory capacity, we can only order very small quantities. Consequently, within a few days of receiving them, our supply is usually depleted.

We know from experience that you enjoy, prefer, and appreciate these kinds of items, so we are going to start, unless you tell us otherwise, to call or write to notify you before putting these items out in the store.

Whenever we are approached with a new item, or whenever we send our buyer to New York, we're going to contact you first — ahead of time — to give you the first opportunity to take advantage of these widgets — not only ahead of everybody else, but at a preferred price as well.

Lest you think we're crazy, there is method to our madness: 1) We'll turn our inventory faster; 2) We'll make you a lot happier because you'll be able to buy more of what you really love — hopefully, you'll buy more often so we'll make more cumulative profit; and 3) We'll have the satisfaction of knowing we're offering our very best merchandise and price to the customers that have been faithful and loyal and enormously generous in their patronage.

Unless we hear from you otherwise, we'll notify you in advance and give you the first opportunity to be one of a handful of people that can own these items.

Sincerely,

Owner
Company

Letter #7: For customers who purchased in the past, but not recently

Mr. John H. Customer
1209 Arlington Avenue
Anytown, USA 00000

Dear Mr. Customer,

We are so pleased that you favored us with your business two weeks ago [a year ago, etc.], but you haven't been back since then and we're a little perplexed, mystified, and, frankly, confused. Maybe you didn't realize that we're not just a source you turn to in a catastrophe. We keep 8,700 different widgets in stock at all times in 47 separate colors and styles.

And, our average selling price is 25% below the market. How can we sell at such low prices? Two reasons really: We buy 10 times the volume most widget suppliers do and we have a lot of items manufactured to our own specs.

The point of this letter is that we haven't heard from you in a great while. I'm inclined to bet it's because you didn't realize the scope, flexibility, and the size of our operation. You may not have realized also that you don't have to buy in the quantity you did before to get great prices and same-day shipping.

We've got five warehouses around the country, so we can fly in a purchase as small as $10 or $20. Of course, there's never a surcharge when it's shipped out to you immediately. We'll even offer to put it on open account for you.

I recommend that if you continually need, use, or replace widgets, you should absolutely call us the next time you need to purchase, because we've probably got a better price and a better product.

In fact, to shamelessly bribe you into repatronizing us, I'm going to make you an offer that's irresistible. If you need widgets within the next seven days, we'll sell you four gross of our best #87XX widget — normally $87 a keg — for only $64. Plus, we'll throw in financing interest-free for 90 days. If, after receiving them, they're not superior to the ones you've been using, send back the unused amount and we'll refund all your money. We can't be fairer than that.

Quite frankly, once most companies start dealing with us for all their widget purchases, they very rarely ever leave. We're out to get your business.

Sincerely,

Owner

Letter #8: For new customers

Mr. John H. Customer
1209 Arlington Avenue
Anytown, USA 00000

Dear Mr. Customer,

Our records indicate [or one of our sales staff told me] that you visited my store today for the first time. Because customers are so important to me, I wanted to write you personally and thank you for your first visit.

To commemorate that visit, I want to invite you to return again soon, and here's what I suggest: Bundle up all the dry cleaning that you need right now and put it in a bag [or put it in your car] along with this letter. When you drop off your dry cleaning at the store on your very next visit, I'll personally take 50% off your regular dry cleaning bill. There's absolutely no limit on the number of garments I'll allow at this reduced price.

And, I'm not going to impose a time limit. I simply want you to experience the quality work we do, how quickly we can have your order ready for you [how well-starched the shirts are, how delicately we treat your fine sport coats, etc.], even how we perform minor repair work at no additional charge.

I know through experience that if I can get you to come back here a second time, you'll think of Majestic Dry Cleaning and Laundry whenever you need laundry or dry cleaning services.

Since there's a 90% probability you'll come back to me again and again, it's a small investment on my part to forego entirely the profit I'd normally make on your next order.

I want your business and I'm willing to invest back in you to earn it.

Sincerely,

Owner
Company

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Section Five

Immediate Sales-Boosting Techniques for Your Sales Force, Telemarketers, Retail Clerks, and Order Desk

This section deals with how to hire the best salespeople, how to improve their performance, and how to help them sell better and more often. This section also contains a quiz to help you determine what shape your sales program is in, where your strong and weak points are, and lots more.

Your salespeople are, obviously, a key factor in your company's performance. The benefits of this information will affect your immediate profitability by enlisting techniques to enhance profits.

To help you make the most of your sales efforts, I've recruited the expertise of three of my colleagues who are experts in the area of sales: Jim Cecil, Kenrick Cleveland and Joe White.

Before you begin each segment, let me tell you a little bit about the background of each sales expert. Let's begin...

* * *

Jim Cecil — Hiring a Top-Notch Sales Force

Jim Cecil has over 26 years of sales and marketing experience. He is the founder of West Coast Marketing Group, and he also founded Profit Systems, Inc., a large equipment distributorship in Redmond, Washington. Named Marketing Man of the Year in Asian Trade, Jim is a popular speaker and is called upon to present over 100 speeches each year. Previously, Jim served with Smith-Corona Corporation in New York for some 13 years in various marketing and sales positions.

Additionally, he has consulted with corporate clients across the country, including Canon, Washington Natural Gas, Sharp Electronics, General Electric, and Digital Equipment.

In this segment (of a seminar Jim did specifically for business owners), he tells how to hire a top-notch sales force — and how to recognize what kind of salesperson you need to fill roles in your sales organization.

* * *

People change their states of mind about their lives. That's why we buy what we buy. Everything we own we bought in an attempt to change our state of mind about our reality. Does that make sense?

It's a wonderful way to look at marketing, and a wonderful way to look at selling. It allows you to be a true helper, and it makes selling the most loving of all strategies. Because if I have integrity and I truly find out what state of mind you want to be in, and what state you're presently in, and if I believe my product will help you get to that state, all I'm doing is selling happiness. I'm selling states of mind. Think about that as a process.

So, to get that frame of mind about what you do, say: "I will not sell a strategy to a client just because it makes me money. If in my heart and my mind I would not sell that product to my mother, then I do not have the right to sell it to a customer."

If you can get a kind of integrity going when you're selling, you'll be awesome in your power, because you'll know that you believe in what you're selling and you'll have a full system of energy behind your belief.

Therefore, you can stand on a desk and insist that they do it. Isn't that a great position to be in? To be able to say to someone: "You may not buy this, but it's the *right* way to do it. You should do it. You may not do it. You may go with that one, but this is the way to go." If you could have that conviction about your position, selling would be a pushover.

The process of getting yourself to take the action to meet strangers — meeting these people that are out there with need — is this process of controlling your own state of mind. You need to get yourself from a position of: "I'm afraid of what will happen if I initiate contact" to "I can't wait to make contact."

Selling Is Really Just Problem-Solving

People ask me, "How do you get yourself to speak to a group of this size, or any size for that matter?" One of the greatest fears that people have is speaking in front of a group — of public speaking. In analyzing this, I've discovered an interesting thing about people who have a fear of public speaking. People that have that fear almost invariably look at the audience as critics. Think about it. Do you have that fear of public speaking?

It has nothing to do with eloquence — oratory went out with Oliver Wendell Holmes. There <u>are</u> some people that are more fun to listen to than others. There are people that have a monotone style, but nonetheless if they've got great information that I want to know about, I don't really care if they speak Swahili. I've got a dictionary.

You must approach potential customers now with the idea that those people really need what you're offering — and by the way, if they don't, why are you speaking to them? Because if you really have a contribution to make to their lives or their careers or their businesses, if they knew what you know, things would be better for them — they'd be in a better state. Don't look at them as critics.

Think about this... Sooner or later, every person you've ever met has liked you. True? That's how I always think about it. I meet people all the time who are just as cold as ice. That doesn't bother me.

Why? The mother of success is **preparation**. No accidents. Put yourself in a positive frame of mind before you open your business each morning. If you can control your state of mind, you can help somebody else control theirs.

If you can control your state of mind, then you can get any outcome you want...and then the next step is rapport — recognizing that you have to communicate well enough with yourself to know what your outcome is. If you want to deepen relationships with anybody, practice building rapport. It will blow you away.

In selling, if you approach a prospect — a total cold call — with the conviction that maybe your intelligence could help these people solve a serious problem (make them more money, give them better relationships, whatever it is), if you approach everybody with that attitude: "I might have something that could help"...how can you ever get rejected? Isn't that selling? If you want success, the person who masters their state of mind about this process of approaching strangers is the person who will have the most choices in their life, however you measure success.

So first of all: Outcome. Know what result you're trying to produce. Secondly: Manage your state of mind so you can manage your own emotional output and the emotions of other people. And then number three: Master the process of building rapport.

Metaphor is a wonderful way to teach or sell anything, and virtually everyone understands slugs. Right? And almost everybody has hired a slug.

If you have an employee who has been with you six months or longer, and if you knew then what you know now, would you still have hired him or her? If you wouldn't, you've hired a slug. And I have two questions. Number one: Why are they still there? Number two: What are you going to do about it? Because they're not going to get any better.

Slugs rarely turn into thoroughbreds.

If you know what outcome you're trying to produce, if you know what you're trying to do in sales, then it helps to know yourself.

The first step, then, is to know ourselves. For years we have heard this lie about the "born salesperson" — some people are born to sell, some people are not born to sell. **And it truly is a lie.** I'd like to dispel that concept. My belief is that persuasion is life — that we spend our lives persuading other people to either do, or accept, or be, or have something. And persuasion is a strategy, as driving is a strategy, as rapport is a strategy. All you really have to do is understand yourself and understand your prospects, and you can, in fact, be as persuasive as Lee Iacocca, or anyone else that you consider a master of persuasion.

Precisely Select Your Salespeople

What I want to give you is a recipe that you can use if you have a problem in selecting salespeople. There is a process of selection, of recruiting, attracting, selecting and training salespeople. You can stop turnover dead in its tracks.

In order to know how to select salespeople, it's important to understand them. How do you diagnose the problem to determine whether it's the product, the price, the marketing, the medium, the offer, the timing, or, in fact, is it the harvesting that's causing the problem? And it may be all of those, and each of those have a different problem and a different solution. I want to discuss harvesting. One way you might want to look at this is: "How can I determine if in fact I have a deficient sales organization?"

About four years ago, I had a client who asked me to take a look at a selling organization's plans for West Coast distribution for a shipping line out of Japan to capture the Asian trade. They wanted to know what would be the proper channels of distribution: Should they put in a field sales force with branches and managers; or should they use rep firms; or should they use telemarketing? What would be the best strategy? And I didn't know. I called two behavioral psychologists at the University of Texas and asked them what was going on in this decade of selling that has changed? What was different? And they started me on this process that I call, **"precision selection of salespeople."** This allows us to understand, before we hire, exactly who we need and exactly who we're getting.

I want to give you a fast **overview on recruiting.** Even if you're an organization of one person, or you're a corporation with hundreds of thousands of salespeople, the same principles apply. Fundamentally there is a market, and there is a product, and there is a necessity for a live communicator of some sort to sell the product.

Constantly Recruit Salespeople for Your Force

So Step Number One is to recognize in sales managing that recruiting is a continuous process. One of the problems I find in companies is that sales managers think: "As soon as I get this sales force up to level, and up to speed, I can then go 'Whew! Got that taken care of.'" I call that the "suicide wish." Because a sales force is constantly in flux. We <u>do</u> make mistakes in hiring, and those mistakes have to be recognized and changed.

And, more importantly, people come to work for us with a different agenda than ours, and they don't come in with a lifetime promise. They may only come on board for six months or a year, find out what they can from us, and then go on. So, recognize that turnover is a fact of life — the ability to see that and take care of that is a major breakthrough. Also recognize that recruiting and selection is a technology.

In recruiting and selection, you must come up with a strategy that says: "I know exactly what I'm dealing with. I know what I need in salespeople. I know what kinds of salespeople I need. I know exactly what compensation plan will work best. I know what support programs work best, and I have a system." Now, that's precision. And you can do it for a one-person organization or for a multinational group of thousands.

Recognize that there are some people who love to sell and some people who hate to sell. Only hire those people who love to sell. I tell sales managers: "You don't have to have a master's degree in sales management to figure this out. All you have to do is watch behavior." If the person that's working for you would rather talk about, think about, plan about, write about, do almost anything about other than **be about** selling, you have somebody that would rather not. That's an observable phenomenon. Look at the number of calls they make. Great artists have died, starved to death, because they would rather paint than sell.

And it's been my experience that when you get around great salespeople, you'll usually find those people selling. Some of these salespeople almost have the same process that a runner has, that if they don't get their run in today, they'll feel sick.

Observe what salespeople do. There's something I call the "unwilling behavior." Listen to salespeople. When you hear them start complaining about the company and the product and the market and the advertising and the lead generation and the support and compensation — guess what you're hearing? You're not hearing sales behavior. What you're hearing is unwilling behavior.

You're hearing people saying, "If you get the world going my way, I'll get on the train. But until that happens, I'll make it your fault. I'm failing, but I'll make it your fault." Slug behavior. Watch the trail of slime that develops behind them.

Offer a Desirable Payoff to Your Sales Force

Step Number Two in success and recruiting is to offer salespeople a payoff that they really want. Everybody has an outcome in mind. Some people want education, and they're willing to attach themselves to an organization just to learn the industry, or to learn selling. And if you have an opportunity to train, you can do a great deal with those people.

Other people want an opportunity for instant income. They don't want fixed salaries, they want to be paid only on their results. And other people want to have a daddy. They want somebody to take responsibility for their life and to take them through every step of the process.

And all you have to do then is examine how <u>you</u> operate, and understand how <u>they</u> operate, and see if you can match those two together. That's the simple part. You don't need science to do it that way.

First, figure out who likes to sell and who doesn't like to sell, and second, observe their behavior. Find out what they did on a past job, because the probability is that they're not going to change behaviors very much. You cannot change somebody until they're ready to make that change.

Profile the Job and the Employee

Step Number Three: Is your organization going to be a climate in which that kind of person is going to flourish and be successful? You cannot take a tropical plant and put it in the Arctic and expect it to survive. Consider your sales reps...

Number one, many of them want independence, and those who want independence require self-discipline. And you can find that out without any scientific testing. Just find out if in their past jobs they exercised discipline to get a result.

Number two, many times the opportunity that they're seeking requires more risk than they're willing to invest, and that's why you hear people saying, "I'm willing to work on commission, but I've got to have a $4,000-a-month draw." I think all selling is straight commission at its heart. That's why I love selling so much. It is the most measurable of all the marketing steps. I either sell or I don't. I either produce a result or I don't.

Number three, there is a group of people who want security, and they will trade loyalty for that security. Unfortunately, they rarely become high achievers.

In the last five years, some great universities, notably UCLA, and the Universities of Arizona, Iowa, and Colorado, have been working on psychological profiling instruments that now make it possible to determine, well in advance, exactly what personality style and behavioral process you're going to see six months ahead on the job. There's an interesting development in selling, especially in the interview process. Somebody once said that interviewing for a sales position is a process of options. The candidate wants the option on every job interview they go on. Even if they don't want the job, they want the offer. Do you agree with that? And the company that's hiring wants the person to want the job. Even if they don't want to hire them, they want them to want the job. And both parties are trying to get the option on their side of the table.

Here's what happens in most situations. Most companies utilize a hiring process that's very quick. They go "O.K., let's see. Breathing regular, appropriate number of eyebrows, good-looking kid. Let me tell you about our company." And they immediately go into a sales job. By the way, the fastest way I know to scare a pro off is to start selling before you have examined what they are. If you do get a pro, and that pro walks into the interview, and immediately the manager starts selling — the pro's going to think, "He knows nothing about me. This job could be had by anybody. It isn't a place where I want to work. I'm looking for someplace special."

The biggest part of salesmanship and proper selection is diagnosis — knowing what's going on. In the profiling, then, it's possible to profile a job. You've got components that are going on in any sales situation. You have a behavior package. All of us have developed a set of behaviors, sort of like a *modus operandi* that, by the time we get into business, we operate on most of the time, and we don't change it very much.

Behaviors, by the way, can be measured. How I behaved on the last job is probably how I'm going to behave on this job. The old way to determine behavior was to do a good job screening, and checking with other employers. That's getting more difficult now, because a lot of people have a vested interest to not reveal their past employees' performance to you, and a lot of companies have corporate policies against it.

Profiling the employee is now possible to do with scientific instruments. It is possible to test the brain of a human being to determine what facets of personality are going to be built into their operating system that you're going to be seeing continuously. So if you can profile the job to determine exactly what behaviors you need on a job, it then gives you something to hire with. A matrix, if you will. If you know, for example, that you're hiring hurdlers, you'd probably look for muscle in the lower body, rather than a weight lifter's body. It's the same thing in hiring salespeople. Some sales jobs require an enormous amount of cold calling. Others require a tremendous amount of teaching and nurturing. And still others need compellers, people that can close a sale.

And so, in this process that I was talking about, these psychiatrists from the University of Houston discovered that there were really three sales personalities. There was something called "the engager," something called "the assurer," and something called "the compeller." Everyone falls into one of these categories.

Let me put you to rest for a minute, by the way. Just because your salesperson (or potential salesperson) happens to have a dominant behavior strategy for one of those three doesn't mean that he can't do the work of the other two. All it means is that if he stays on autopilot, he'll do most of his work in one of those three areas. But if he wants to wake up, he can get himself to do anything. See, necessity is the mother of behavior.

<u>Step one: Profile.</u> Know what the job is, know what kinds of people you need for that kind of job, and set up a system of measurement so you can pick the diamonds in the rough out of the lumps of clay. And then you can write a "Help Wanted" ad. Profiling, knowing what you need, is the biggest step.

<u>Step two: Write an ad that attracts those kinds of people.</u> Writing an ad that appeals to the values of that group dictates that you will probably get the kind of response that you're looking for.

<u>Step three: Recruit.</u> Recruiting is different than attracting. Attracting, by the way, is principally advertising. But recruiting is a multiple process, and I believe sharp managers are constantly recruiting. Walk through the shopping malls and take a look at the people in the retail stores who seem to have a certain brightness about them. They're bright, they're quick, they're alert, they seem to be persuasive, and they seem to have a warm personality. Recognize that you may be spotting a diamond in the rough. People work bizarre hours for very little pay here. And many times they can be converted into great salespeople, working for you, very easily.

I'm always surprised at how sales managers say it's tough to find good salespeople. There are good salespeople everywhere, and most salespeople are mistreated. They're either mismanaged, undercompensated, undertrained, or they're under-rewarded. So if you can become better spotters of talent, you can help solve problems.

The selection process, then, says you know what you're looking for and you have secured an abundant number of candidates so that you are in a position to select the diamonds in the rough. Then train, develop, measure, and terminate.

Now, in the selection strategy, the key issue is to recognize what you need in this job. If you need a software developer, you may need a different mentality than if you need someone to answer the telephone and take casual questions about availability. It's understanding what degree of core intelligence is needed.

Play Off Your Salespeople's Values

Of all the components in selection and sales, intelligence is the least important, in my mind. We know that every human being operates on an unconscious set of values. Values fundamentally are a description of what we will trade for something we want. What I value is what I will trade for. If I value anything you have, I will trade you my time, my money, my knowledge, and my resources for that. That's a value.

Behavioral experts believe in business that *human beings have six fundamental values.* We have a value of the "need to know." There are some people that must know a great deal in order to be satisfied. A professor, for example. *Knowledge* is the senior value for them. They take less money to be in an environment where they can learn.

There is an *economic value* that people have about work.

For others, it's the value of *individualism.* They'll take a job because it gives them freedom of action at less pay than a job that is more confining.

Value number four is *altruism.* That is, the need for love. How I behave is based on getting feedback that I am valuable. Recognition, love, and making a meaningful contribution to someone else is a value called altruism.

There's another value called *power.* Some people work in order to gain power over other people. It gives them a feeling of safety and security.

And finally there are people that can only work in a *structured environment.* They like to have rules, regulations, and deeply detailed plans.

See how those values are? Let me tell you why some people are driven to do what they do. They know that values are implanted in us, probably by our parents. They've always believed that values are implanted pre-logic, that is, under the age of five, and they now know that most of our values are implanted pre-verbal, before we're even able to articulate. The values become an unconscious ruler of our lives. Values are really what cause us to do what we do in our lives.

Let's take a salesperson, for example, who is trained as a child that getting love is safer than being effective. Keep your mouth shut, and smile, and that gets you safety. Not effectiveness, not producing, not being intelligent or being better or faster or quicker; but being quiet, or being lovable. Women in our culture are sometimes trained that way. They may grow up with a high altruistic value and a low economic value. I see this all the time. I see highly-skilled salespeople who are continuously short of money or short of success, and once you analyze their values you'll discover that what they're doing is responding to this inside, unconscious, hidden drummer called values.

Here's a sales rep starting the day, and sitting at the desk (I always visualize them as being in a trance). They're not really thinking about the day. The day's going to kind of flow, because there's no plan, there's no strategy, no discipline, and there's nobody pushing the sales rep. I always think of these values as a board of directors that are meeting somewhere down in the gut. And they're saying:

"Well, what are we going to do with Jim today? What options does he have? He's going to make some prospecting calls, and he's got some customers that are upset, and he's got to deliver a couple of proposals.

What's he like? He likes to be loved. It's the most important thing to him, to have people recognize him and appreciate him and tell him how important he is. Well, how about economics? No, he doesn't need that, he's getting by, he's getting his draw. If we send him out on cold calls, what happens? Nineteen out of 20 are going to cause him pain. We don't want that, good Lord, he starts drinking, he gets upset and stressed. What if we send him out on the customer calls? He loves that. People just adore him, they thank him for coming by and going out of his way and helping them solve these problems."

So guess what the "values team" has him do today? Since the unconscious is operating the system, the unconscious moves that person every day to do those things that get love. I've rarely found that the things that get you love get you money. Especially in selling. Customer calls are important, and they are part of <u>future</u> business, but <u>today's</u> business is about new relationships.

When you hire someone, you're really hiring three things. Number one: you're hiring base intelligence. You're hiring experience and knowledge and education — a number of factors you can measure. You can measure how many jobs they've had, what kinds of jobs they've had, how they've performed on those jobs, and whether or not those jobs are related to what you're doing.

You're also hiring behavior.

And the third component is values. And of all of those three, in my mind, the most significant of all predictors of behavior in the future is the values.

* * *

Kenrick Cleveland — The Cleveland Method

Kenrick Cleveland is a leading authority in a psychological discipline called neurolinguistic programming (NLP). He's one of approximately 25 certified trainers in the world. He's the founder and president of Cleveland & Associates, a training and consulting firm that specializes in the integration of psychological strategies for sales and management. Recently, the programs he created and implemented for the largest savings and loan organization in California were credited with more than doubling the S&Ls cross-sales ratios, earning them an increase of $1 billion.

* * *

To start with, let me tell you a couple of things about my information. You don't have to change a lot of what you do to use what I do. To use this information, you don't have to redo your company's entire sales presentation.

In other words, I am (unless you're brand new to selling), dead set against a systematic sales presentation. Some people want everything scripted out. That's great in some instances — when you're preparing documents for a company, job descriptions — that kind of thing. You don't want to just wing it with every person that you talk to. In selling, you don't want to wing it either. I follow a common-sense system, and I'm always willing to change or stop or do something else if what I'm doing isn't working.

<u>To really be a good communicator, you have to do three things.</u> First, you have to know exactly what you want. That's really important. It has to be specific. You have to aim this directly at something. So, the first major tip for communicating is: **Gear your presentation to one person in particular.** Always have some one person in mind when you write. If you're writing a presentation for telemarketers, write it to one person that represents the group. That will drastically add to the power of everything that you're doing. Always think of one person.

<u>Second of all, you have to be aware if you're getting it.</u> Look very closely at the other person to determine if what you're saying to them is working. I'm an absolute believer in selling. Jay says, "Tell it all," and that's true, you've got to tell it all. But you know what? What is "all?" "All" equals when they say, "OK, I'd like to do it." Shut up then. That is all, that is it, that's when you want to quit.

This point requires that you pay attention to the person that you're talking to. You want to watch for the small, subtle changes that are going on with a person. They're the really telltale signs.

For example, body language is a lot of malarkey. Body language doesn't work. By and large, if someone touches their chin, it *doesn't* mean they're ready to buy, and yet, that's what the body language books will tell you. Or, they say if someone crosses their legs and sits back, that means they're closed and not interested in you. Well, that's baloney...that doesn't necessarily mean that. It may mean they're cold, they have to go to the bathroom, they may be sitting uncomfortably. I don't know. But that kind of stuff is just pure garbage.

When it's not garbage is when a salesperson comes along and says, "What do you think about what I'm saying so far?" The person sits back, crosses their legs and arms and says, "Hmm, I don't know, I don't think I'm that interested." And in your mind, you link that behavior with "not interested." If it's written in a book and they say that equals "not interested," it's not true straight across the board. It just isn't.

There are many other, more accurate methods. The fact is, it's not necessarily easy to practice, and simply memorizing a bunch of things isn't going to get you very far.

I learned all that stuff really well when I first started selling. And then I figured out that all these different signs mean things. And the biggest ones I used were the crossing-your-legs-sitting-back means you're not interested, and the touching-your-chin-stroking-your-chin-somehow-especially-in-a-man, supposedly meant they were ready to buy. I would see the sign and go, "Oh, good, great, then you're ready to get started?" The guy goes, "No, I'm not really ready to get started." I thought, "What's wrong? Maybe I'm not asking it right." So I started changing the way I'd close when I'd see that sign. I'd say, "Have I told you enough now to get you started?" "No," they'd respond.

I think at least five times in a row I asked this question and I got told no. I said, "Phooey with this rule. There's got to be something better in terms of prediction." And there is. What it boils down to is, you have to use your awareness to watch what they're doing.

<u>The last thing you have to do is step three: You have to change what you're doing if what you're doing isn't working.</u> Which brings us right back to the main point, and the main point is: How do you go about the process of selling in a step-by-step way without <u>being</u> step-by-step?

In other words, the Dale Carnegie system of attention-interest-conviction-desire-close. That's been around since, what? 1922? It's been around forever. And back then, that was as persuasive as you could get. That was state of the art. Attention...you had to get someone's attention.

Well, that makes sense. If I can't get you to listen to me, then I'm not going to get very far. Back then, they realized that if you don't have someone's attention, you can't proceed along the sale. Suffice it to say, most of the time, if you're sitting in front of me and I say, "Larry, how are you doing today?" And you say, "Great," then I probably have your attention. Maybe not as much as I want, but I probably have your attention.

Back when I was 17 and I went to the Dale Carnegie course, my instructor would say things like: "Larry, you know, the thing that happens today is...people have these great ideas. They're like balloons that get blown up and someone comes along with a pin and sticks the stupid thing and it's out the window. I want to show you how our program isn't like that." The instructor pulls out a balloon, and ceremoniously stretches it, blows it up, takes a piece of tape, and sticks it over the balloon. He says: "Larry, in our program, nobody will make holes in your balloons and pop them." And takes a pin and jabs the balloon in the tape. And the tape keeps the balloon from popping. And Larry goes, "Whoooaa!"

I dare you. You go try that nowadays. They'll probably laugh you out of the office. I <u>do</u> believe in getting people's attention, and I <u>do</u> believe in showmanship.

But these kinds of things, I think, are somewhat outdated. I think they're somewhat offensive to a lot of people. I think that a lot of times you can't really get away with that. I don't know if Dale Carnegie is still teaching that, but I know the basic system of attention-interest-conviction-desire-close is absolutely real.

However, let me show you a faster way.

Again, I'm <u>not</u> against showmanship...but I <u>am</u> for controlling the emotional state in a prospect. If I'm selling to you and you're experiencing doubt, skepticism — that's intimidating to a lot of people who are selling.

One of the ways to get past this is to preempt it. Do something that elicits in them such strong feelings of being convinced, such powerful thoughts, that what you have is what they want. They'll go right along with what you have to say.

In other words, Dale Carnegie just reverses the process. He says that if you feel convinced, you will feel desire. I say that's absolutely wrong. If you feel desire, you will be convinced.

So you have to get your potential customers to have the emotional desire first. This is not new technology. Everyone is taught that a sale comes from the emotion first and is backed up logically. I can take the most logical person and show him how even his decisions are really started emotionally.

The words I like to use for this are "invisible persuasion," or in an even more technical term, "psycholinguistics." But this really is psycholinguistics: The entry is through psychology, the emotions, through the mind. And that entry is in the form of words. The way you use your words is the way people perceive you. One of the basic rules is that the results I'm getting from you as I'm talking are what my words mean. If you're excited, the meaning of what I'm saying to you is "excitement." If you're happy, the meaning is "happiness." If you're not impressed, the meaning is "not impressed." But whatever it is, if I identify it, I can begin to change it, if I so choose.

Let's get a format for this. The first thing you'll want to do is establish rapport. **Rapport is always the key to everything.**

Number two: **Once you have rapport, where do you want to go? You've got to get some emotion involved.** If you can engage emotionally, do so. That's the second step. Controlling the emotion is more important than almost anything to me. Make sure your prospect is happy or intrigued.

How do you get someone happy or intrigued? I hate to tell you, but it's almost this simple: You just tell them to be, or ask them questions about it. I literally tell them what I want them to do, just like that.

If you tell someone what you want them to experience, be that way yourself. They won't look at you like you're funny.

After you start to control the emotion, the third thing that you have to do is **make sure that they're a prospect.** You need to make sure they have business being there. You need to make sure they have a need for what you do, and you can tell that by your initial rapport with them, by and large. You also need to make sure they can afford what you have, if it's something that has a price tag, or that they're willing to pay you whatever your fee is. I do those three things at this point.

After you've got them committed, now you're at a choice point. They like you, they like your ideas, they've agreed to the money.

You then give them a sequential list of things that you're going to do which includes, at the very end, or near the end, them going ahead and doing business with you in the future.

* * *

Jim Cecil — Sales Managers' Program

Jay Abraham talks a lot about leverage and, in my mind, the purpose of the Sales Manager's Program is to identify aspects of your sales force, telemarketers, retail clerks, order desk personnel, whatever, that could be leveraged to boost your company's profits.

It will help you bring into view what you need to establish, maintain and expand profitable sales.

To begin, answer the following questions:

1) How many people are selling competitive products/services in your trade area?

2) Which of the following reasons do you feel prevents your company from having at least half that number of people selling for you?

   - No desire to increase sales any faster than they are now increasing.
   - We would need better service before we could sell more.
   - This couldn’t be done with our present products.
   - Sales would crash if we spent the time needed to do this.
   - Our salespeople couldn’t earn a living. Competitors’ salespeople would take too many sales.
   - Not being able to find people who can be trained to sell.
   - The time it takes to learn to sell our product.
   - Finding people that will put out the effort on a day-to-day basis.
   - New people couldn’t cover their payroll.
   - Other.

3) How many people do you feel should be selling for your company?

4) When you're looking, how many salespeople do you normally interview?

5) When do your new salespeople start making cold calls on their own? After how many days?

6) After how many days, on average, do your new salespeople normally close their first sale?

7) How many of your existing salespeople consistently write over $20,000 monthly in sales?

8) How many of your existing salespeople are not covering their payroll?

Based On the Above Answers, Write Up Your "Mini" Sales Management Program

1) How can you attract salespeople in volume?

2) When interviewing, what basic attributes will you look for, and what will you do to determine if they possess these attributes and get them to start?

3) What do you feel your salespeople should be trained to do? Of the activities on your list, what will you first train your salespeople to do? What will you secondly train them to do? Third, fourth, and so on, what will you train them to do?

4) How could you train people more quickly to do each of those actions?

5) What do you feel can be done to assure a maximum effort from each salesperson daily? List the steps you would take in the order you would most likely take them.

* * *

Joe White: Getting Customers By Phone

I've commented previously about the power of tenacious and continuous contact and education of customers. And, when it comes to multi-step selling, one of the best approaches I have ever come across was pioneered by Joe White, a marketing consultant on the East Coast. In this section on Getting Customers By Phone, Joe presents several ideas that can help your sales force better qualify prospects and close more sales, including low-cost, quantifiable means to measure your salespeople's success, efficiency, and economy.

* * *

Comments about Phone Use: Some "Don'ts"

- Don't call and immediately go into your sales pitch; ask if this is a convenient time to call.

- Don't presume an intimacy; don't give the person you are talking to a name you think he should have. (If his name is John, don't call him Johnny).

- Don't try something phony — like say you're returning his call.

How to Use the Telephone

1) Use your phone to connect with people who have already expressed an interest in what you're selling. They should have taken initiative to get in touch with you, either by returning some type of interest document or by telephoning you. Or, in some other way, they have qualified themselves as prospects. Your job is to follow up this interest expediently, and give them the solution they want (which just happens to be what you are selling).

2) Use your telephone to follow up targeted mailings to selected prospects. You have sent these people information which indicates you understand their problem and you let them know you can solve it. You are now following up by telephone to make appointments and direct telephone sales.

3) Use your telephone to call people who know nothing about you and have not indicated an interest in you or your problem solving service. This is the most difficult kind of telemarketing.

When the Prospect Calls You

People will call you if you conscientiously follow these guidelines:

- Make sure you have an answering machine on 24 hours per day, seven days per week, with a marketing message.

- If you are present to take the call, just remember your job is to solve the prospect's problem, not to sell anything.

- Ask them to restate their name. Get the pronunciation right. Ask them how <u>you can help.</u>

- Your purpose at this point is to understand the problem the prospect has.

- Once you are clear on the problem, restate it back to the prospect so that you are certain you understand it.

- Tell the prospect: "I'm glad you called me about the problem, Mr. Smith. I can help solve it."

- At this point you can gently, but firmly, <u>suggest</u> a mutually convenient time for you and the prospect to discuss the problem in more detail and together examine options and solutions to the prospect's problem.

- It is possible that the prospect may need more information about how you operate at this point. If he asks for this information, you can provide it verbally and then go back and <u>ask</u> for the appointment again.

- If the prospect wants you to send him information in the mail, say you will do that immediately. You will need a specified time that you both make on the phone to get his reaction to your marketing information (this is a phone appointment). Make sure you clearly state the agreed-upon purpose of the call.

- A rule of thumb is that both you and the prospect should make a <u>mutual commitment</u> to one another to take this inquiring process to another level closer to an actual sale.

- When you follow up your mailing and call the prospect back at the mutually agreed-upon time, you follow the same procedure: After opening niceties, you state the valid business reason for your call (agreed upon by both of you) and inquire if he read the mailed materials. If the prospect didn't, ask when he will get to it and re-commit to a new phone appointment. If he did read it and is ready to go on, state what his problem was from the original call and ask him for his reaction to the material in light of his problem.

- Gently, but firmly, state (if his reaction is negative or mixed) what he says back to him in the following fashion, "Am I correct in hearing that you believe (fill in the blanks)." He then should say yes, that is correct. If you were not correct, he will then correct you, and you then state back to the prospect his mixed or negative response. When he agrees that you finally got it right, then say: "Many of my satisfied clients at one time felt the very same way you do. They had the very same doubts, raised the very same questions. They no longer doubt, they no longer have those kinds of questions. They are now satisfied clients. Perhaps, without any cost or obligation to you, we could make a convenient appointment to explore specific options and strategies that would solve your problem?" Then please, please, please <u>keep quiet!!</u>

Remember your objective when a prospect calls you:

1) You want to appear as an interested and knowledgeable person.

2) You want to communicate to the prospect that you understand his problem.

3) Let him know you have solutions to those problems.

4) Create a mutually convenient appointment time.

How to Respond to a Written
Expression of Interest from Your Prospect

When you send out direct mail (especially with response devices), people are going to write to you regularly letting you know that they have an interest in your product or service. They may also let you know (or you can surmise) what problems they have and what objectives they want to reach. You will use the phone regularly to follow up these prospects, and work with them to solve their problems.

In preparation for the call:

1) Review the response device they have returned.

2) Know what this person's objectives are (or be prepared to ask).

3) Be certain how you can help the prospect achieve them.

4) Preparation will insure that you show up on the phone as a problem-solver, not a salesperson.

The actual phone conversation should go something like this:

Ring, ring, ring.

"Hello, is Carol Jones in, please?"

"Yes, this is Carol."

"Carol, this is Joe White, with Kingdom Carpeting. I'm calling you because I can help you find, order, and install new carpets. You remember you indicated to me that you were interested in doing this. Am I calling at a good time to discuss how I can?"

"Yes, Joe. Thanks for calling. Now is a good time to talk."

"Can you tell me a little bit about what you're looking for, Carol? Then I can be sure I understand your situation."

"I'm an interior designer. I'm interested in buying several different types of carpeting for the homes I'm working on."

"I know I can help you find the carpeting you need. At this juncture it would be most helpful if we could explore your objectives and your business situation in more depth. Would you be amenable to that?"

"I'm not sure, Joe. What do you mean?"
"It would be helpful to both of us to arrange a mutually convenient time when we could sit down uninterrupted without any cost or obligation to you, and explore in greater detail your objectives and needs, and then determine how I can specifically help you to achieve them. How does your schedule look for next week?

"Tuesday is a possibility, Joe. How much time would you need?"

"Approximately 1 1/2 hours. How about Tuesday morning at 8:30 at my office? It's located at 100 South Main Street, downtown."

"Next Tuesday at 8:30 a.m. at your place of business would be fine."

<u>Let's look at what is going on</u>!

- Carol wrote in with her objectives, to tell me what she needs for her business.

- I called to establish myself as someone who is genuinely interested in her, in her problems, in her objectives.

- My purpose is to get an appointment. To create a time where we can <u>mutually</u> explore or discuss her situation. She has to want to do that. She has to feel that it will benefit her to meet with you. You don't sell her on an appointment. If you show her <u>what's in it for her</u> to arrange an appointment, she will agree to meet with you.

Telephone Tips for Following Up On Leads

1) <u>Always prepare for each call.</u>

2) Follow up on leads promptly. Your goal should be to call them up the same day you receive them. Here's why... Your prospects need to catch your enthusiasm, and you need to benefit from theirs. The day they write or call you is the day they have the most enthusiasm. From that point on it dwindles from day to day, until there is none left, until they don't remember responding to your letter. Don't ever let that happen. Thus, prompt, prompt follow-up is essential!

3) When you call, don't say you're following up on their response. Say you're calling to help solve their needs. Your prospect does not care about their response, but they do care about achieving their objectives. The reason for your call is based on what they want to achieve.

4) Once a prospect indicates he wants to achieve an objective and solve a problem, he'll probably move toward doing so. But it may not be with you. Keep in mind that if you don't solve his problem, someone else will.

5) Using this technique, you should close one or two out of every three or four appointments. For those who do not make appointments, continue to market your service to them about seven times over 18 months. Use their objectives as the focal point of your continuous marketing efforts to them.

6) Always, always take notes when you are on the phone. What I have given you is a start-up system for using the phone when you follow-up with a prospect who has responded to your direct response ad or letter. As you make more and more of these calls, take note of the objections, concerns, fears, and discomforts that arise in your prospects. Script or write out prepared responses for the ones that come up frequently so you'll be ready. A rule of thumb in responding to this kind of objections or fear is:

   Repeat their concern back to them and ask them if you understand it. In other words, ask them if what you heard them say is actually what they said.

7) When they determine that you understand them, go back to: "You know, Carol, many business owners like yourself have raised the same concerns, questions, and doubts. They no longer have those doubts, or ask those questions. They are now happily satisfied clients who have met their objectives. The first step we can take together to achieve your objectives is to set a time to have a productive, no-cost, no-obligation meeting to explore in detail how I can help you to achieve your goals. Won't you at least try a meeting?"

Using Your Telephone to Follow Up Targeted Mailings to Prospects Who Did Not Respond

Okay, gang, let me say this from the get-go. This stuff is not easy. It will be rough and it has to be done. Yes, it has to be done. You can make it easier on yourself with proper preparation and a good frame of mind. But know it will not be a piece of cake.

Preparation:

1) Have a precise objective for the call to make an appointment.

2) Keep notes of what happens during the call. Indicate pertinent information about the prospect's problems, objectives, needs, and desires. Indicate what objectives came up, how you responded, and how you could respond more effectively in the future.
3) Follow up with a hand-written, thank-you note if the prospect does not make an appointment. Thank her for the time she gave you on the phone. Let her know you'll be available to serve her when she wants to be served, and then continue to follow up with her seven times over the next 18 months.

4) Resolve to make your life easier by including a response device in every targeted prospect mailing. It won't eliminate the need to call your prospects, but it will increase the number of qualified prospects who write and call you.

5) Send out approximately 10 to 12 marketing letters each week. Given the elements of telephone tag, it will probably take five to seven calls and call-backs to connect with these people.

6) Make your letter an "A" pile letter. Send it first-class, hand-write the address on a plain envelope, write the return address, and don't use your company name on the envelope. Write "personal" on the envelope bottom left. If you **don't** do what I suggest, your envelope and letter will say either (or both): "I want you to buy something" and/or "You are not that important because this letter went out to 10,000 other people." I don't think you want your prospects to think that.

7) Promptly follow up with a phone call.

<u>Scenario One:</u> You call and your prospect isn't there or is difficult to smoke out.

1) Leave a message with a benefit to your prospect. "I'm calling with recommendations on how Mr. Prospect can find the office products he needs," or "I'm calling with recommendations on how to make his office products purchases less expensive." I think you get the idea.

2) After two of these calls, ask the secretary to help you. "As you know, I've left two messages with Mr. Prospect about making his office products less expensive. We haven't been able to connect yet. I wonder if you would help us both? Could you find out from Mr. Prospect when he would like my recommendations on how his office supplies expenses can decrease? If he's not here when I call him tomorrow at this time, perhaps you could let me know what he says, what he would like to do, and when he would like to do it? Could you do this for both of us?"

3) Now you call back again and the secretary says that Mr. Prospect is interested in reviewing some literature. What do you do then? One of two suggestions: Say politely but firmly...

   "Ms. Secretary, I sent Mr. Prospect some material last week. I am very anxious to help him obtain office products, but before I can do anything else, I really need to have more precise information on what he is doing now, what he needs now, and what he would like to do. Perhaps you could supply me with this information."

   "I'm afraid I can't."

   "Then please schedule a telephone meeting with Mr. Prospect so I can give him what he wants."

   Or, say politely, but firmly,

   "Ms. Secretary, I sent Mr. Prospect some material last week. I am very anxious to help him obtain his needed office supplies. I will be glad to resend him the material. In order to really be of help to Mr. Prospect, would you schedule a telephone meeting so I can get Mr. Prospect's specific reactions to the material I sent him?"

In either case persistence is key. Persistence! Persistence! Persistence! An agreed-upon telephone meeting is the mutual commitment (between you and your prospect) that you both are equally committed to explore this opportunity further.

When you get the telephone meeting, make sure you thank the secretary by phone or by thank-you note. Very few do, and she will remember you did the next time you call.

Scenario 2: You call and get the prospect on the phone.

Be Prepared! Be Prepared! Be Prepared!! Here is what you want to achieve:

1) You want the prospect to like you and think you are a competent professional.

2) You want to find out or confirm what the prospect's problem is.

3) You want the prospect to know that your product or service can solve that problem.

4) You want to move this process to the next mutually agreed-upon step — a meeting.

Introduce yourself, then lead with a benefit to the prospect. "Mr. Prospect, I sent you specific recommendations on how to obtain price-efficient office products. Did you receive them?"

- If no, indicate you will resend them and get a commitment (as above) to a specific time to discuss these suggestions.

- If yes, but your prospect has not reviewed your materials, then say, "Mr. Prospect, I'm glad you received the information. It contains specific suggestions about how you can get discount office products delivered free to your place of business. Would it be convenient to discuss these suggestions in three days from now? Could we schedule a telephone meeting for 2:00 p.m. Thursday afternoon?"

The key here is to qualify your prospects as bona fide prospects. Asking them to join you in a mutual commitment to schedule an appointment to discuss your suggestions is an effective way to determine their qualifications as a real prospect.

If the prospect isn't interested, simply say, "It doesn't look like I can help you today, Mr. Prospect. But, I'd like to keep in touch with ways to help you easily obtain low-cost office supplies. Would this be acceptable to you?" Then, if yes, seven times over 18 months. Also send him a thank-you note. Thank him for his frankness. Say you want to help him easily obtain his office products. You will be in touch from time to time in the future about how he can achieve this objective. If no, then thank him very much. Consider him a nonbeliever and move on.

Final Thoughts On Using the Phone

- Preparation is absolutely essential. Always know your objective in making the call and have your materials in front of you.

- Take notes while you are on the phone. Write down all pertinent information, especially what you promised to do.

- Smile while you are speaking into the phone. Consider having a mirror in front of you. The smile that you see is the smile that your prospects will "hear."

- You may want to increase the power of the way you project on the phone by speaking standing up. You will sound more authoritative.

- Answer your calls by the second ring. You will let your customers know you are right there for them.

- End each phone conversation with a thank you.

You could develop a reputation of being a very considerate and reliable salesperson.

*   *   *

Section Six

Why Your Competitors Won't Understand a Single Element of Your Stealth Programming

This section explains why none of your competitors will understand the Stealth Marketing techniques you're about to institute. It also shows you how and why you'll have a distinct advantage in out-marketing, out-profiting, and out-selling your competitors once you've applied the principles you'll learn in this report. And it gives you specific ways to gain market share in the process.

When there's a shortage of cash flow, there is one fatal mistake that most business people make as their first step to, what they believe will, ultimately save their business money. When times get tough, one of the first budget items that gets cut is marketing. I've asked myself why this is so, and I believe it's because most business people don't see any direct results from their marketing — it almost seems like a wasted expense — probably because they're doing institutional rather than direct-response marketing.

In my opinion, this is the worst thing you can do. It's especially during these competitive times when you need marketing to work for you.

This mistake very often leads business people down the path to financial woes and brings upon them unnecessary hardship and worry. I believe this financial shortsightedness is dreamed up by those who have little idea of how a business really operates. To these people, marketing is superfluous — a luxury that must be eliminated when other important considerations are at hand. Little do they realize that without marketing, their business would suffer — and if they were to continue marketing their business, they would have a drastically better chance of success.

Following the crowd will never get you ahead. If you merely follow the activities of your competitors, who probably know far less than you about marketing, you could ultimately end up out of business. Most of your competitors do not understand the importance of keeping contact with their customers. And this is important, especially during economic slumps when consumers are cautious about what they'll spend their money on and who they'll spend it with.

As I've said countless times, and will continue to say, **marketing is the lifeblood of any business.** Give it up, and you may as well slit your business' jugular vein.

The American Marketing Association's definition of marketing is, "The performance of business activities that direct the flow of goods and services from producer to consumer or user." Implicit in this, is that you want to make sure it's <u>your</u> product or service that gets to the consumer, not your competitor's.

Competition is, of course, a fact of life. And by carefully planning your marketing strategy, you can manage to outmaneuver the competition and not get caught in the tailspin that businesses often involuntarily dive into.

Put yourself in the place of the consumer. What would you be looking for in a product or service? What kind of establishment would you seek out and patronize? How can you as a business owner make improvements within your organization to make sure you're ready to effectively meet and deal with the needs of the public?

How to Start Outdistancing the Competition

One of the first things you can do to start outdistancing your competitors is to leverage your marketing efforts. Marketing leverage is getting phenomenally better results for the same amount of money and effort you're currently spending. It's critically important that you leverage your marketing to the fullest extent possible.

I’ve explained leverage before, but here’s a quick reminder... If you’re spending $10 to pull in X number of sales, and if by improving your ad or marketing efforts you could pull in 5X or 10X that number of sales for the same $10, you’ll have leveraged your marketing efforts.

Review your ads to see if they can be improved. Then test. Testing should never be forfeited to save time or if you think you already know which version will pull the best results. Testing is the only way to quickly and decisively determine what works and what doesn't. Run different versions of ads in different media. The results will make themselves clearly known to you.

When creating your ads, flip through a newspaper. Which ads would be likely to draw *your* attention if you were looking to make a purchase? The informative ads that tell the whole story, are generous in their offerings, and may even give away bonus gifts, are much more attractive than those simply and blatantly telling you to buy, with no reasons why.

Consider giving away your product or service to first-time purchasers. This would show the consumer that you have supreme confidence in your company — you’re so confident that they’ll be satisfied, that you’re willing to give away your product because you know they’ll come back and pay the regular price after experiencing it. If you show confidence in your company, you’ll imbue your customers with that same confidence.

Seduce your customer with big-promise, nonthreatening, lead-generating sales methods. Come down to their comfort level and work up from there. Don’t try to sell the high-priced products right away. Start with smaller, less pricey items that will work well for the customer. From there, follow-up will be your best ally to stair-step your way to selling higher-priced items. Be patient. If you slowly nurture your customers, they’ll eventually pay off by buying the more expensive items once they have faith in you and your establishment.

Your competitors, itching to sell their high-ticket items, will not understand why their inventory is not moving and yours is.

If you continually provide a good product or service, show that you are willing to assume risk, and regularly keep in touch by sending out informational and educational materials, the goodwill you’ll incur as a result will mean that consumers will more likely choose you over your competitors. Realize that you have to nurture your customers. Try to position yourself so that your business will continually be a presence in the mind of your consumers.

Develop a clear company image as one that is interested and caring, and team that up with an accurate and powerful USP.

Handle the Consumer With Kid Gloves and A Sure-Fire Guarantee

Another technique that will make your product or service more desirable than your competitors' involves fortifying your guarantee. Most companies hedge the guarantee. They don’t want to assume the risk. “After all,” they ask, “what if they want their money back?”

If a customer returns a product and you graciously and readily give them their money back, the consumer will gain confidence that your word is good. And they’ll likely buy from you again once they know it’s easy to return what they don’t want and you’re pleasant about it.

Your guarantee tells your customers that you’re willing to stand by what you say. It tells your customers that you’re confident that your product or service’s quality will meet their high expectations. You need to make sure that it does. If you have doubts about the quality of your product, then you need to find something else to sell. But, most importantly, your guarantee gives you an opportunity to upsell your customers. Find out what it was about the product or service they didn’t like and offer them a product that would better suit them. This is the time to “bump” your customer’s purchase. Turn what could be a bad business occurrence into a good one.

Upselling or “bumping” your customers is a critical selling technique that can make the difference between just getting by, and making a handsome profit. The lower-priced items draw the customers in, opening the opportunity for you to show them the benefits of higher-priced items or complementary accessories. Back-ending has always been a very essential component of successful selling.

By making your guarantee last for a longer period of time, extending the services it provides for, and making it easy for the consumer to have access to your company, you will have your competition scratching their heads wondering, “What did he do that I’m not doing? How can his business be doing so well?

If you assume the risk (something no one likes to assume), the consumer will be likely to look more favorably on your company than your competitors’. By assuming the risk for the consumer, you’ll make your proposition more attractive and powerful. This, again, brings you down to the customers’ comfort level and makes it all the more likely that they’ll let down their barriers and purchase from you, since, after all, it’s risk-free to them.

Also, the longer the guarantee, the less likely it is that a consumer will return a product. If a product has a 10-day trial period, you’d better believe that during those 10 days the consumer will be hypersensitive to the product or service and its performance. They’ll want to make darned sure they don’t get caught past the deadline, so they’ll heavily scrutinize and evaluate it before the 10 days are up.

If the industry norm for a guarantee is, say, 50 days, go ahead and set your offer apart from the others by offering a 60-day guarantee. Chances are, the consumer is going to decide whether he'll keep your product during the first week or two. Very, very few would determine that maybe the product isn't for him on the 51st day.

Developing a mail-order division of your business (if you don’t already have one) provides customers with yet another avenue by which they can reach you. I’ve already discussed the benefits of a mail-order side of a business in the questions and answer segment in Section Two of this report. Reread that section and let it suffice for now to say that it would definitely not be a waste of your time to establish a mail-order division. The benefits, advantages, and back-end potential are vast and worth pursuing.

Because you’ll be following up with your customers, you’ll be able to inform them of new or additional products that are available to them. Let them know that you appreciate their initial business (incidentally reinforcing their wisdom in choosing your product), and that you’re trying to do them a service by keeping them informed. This continuity, this shoring up of confidence with your customers, will deepen their comfort level. They’ll begin to see you as a trusted friend, advisor and informant. Adding this personal touch to all your dealings will pay off big at the cash register, and most business people don’t understand this.

When you plan your follow-up, you can decide to do it in person, through a letter, or by telephone. A well-designed telemarketing program just might save your company. It’s less expensive than the old method of sending salespeople out in the field. With a telemarketing staff to do either follow-up or initial lead generating, the salespeople can concentrate on meeting larger numbers of prospects that are sympathetic or interested in your product or service.

Never, ever, let a customer walk away and never contact them again. That is a cardinal sin, and if you assume they’re just not interested, think again! Maybe they didn’t want to buy on that day but today they’re ready.

Maybe they just needed more information, maybe they just didn’t have time to deal with purchasing before, maybe they wanted to mull it over, maybe they’ve saved up some money. If you go to them and show them how simple it can be and how you can take care of most of the transaction, thereby simplifying the process for them, many more people will purchase from you.

Never take on a defeatist attitude. Leave this for your competitors. Don’t just sit around and complain that customers aren’t buying. People ARE buying. Find out what they want, and alter your marketing to fill those needs. Other business people, who have no idea of the strength of marketing, may wonder why you're spending so much on advertising and public relations. Step up your exposure, and you’re the <u>one</u> the consumers will come to.

Before targeting a new audience for your product, be sure to market to those sympathetic to you — your own customers. I know this idea keeps coming up in my writings, but I can't overemphasize the importance of working your own customer list.

Make sure you have a good reason why a prospect should buy from you. Tell them exactly why it will benefit them, why they should choose your place of business to buy it from, and how they can go about purchasing your product or service. Never fail to educate your customer. Without all the information, they'll be hesitant to make a decision. If they have all the facts, they'll see why what you are offering is indeed a wise buy. To keep your customers in the dark is committing financial suicide.

I've already touched on the benefits of packaging and how attractive these offers are to consumers. Repackaging your product or service will give a burst of energy to your offer. See Section Two for more on packaging.

Remember that even if you have generated a lot of positive goodwill, a great guarantee, educated your prospects, tested your ads, and so on, there is one key ingredient that must not be overlooked: Price. Make sure your price is fair and competitive with the marketplace. Remember that if the price isn't right, consumers will pass you by.

Consumers must always be treated delicately. The demands of the market must be taken into consideration. No matter how good your product, if the market will not bear the cost, consumers will not purchase your goods.

A well-thought-out marketing strategy takes into consideration not only marketing factors, but also pricing strategies. While it's important to make a profit, if the market won't bear such a high price, it's better to lower your profit margin than not do business at all. Your marketing plan should combine pricing and marketing, and be modified by what seems to work best and what the competition is doing. Test different prices.

Always be alert and observant of the changes around you. While other business people may be thinking about how to corral the market, you should be thinking about creating new markets and setting out to meet needs that are not currently being met. Could you spin off ancillary products that would make your package more complete? Would a joint venture with another company benefit you both?

Focus on what your customers need — not just what you happen to have to sell them at the time. Think about how you can be different from your competitors and better serve the consumer. Tailor your business to fit the demands of the market. The consumers will notice the difference and reward your efforts by choosing you, someone they feel is really interested in helping them.

* * *

Section Seven

How to Gain Market Share and Increase Sales Before Your Competitors Know What Hit Them

When business is slow, or when businesses are short on cash flow, I strongly believe that rather than slash marketing budgets, you should simply make sure you're leveraging <u>every dollar</u> you spend on marketing.

But the important point here, to you, is that when business does get slow (especially industry-wide), your competitors will probably fall right into the trap of slashing their marketing budget, which gives you an advantage if you're ready to take it.

Your competitors will slow down (or stop) their marketing efforts so you can snatch up their customers — they'll be yours for the taking. It's the perfect time for you to grab huge chunks of market share or steal marketing dominance from your biggest competitors — and keep it.

Before You Can Begin Grabbing Market Share, You <u>Must</u> Understand Marginal Net Worth Better than Anyone Else

You've got to fully understand the principle of a customer's marginal net worth. If you haven't already grasped this critical concept, see Section Two where it's illustrated several times. Once you understand marginal net worth, then you have to spend a lot of serious time looking at how you can ethically manipulate it.

By ethical manipulation, I mean:

1) Getting more unit sales per transaction;
2) Getting more purchases per customer per year;
3) Selling more kinds of your own product to your customer base; and after you've done all that
4) Working your customers through outside host-parasite types of ventures. That is, selling them other people's products.

From a pragmatic standpoint, the most intelligent thing you should do sequentially is, first, try to increase the dollar amount of each sale to a customer. Second, try to increase the frequency with which each customer purchases from you. Third, try to increase the expanse of products or services that you provide for your customers. Then, once you've taken these logical steps, you can begin to increase your market share by going outside — to take market share by working your competitors' customers.

Most businesses should first work their own customer base before working on their competitors'. However, there are many situations where going outside is so much more lucrative, that you can bypass these first three steps. It depends on your individual situation.

Once you determine the marginal net worth of a customer, you'll want to spend as much money as you need to — but never more than the marginal net worth of a customer — to bring in as many new customers that have residual value as you can.

Let's say your marginal net worth of a customer is \$50 a year — they buy one time and you don't do anything to sell to them again. Well, once you manipulate them...if you can upsell that \$50 sale to \$75...if you can get that one-shot sale to become three sales a year...all of a sudden you've got four times more marketing budget than you used to, don't you?

And when you've got four times the budget, you can run ads when your competitors can't. You can run promotions when they can't. You can offer lucrative sales commissions, the likes of which they can't. You can basically do promotions with other people which they can't because they don't *understand* where the profit is, but you do. Does that make sense?

How to Out-Package Your Competition

Whenever you're making a proposition to a prospective joint-venture partner (who may be a competitor), you've got to be able to give them guidance — but the guidance has to be intellectually based, so they can embrace it. You've got to walk them through your proposal and acknowledge and identify all the inherent negatives and reticence and fears that somebody would normally harbor. And then help them overcome those fears.

By walking other business people through the concept of marginal net worth, you can convince them to give you (either free, for cost, or for less than cost) products and services with a high perceived value and a high profit margin.

They'll give these products to you because you'll be able to convince them that for every 10 people you give <u>their</u> product to, as a bonus for buying <u>your</u> product, they'll get two or three ongoing customers. So you can do incredible deals.

I did this with a software company in Australia. They produced software that required a special laser printer that was modified to print forms. The software retailed for $20,000, but it only cost $5 to produce. I got them to give a royalty to another business to give this software away free to purchasers of their product. When the customer got the free software with this other business' product, about 60% of the purchasers bought a laser printer for $5,000 from the Australian software company. And they didn't have to discount the laser printer because it was the only one that would work with this particular software.

So, by understanding back-ending, you can go to somebody who's got something that sells for a very high price, and get them to give it to you for free.

I also did this for someone who had a piece of software who wanted to do something with one of the "Big 8" firms. He had a piece of software that sold for $1,500, but it cost him $5 to produce. This guy had 12 other things he could sell to the customer, and the software wasn't selling very well anyway. Well, he went to a "Big 8" firm and gave his $1,500 product to them to package as a bonus with their $500 product. Everyone else who was selling a similar $500 product didn't have a chance competing with the "Big 8" firm that offered a $2,000 value package ($500 + $1,500) for $500. It's no contest, is it?

You have to adopt this entrepreneurial focal thrust by negotiating deals and by packaging (if it's appropriate) products and services together.

How to Usurp Your Competitors' Customers Long Before They Know What's Hit Them: Acquire Customer Lists Your Competitors Don't Recognize as Valuable

Joint venture with one or more of your competitors. Ask them to give you the names of their inactive customers. Or, ask them to give you the names of customers who have cancelled. Or, ask them to give you the names of prospects whom they couldn't convert to customers. Offer to reciprocate them with a dollar amount per name, or with a share of the profits.

Look at what you could accomplish. First, your competitor may have spent years and hundreds of thousands of dollars building their customer and prospect lists. For you to share your profits with them is like saving them 10 to 20 years of their time and money — especially if they never would have tried to activate or reactivate these prospects/customers. So, from what they thought were lost customers or prospects, they could make tens of thousands of dollars — instantly.

Set up 10 such ventures and the business you build, and the corresponding profits you realize, could be fabulous.

How to Make Your Ads Pull Better than Your Competitors'
...Even Your Biggest Competitor: Set Yourself Apart from Your Competition

Once you've examined your competitors' operations, you may find that businesses in your industry are commodity-type businesses — there's nothing unique about any of them — they're all selling similar products at about the same price, or they offer about the same service.

If this is the case...take the ball and run with it! Set your business apart from the rest of the crowd. Become unique. How? It's simple — through preemptive advertising.

Preemptive advertising is the single most powerful technique you could ever use. And no one uses it.

The first person in a field that uses preemptive advertising has an incredible advantage over all other competitors. And it's so simple: **Just take the time to explain to your customer or prospects the processes that are inherent in your business.**

Let me tell you a story. You may have heard it before, but it's a classic example of the power of preemptive advertising...

Back in 1919, Schlitz beer was the #10 beer in the marketplace. Claude Hopkins, the classic marketing strategist after whom I've patterned my life, was called in to salvage the marketing of this #10 beer and lift it to success.

When he walked into the brewery, the first thing he did was learn how the beer was made. He toured the facilities and he saw that Schlitz was located right on the banks of one of the Great Lakes. And even though they were right there with this unlimited water source, they had dug five, 4,000-foot artesian wells right next to Lake Michigan because they wanted *pure* water.

The brewers showed Claude a mother yeast cell that was a result of about <u>2,500</u> different experiments that had been done to find the quintessential yeast to make the proper taste. And they showed him five different, three-foot-thick, plate glass rooms where beer was condensed and redistilled and recondensed for purity. And they showed him the tasters that tasted the beer <u>five different times</u>. And they showed him where the bottles were cleaned and recleaned <u>12 times</u>. They showed him the whole process.

At the end, he was incredulous. He said, "My God, why don't you *tell* people the process that your beer goes through?"

And they said, "Because that's how *all* beer is made. It's nothing special; it's nothing unique."

And he said, "Yes, but the first person who **tells the public** about this will gain preemptive advantage."

He got Schlitz to the #1 position in about six months.

So, that's my classic preemptive advertising story.

Now, take a look at the processes <u>you</u> go through in your business to give your customers a high-quality product or service — and tell your customers and prospects about it.

If you're a retailer, tell customers how you use choose the product line for your store. Tell them how many people you employ to ensure they get personalized service. Tell them precisely what these employees do on a day-to-day basis. Tell them how you unconditionally guarantee every sale...and so on...and so on.

If you're a manufacturing or creative business, explain to your customers the complete manufacturing process step by step. Tell them what raw materials you use to create your products, and why. Tell them about the strict quality checks that go into the creation of your products. Tell them about the brainstorming that precedes any production, etc.

If you sell a service, explain to your customers the entire service process. Tell them the skills of the people you hire, and your procedures for hiring them. Tell them what your standards are for your company. Tell them about your performance guarantee...and anything else you can think of.

Even if your process is the same process that many of your competitors use, it doesn't matter — because you're going to be the first one to explain it to the consumer, and you'll gain a clear advantage over all your competitors.

Offer a Guarantee that Is So Extraordinary and So Profound That No One In Your Whole Marketplace Would Dare Compare With It

Another way to use preemptive advertising is to offer guarantees that no other of your competitors would dare replicate — because they don't see the advantages of doing so.

Take this example: I consulted with a gentleman who owns an insurance company. I asked him what kinds of guarantees insurance companies currently offer. He revealed to me that most insurance policies take 35 days to be issued, and then the company gives the customer a 15-day look-see to allow them to cancel the policy if they decide it's not right for them. So, this gives the customer 50 days to decide whether or not to keep the insurance.

So I suggested, "Well, why don't you add 10 days to it. Tell your customers that you'll give them **60, not 50** days before you'll consider the sale final. So, after they sign up, anyone who thinks they can get a better value in the total value package, not just price, but coverage and everything else — and they can go to every insurance company they want to — and if they find anything better in the next 60 days, you'll give them all their money back. You yourself could offer, if you have to, to underwrite any loss. No one else in your market does that."

I also told him, "The truth of the matter is that 99% of the people who are going to exercise a cancellation are going to do it up front. They're not going to wait until the 51st or 59th day. So your risk is minuscule in adding those 10 days, yet it really sets your offer apart from your competitors."

Make Specific Claims In Your Advertising

Most advertising never goes beyond the weak appeal of "Buy our brand," or "Buy from us instead of someone else." This has minimal effect on a prospect.

But, when you give your prospect valuable, objective information on your product or service — its applications, construction, and performance...when you show the prospect what superior service, benefits, quality, guarantee, bonus, discount, follow up, you and you alone offer...and allow your prospects to test your product or service solely at your risk, not theirs...then hundreds, even thousands, will take advantage who otherwise would not have, because of your daring, risk-free proposition.

Specificity is crucial in your marketing efforts. The more detailed facts you can offer, the more specific a case you can build over your competitors, and the more successful you'll be. For example, to make the claim "The lowest prices" means absolutely nothing. But the ad that makes specific, supportable and defendable claims, with specific, actual figures, generally has high impact and is believable.

Follow Up...Follow Up...Follow Up

Every time you do a mailing, follow it up with a postcard that summarizes the offer for people who didn't receive the first letter or didn't read it. Give them a sense of urgency and a call to action. Then, five days after you send the postcard, follow up by phone. This combination can normally give a boost to aggregate response by 300% to 1200%!

Use Your Yellow Pages Ad to Compete With Larger Competitors

You can compete with a company 10 times your size very easily by using intelligent Yellow Pages advertising. You see, the big company, with a much bigger ad budget, won't buy more than a full-page ad — and most of them buy a 1/4 or 1/2-page ad. True, a 1/4 or 1/2-page ad does take a huge chunk of your marketing budget...but if you use your ad space effectively by writing a winning ad (following the steps outlined in Section One of this report), you'll have the advantage.

Use your Yellow Pages ad to give a compelling "reason why" you offer superior value and service over your competitors. Create a reader-type ad to make a thorough and convincing case. Put a sharp, tested winner of a headline on the ad. And don't forget to ask the reader to take immediate action! (Few Yellow Pages ads do).

Go Head-to-Head Against Your Competition

Depending on the business you're in, you can offer a prospective customer full credit at your business, for having done business with one of your competitors.

For example, I just consulted with a guy who owns a health club. He knew of another health club that was in financial trouble, and which had just sold long-term memberships to people. And I said, "Just run an ad and offer those members full credit for their current health club membership to apply against your health club membership. Who cares if you don't make any money up front, as long as your membership roster is not full now? If your new customer is a serious physical devotee, he or she will come back for years and years and years. Or, out of every 100 customers you get, at least 20 will keep coming back." Run ads explaining how and why you're making such an offer.

Rack Up Big Profits Off Companies
On the Verge of Collapse

Go to all your marginal competitors and offer to buy their customers. There are lots of businesses today that are operating at near the break-even point, and people are working 10 or 12 hours a day just to keep their businesses going. They're not making much of a paycheck, but they've got so much obligation and debt that they can't get out of it without declaring bankruptcy. A lot of people's attitude toward their competitors is, "I'm going to wait for their business to go under and then see what happens to *my* business as a result."

My attitude is, go to all those people before they close their doors, and offer not to buy their business, but to instead buy all their customers, and give them 25%, or whatever percent, of the profit they make you for life, provided that the business owners facilitate, cooperate, endorse, make themselves available to transition, and maybe even act as your goodwill ambassadors. If you do that correctly, you can give them a check every month that's more, for them doing nothing, than they would have made running their floundering business. Here's their chance to escape — here's their way out.

Let's say you've got a five-year lease on your business right now, and it's killing you. And let's say you need four people to operate it. And right now you're lucky to make $2,000 a month working 12 hours a day. I come and take over all your customers. Well, I can give you $10,000 a month from my earnings, for you doing nothing but giving me your customers. But you've got this lease. Well, you could sublease the building to somebody at a loss — take $2,000 of the $10,000 I give you and subsidize the loss, sell off all your equipment, pay off all your loans — and still be $8,000 ahead for doing nothing. And all that in just the first month! Does that make sense?

But I acquire all your customers and integrate them into my operation. And up to the point of it being incrementally too expensive, I can integrate a lot more businesses into my operation, and all I have to do is maybe add a couple of clerks; the same bookkeeper can do it, the same delivery person can do it. At a certain point, however, it gets cost-ineffective. But most companies won't get anywhere close to that level.

This may be your golden opportunity to buy out your competitor. Look for rock-solid values that will outlast the ups and downs of the marketplace.

Find companies with assets they're not utilizing. If you anticipate a need of any kind, look for companies that could help you fulfill that need.

Avoid the temptation to invest in companies just because they're going so cheaply. Shop for bargains, but be choosy when you decide to invest. If the business can't immediately benefit you, or if you have no specific plans for the company, do not invest a single red cent of your hard-earned cash.

It's healthy to seek new ways to expand your profits — but don't forget about safety. Be sure to find out how much debt the company is carrying and invest only in businesses you understand. If you are completely lost, no matter how great the opportunity, you will not be able to fully take advantage of a situation if you don't understand how that industry operates.

In conclusion, the point I'm trying to make is as follows: Market your business aggressively but wisely. Maximize the opportunities to win over your competitors' customers. Take ethical advantage of the fact that other businesses are hurting. Think of ways that <u>you</u> can better serve those customers — in ways that your competitors can't. Then do it!

* * *

Section Eight

Developing that All-Important Stealth Marketing Mind-Set

The time is ripe with opportunity for a business person like yourself, who is savvy enough to recognize that you can outwit your competitors, help your customers and still walk out with a profit — you just have to know how.

So far in this report, I have given you various nuts-and-bolts ways to substantially improve your business and increase your cash flow. Now comes the most important part: How to develop the right mental attitude.

Your success stems from your mind. If you are not convinced you can do something, you probably won't be able to do it. You have to <u>want</u> to succeed before you <u>can</u> succeed.

Times may be hard with business people on either side of you struggling to gain part of the market and survive. The competitive marketplace may have your competitors seeing stars, but you don't have to go down for the count with the rest of the market.

But, in order to outwit your competitors and make a profit in these competitive times, you'll first have to attain the right mental attitude, and you'll have to put that positive mind-set to work for you.

You can be successful if you want to be. If you think ahead in a clear and positive manner, you'll be able to foresee movements in the market before they happen. And even if unforeseen events do take place, you'll have thought about all the possibilities and you'll be able to adapt your business to take events in stride. You *won't* be standing around complaining about the shift in affairs like your competitors may be.

You have to take action to protect your business and ensure its growth — now.

Without the proper stealth marketing attitude, your attempts will not be on the right track, and you'll expend a lot of energy and money for naught. Your frame of mind must be positive and clear. Don't let yourself get bogged down by worrying about what might happen, or how to prevent what might happen, to your business. Instead, concentrate on succeeding and working your way to success.

Remember, the game of business is a never-ending cycle of ups and downs. No business is up forever and no business is down forever. The changes inherent in our capitalistic society will always provide new opportunities for you, if you're determined to succeed.

Survival of the fittest applies not only to nature but also to business. Being able to adapt is the key to survival. To be successful, though, you must be sensitive to the ever-changing needs of the public. In your business, you must take risks, innovate, sell, provide outstanding customer service, manage your employees better and show your customers that you deliver a better product or service than your competitors do.

Now's the time to carefully look at your business and figure out how to fine-tune your operation.

To be successful you must be observant. See what the market is demanding and make your business meet those demands.

Be observant and engage in problem-solving. Don't complain and become stymied. Look at a problem from all angles and you'll almost always reveal a solution.

Tom Bata, a famous shoemaker and owner of Bata Shoes, sells about 250 million pairs of shoes a year. He has a philosophy about how to look at a bad situation. He tells a story which illustrates how two people can look at the same situation and see different things: Either opportunity or certain failure. Here's his story:

Tom Bata sent two shoe salesmen to a poverty-stricken Third World country. One of the salesmen wired back to Tom, "Returning home immediately. No one wears shoes here." The other salesman looked at the same conditions and joyously communicated to Tom, "Unlimited possibilities. Millions still without shoes."

There *are* opportunities out there. You must learn to recognize them and take those opportunities when they do arise, before someone else does. Acting on these opportunities is the hardest thing you will have to overcome.

You have to make a living. And you don't want to just make a living, you want to make a good living, don't you? You can make a good living as long as you remember that there are certain factors that must be present in your plan. Here's what you must do:

Be Determined to Succeed

First, you have to be determined to succeed. If you're a wishy-washy wanna-be, you'll be swept aside. But, if you're confident that, no matter what gets in your way, you're going to face challenges and strive on upward, then you'll have an edge no money can buy. It will show in your business, it will rub off on your employees, and it'll give your customers confidence in you.

Set Goals

Second, you have to set goals for yourself. Not some vague, "I-want-to-succeed-at-everything-I-do" goal, but a specific, time-limited goal. Make a game plan and get yourself organized. More time is wasted by disorganization.

Trim down your operation to a lean, mean, money-making machine, and you'll be more effective than you would be if you weren't sure what you were doing in your business.

Keep your goals simple and under control. You'll be able to maneuver more effectively from here and save yourself a lot of worry.

Once you've set goals, give yourself a time span in which to reach your goals. This will help keep your goals fresh and not cause you to lose impetus. By setting deadlines, you'll make your goals more attainable than if they just seemed like some distant, impossible dreams.

Your goals must seem possible in order for you to maintain a positive mental attitude. Many small goals, that add up, may be more suitable in some situations. Achieving a little bit at a time, can add up to a lot. And it may be a better way of goal setting if one big goal is too intimidating.

Plan a Strategy

If you have the goals you want to achieve established clearly in your mind, the next move is to form a strategy to successfully reach those goals.

Plan a step-by-step strategy. This will help you see all aspects of attaining your goals. If you don't look far enough ahead in planning how to reach your goals, you may run into unforeseen problems.

Anticipate and plan for possible problems. This will help you reach your goals with less anguish. Shooting from the hip may be fine for some, but nothing compares to a clear, concise plan of attack. Look at the competition and the fluctuating market in order to develop options. This will give you a much better idea of what you should do next.

Implement Your Plan

Once you have a goal and a set plan of attack, the next, and often most difficult part, is to expedite your plan. Some business people are fine up to this point, but others tend go through all the steps up to this point and then they hesitate. Some common excuses to delay implementing plans are, "The time isn't right," or "I may need to reconsider again before committing any actions."

If you've clearly thought out your plan of action, DO IT! Time and tide wait for no man. And if you don't act now, your competitor will. Timing is everything. What are you waiting for? DO IT!

Concentrate on your plan to reach your goals. Don't become sidetracked by smaller issues. Remember, there will always be a million things to distract you and weaken your resolve. Think positively and don't get caught up with those around you who are screaming and running for cover.

Anticipate, plan, and execute. These are the steps to success.

Keep the Public In Mind

The needs of the public are constantly changing. If you spot a trend, move on it. Keep your mind open to new and innovative options and you'll always benefit.

Customers and clients want quick gratification for their time or money invested. When times are tough, people are not willing to wait for results or rewards. Have a keen understanding of the mind-set of the public, tap into it, and make the most of it.

Just as business people are plotting how to get money out of the public, the public is becoming more wary of businesses and more cautious in their dealings. They want more for their money. So show consumers how they would benefit more by patronizing your business rather than your competitors'. If you tell them specifically how you have tailored your business to suit their needs, how you are sympathetic to their problems and how you have just what they need, you will not only get their business, you'll also earn their goodwill.

Show customers that you care about them, and that while other companies may be cutting back on services and benefits to save money, you're providing more for their money. Your USP has to be sharp and targeted to their needs. Why, after all, should they be spending money? Give them reasons why.

Strategize your marketing. How and why should the consumer patronize your business? What are the direct benefits to them? How are you better than your competitors?

Keep Marketing

If times get tough, don't make the mistake of jumping on the bandwagon and cutting back on marketing. As I have said quite often, marketing is the first place that businesses cut back during slow times. How do they expect times to get better if they stop communicating with prospects and customers?

Your success or failure depends on marketing. I can't emphasize it enough! Marketing should not be cut back.

Saving money is "in," so in considering how to plan your marketing strategy, remember to take into account that the consumer is looking for value for their money.

Remember that setting goals, drawing up a game plan and then implementing that game plan are all keys to success. And sensitivity to the mood of the market is especially crucial.

In Conclusion

Although the methods and principles presented in this report are ethical and honorable, they are also dramatically fresh, unusual, and in many cases, non-traditional. They work with much less capital and effort than the majority of traditional marketing techniques.

But these techniques must be applied — and properly.   Aggressively incorporate these strategies into your own business situation, always testing to see if your implementation is the most effective it can possibly be.