Floor Focus

Why Should I Do Business with You?
Finding Effective Business Discriminators

“Why should I give your company my business,” I asked.

I was in Fort Lauderdale, Florida where I had been invited to speak at a floor covering sales conference. The attendees all worked for one of the eleven branches and showrooms of the same company. Sales had been down in the floor covering industry like it had in all construction-related enterprises. In addition, competition was intense, not only from other storefronts in the same and neighboring towns but also from online businesses who sold a huge selection of floor covering materials at a reduced price, delivered free, and with no sales tax. So the question of the day was, indeed, “Why should I do business with you?”

Initially, the audience was silent, obviously pondering the question, searching for good reasons. Then one intrepid sales manager boomed out with confidence, “The quality of our products is the best in the industry.” As I dutifully wrote the reason given on a dry-erase board, more began pouring out as the audience warmed to the task, providing good reasons one after the other as if they were reading from their own marketing brochure.

“Our employees are committed to first-class service,” said someone. “And we listen to our customers,” amended someone else immediately.

“We have been in business for 35 years, “added another.

Someone in the back shouted out, “Our showrooms are state-of-the-art.”

Confidence abounded in the room as the audience nodded at answers given by their colleagues and voiced their own. It seemed as though the collective audience response offered more than enough rationale for every floor covering customer in their respective territories to walk into the nearest showroom and plunk down their hard earned cash. The attitude in the room was clearly, “We’ve covered that point, so let’s move on.” So I did.

“I had an opportunity last week to interview the sales leaders of your two largest competitors,” I said. “I asked them the same question and got the very same responses.”

Profound silence again. It seemed as though we were suddenly back at square one, “Why should I do business with you?”

I had lied, of course, about interviewing the competitors, but I have no doubt that if I had done so, I would have received the same “motherhood-and-apple-pie” responses that managers of virtually all U.S. companies espouse but very few embrace to a degree that distinguishes them from their competitors in the minds of consumers. Therefore, merely printing platitudes in the company brochure, hanging “motivational” posters on bulletin boards and in elevators, and dragging new employees through “rah-rah” in the orientation session gets you roughly back to dead even.

So how can your company distinguish itself from competitors and offer consumers a compelling reason to do business with you on a consistent basis and recommend your company to family and friends?

Putting Principles into Practice

First of all, none of those points my audience made in Fort Lauderdale were off the mark. It is hard to conceive of a business doing well in the marketplace without a quality product available for consumers to see in a comfortable environment and whose advantages are presented clearly by a knowledgeable, customer-focused sales team. The problem is that, even though everyone says the right things, almost nobody does them. Simply put, saying and doing are different things.

A colleague of mine told me about a frustrating buying experience that started off really well and ended up with him crossing off an auto dealership from future business forever. He said that he was interested in a certain make and model and, while browsing on the Internet, indicated his interest on the company's national Website. Almost immediately – and it was on the weekend – a phone representative from the local dealership called, interviewed him about his interests, likes, and dislikes, noting it all down, and made an appointment for the following week. The phone rep said that he would be greeted at the door by a sales rep who would be thoroughly aware of everything discussed during the phone call, including the options my colleague wanted on the car and the kind of deal he would accept. The phone rep said that their dealership wanted my colleague's business and would make the experience no-nonsense, straight-forward, and brief.

When my colleague and his wife, who took off early from work for the occasion, walked into the dealership at the appointed time, nobody greeted them. All sales personnel in sight were either eating lunch at their desks or were engaged in conversations with one another. Finally a young salesman approached and said, "Can I help you?" My colleague explained that he and his wife were there for their appointment.

"You must be wrong," the salesman said. "We don't make appointments that way."

"But since you're here, what do you want and how much are you willing to pay? We probably won't take any off the sticker price and you might have to pay a premium," he added to set the record straight.

My colleague and his wife left abruptly, went across town to another dealership, and bought the car they wanted at the price they expected to pay on that same day.

How often have you been convinced by a commercial to go somewhere and try something only to leave thinking, "Have these people seen their own advertisements?"

So the first step in discriminating yourself is to believe in and practice your own business principles from the top to the bottom of your organization. That will help substantially, but it probably won't get you where you want to go with your business.

Knowing Your Customers

What will get you there is knowing your customers and then discriminating your business in their minds from your competitors. What do they like and dislike about purchasing the kind of products you sell? What motivates them to buy and what turns them off? What questions will they have and can your staff offer factual answers they can understand? What is important to them about their buying environment and experience? And what can you do to meet the needs of your customers better than anyone else?

It is likely that somebody on the front line of your organization knows the answers to at least some of these questions. They know what people bought and what they didn't and why. They know what people were looking for and didn't find. But do people in your organization who can make a difference listen and adjust accordingly?

The fact is that businesses who truly know their customers have no competition.

You probably also need to look outside your industry to find business models that offer you clues to improving your own chance for success. In his bestselling book, **The Fifth Discipline, the Art and Practice of Learning Organizations,** Peter Senge said, "90% of what you need to know to be successful in your business is information outside your industry as you know it." So why not study and learn from the "best practices" of successful companies in other industries? (You can also learn from considering "worst practices" wherever you find them.)

Late Fees Yes or No

Let's take, for example, Blockbuster, the movie rental chain that in the late 1980s and early 90s put out of business mom and pop video rental stores across the country and bought out a long list of substantial competitors. By 1993, Blockbuster had more than 3,400 video stores worldwide. Part of their success resulted in a downside to many customers – long waits for the latest releases. Plus, at some point along the way, Blockbuster initiated a practice of charging what could amount to hefty late charges, which proved to be especially onerous to customers.

In 1997, along came Netflix whose business model offered users the opportunity to order movies online from the comfort of their home and receive them promptly, typically the next day. Plus subscribers could develop a priority list of movies they want and receive them as soon as the previous movie rental was returned. And, very significantly, *there were no late fees*. In 2002, Netflix had 670,000 subscribers and in May 2010 the number has reach more than 13 million.

In February 2010, an Associated Press story reported that "Blockbuster Inc. suffered a fourth-quarter loss of $435 million as its video rental stores struggled to attract consumers who are increasingly getting their movies through the mail, vending machines and high-speed Internet connections."

It seems that Blockbuster lost touch with its customer base, not just because of late fees of course, but today is reported to be on the brink of bankruptcy.

Charge for Bags or They Fly Free

In an effort to increase revenue during a down economy, most airlines began charging customers for checked bags. A family checking three bags might have to pay $100. To add insult to injury, Spirit Airlines shocked their customers by charging for carry-on bags.

In contrast, Southwest Airlines CEO Gary Kelly decided that charging customers for their bags would go against the reputation Southwest had built over the years and subject employees to the wrath of frustrated customers. So as announced by Southwest employees in a colorful series of TV commercials, “We love bags,” and “Bags fly free.”

In April 2010, Southwest Airlines reported $11 million in earnings for the first quarter and, according to Kelly, had grabbed nearly $1 billion in annual market share – thanks in large part to people avoiding bag fees.

"We're beating the pants off everybody in terms of our revenue production," Kelly said. "We have fewer seats offered every day, and we're carrying more passengers. We're defying gravity."

These Shoes Are Made for Shipping

What is it about shopping for shoes at local shoe stores and department stores that you hate? Getting dressed up and finding the time to go? How few choices there are in your size? How long you have to wait for a sales person to bring you what you want to try on? How many different stores you have to try to get what you want?

What would it take for you to buy your shoes online? That’s the issue online shoe retailer Zappos considered, and they had to overcome some objections. For a base business model, they offer on their Website a huge selection of brands, sizes, and colors, including hard-to-find wide and narrow sizes, on which you can search any time, day or night, by brand, color, size, and price to narrow down your selection. *Objection 1: I need the shoes now.* Zappos delivers overnight. *Objection 2: I don’t want to pay shipping.* Zappos provides free delivery. *Objection 3: If they don’t fit, I’ll have to return them.* Zappos provides free return shipping, including a return label in each shipment, and hassle-free returns. *Objection 4: I really want to talk to a knowledgeable sales advisor.* Customers can call Zappos’ toll-free number 365 days a year. All online sales personnel receive four weeks of training, with pay, after which each trainee is offered $1,000 *to quit.* According to training manager Rachael Brown, Zappos only wants employees who are committed, fully engaged, and want to be part of the Zappos culture.

In June 2009, Zappos celebrated their 10th anniversary and announced that during 2008 they had surpassed $1 billion in annual sales.

Swimming Upstream

In many cases, configuring your business so that it connects with customers may go against the conventional wisdom of business pundits, including those in your industry. Wall Street viciously attacked Mike Kelly as "irresponsible" for Southwest Airline's position on free bags. Here are more examples of swimming upstream.

> **Starbucks** sells a cup of coffee for between $2.50 and $4.00 while they were rated third in a recent survey of the best coffee in the U.S. In fact, Starbucks success is *not about the coffee or latte.* It is more about the intangibles of "creating a place," a boutique or ambience and a stress-free environment where customers can truly relax and talk with friends or family. In addition, Starbucks has extended its brand by creating a music and entertainment division as well as featuring bestselling books. There is a Starbucks at the Great Wall of China. For their fiscal quarter that ended March 28, 2010, Starbucks posted net earnings of $2.5 billion.
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> **Build-a-Bear Workshop** offers children or people who love them the opportunity to build individualized teddy bears. However, the company's mission, according to its Website "is to bring the Teddy Bear to life. An American icon, the Teddy Bear brings to mind warm thoughts about our childhood, about friendship, about trust and comfort, and also about love." The company posted revenue in the First Quarter of 2010 of more that $101 million.

Beyond all this, use your own experience as a guide. You and your family make dozens of sales decisions a week. Why do you buy groceries, clothes, appliances, books, and tools where you do? Why do you eat at certain restaurants over and over again? A friend of mine wanted a cup of coffee one morning and asked me to pull into a Pilot's convenience store. Curious, I asked if she thought the coffee was better there than at other places. "Not really," she answered. "But it's pretty good and the tops on those cups are the best. They are easy to use and never spill and nobody else has them."

How many of your decisions are based on the best ice in cold drinks, a comfortable place to sit, an especially friendly employee or a terrible one?

In Conclusion

I once heard a story about Albert Einstein when he was a professor at Princeton. His graduate assistant was preparing for an incoming class and he asked, "Professor Einstein, which test are we giving them this week?" Einstein replied, "The same test we gave them last week." Surprised, the graduate assistant said, "But Professor Einstein, we already gave them that test." Einstein simply said, "Yes we did, but the answers are different this week." The lesson for any business is "the rules have changed" and yesterday's answers may be obsolete in today's rapidly changing market. The secret to increasing your traffic and closing sales is not just a matter of "trying harder" as much as it is "being smarter."

Each of the diverse companies I mentioned in this article share three common traits that differentiate them from their competition.

1. *They anticipate the unarticulated needs and wishes of their customers.* Do you have the right people in the right places with the right tools and knowledge at their disposal to make the sale to your customer?
2. *They know their customers.* Do you know your customer's needs and desires and are you prepared to give them the kind of buying experience that would result in them recommending you to friends and family?
3. *They know that "playing it safe is risky;" therefore, they are willing to "think big" by being imaginative and innovative.* Are you willing to swim upstream far enough to discriminate yourself in your industry?

Why should I give you my business?