



NDSU Extension

Small Business Newsletter

Business Owner Tips and Resources

February, 2013

What is your business model? Is your model based on an understanding of your customers and what motivates their behavior? Do you think you need to offer them sales to get them in the doors?

Often business owners make decisions based the competition and their tactics. They forget to consider their existing customer base. J.C. Penny followed that trend. They tried to change from their long existing model to one that was meant to attract a different clientele and one that depended on few sales. Today as I write this it is reported that sales for them are down over 30% in the last year.

I don't know how many of you have watched JC Penny as it tried to change. They tried to stop using sales as a means to generate interest and revenue. When I first thought about this topic, they were, within a year, reversing course somewhat to again offer sales during the major shopping seasons. Today, in light of their news, they are considering going back to their old model of offering regular sales, maybe 100 times a year, and bringing back customers who have left.

I don't know if this is the right strategy. I bring this up only to remind you to remember the customers who got you to where you are at. Changing part of your business, be it the model, the prices or whatever, has substantial risk. In JC Penny's case they were trying to have everyday good, not necessarily low, prices and no sales! I encourage you to read two articles that discuss the JC Penny case

<http://smallbiztrends.com/2013/02/customer-demand-brings-back-sales.html> - The first paragraph really spells out how understanding customer habit, behavior and expectation is so important. Business owners must pay attention to this when considering change -

Customer demand is bringing back J.C. Penney Sales. Innovation is great for any business, but when that innovation upsets your customers, it's time to put customer experience first. Here's more about the lesson J.C. Penney learned the hard way and the one every business must learn in the end, too.

<http://www.reuters.com/article/2013/02/28/us-jcpenney-shares-idUSBRE91R0UT20130228>

So what is the lesson learned? First, know your customers. Is price the driver of behavior? Two, understand what happens if you offer a sale and what might happen if you decide to discontinue sales. There may be other ways, just as or more effective to get people in the door.

Something to think about.

Till next time,
Glenn Muske
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Quotes of the Month

So what is my criteria for which quotes I include? Nothing special, just something with a message that I want to share. I am always looking for more.

The best way to find yourself is to lose yourself in the service of others - Ghandi

Anyone who says businessmen deal only in facts, not fiction, has never read old five-year projections - Malcolm Forbes (GM comment – But the more they are based on real-world fact, the better you can feel about starting a business and/or taking out a loan)

From My Office

Apologies that this newsletter is slightly longer but need to pass along 2 important items

1. New Program Helps Market Agritourism

How are you going to get them back on the farm?

The North Dakota State University Extension Service and University of Nebraska-Lincoln Extension Service have teamed up to answer that question. They've released a new self-directed program, "Marketing Agritourism Online," to help agritourism enterprises attract business. The program is FREE and available at <http://go.unl.edu/agritourism>

Agritourism is defined as any agriculture-based operation or activity that brings visitors to a farm or ranch. Examples are U-pick fruit farms, farm stands or shops, farm stays, tours, on-farm classes, fairs, festivals, pumpkin patches and Christmas tree farms.

Individuals today are looking to experience some part of the rural life. Whether going out to pick berries, getting lost in a corn maze, taking a trail ride, going hunting or just experiencing what one's parents or grandparents did, consumers are turning to rural attractions as tourist destinations."

Marketing Agritourism Online offers agritourism businesses a tool to reach a targeted audience with a focused message about what they have to offer. (This program will actually be of use to any business looking at its online presence.) It covers: Being Online; Getting Found; Being Customer Focused; and Telling Others.

Three North Dakota businesses are highlighted in the program: Papa's Pumpkin Patch, Bismarck; Red Trail Vineyard, Buffalo; and Rolling Plains Adventures, McKenzie.

A free weekly newsletter supplements the information by keeping up with changes in online marketing tools and trends - *Direct Marketing* - <http://paper.li/UNLeShip/1319999929>

The program was made possible through the support of NDSU and UNL Extension, and funding from the Southern Rural Development Center's National eCommerce Initiative.

2. 2013-2015 NDSU Train-the Trainer Program: Expanding and Enhancing the Sustainable Small Farm Specialty Producer Group

Are you an educator working with:

- Small acreage farmers and ranchers;
- Small specialty crop producers such as vegetables, fruits, goats, etc.;
- Small value-added producers selling cheese, meat, other food-products based on locally grown items; or
- Others like this?

Are you interested in learning more so you can better respond to their needs and implementing a local effort in this year while getting some support funds for travel and the local programming.

Then watch your email for an upcoming announcement. This program will offer 3 workshops (1.5 days each) in 2013 and 2014 and then you will have about 18 months to develop your own local project to expand your local sustainable foods effort. Planned dates for the workshops are:

8/13-14/2013 – Building Capacity/Understanding the Industry

11/6-7/2013 – Building Community and Food Safety

2/5-6/2014 – It's a Business: Starting, Operating, and Making It Profitable

A limited number of educators will be selected to participate. Stay tuned for more information.

Funds for this project are provided by the North Central Region – Sustainable Agriculture Research and Education program (SARE)

Marketing Your Start-Up - From the North Dakota SBA

Going into business? You probably already know that the visibility, or marketing, of your business will be key to being successful. A ND SBA suggests that your marketing focus on five things:

1. A marketing message that creates a brand
2. A business name that sells
3. A robust networking effort
4. A new media and Internet plan
5. A budgeted and monitored advertising plan

Read more at: <http://www.sba.gov/content/marketing-start-business>

This Month's Tips

USDA Microloans for Farm Operation

USDA Microloans Available

Microloans are direct farm operating loans with a shortened application process and reduced paperwork, designed to meet the needs of smaller, non-traditional, and niche-type operations. Microloans can be used for all approved operating expenses as authorized by the FSA Operating Loan Program. The maximum loan amount for a microloan is \$35,000. Additional information on the USDA Farm Service Agency Microloan program may be obtained at local FSA offices

See more at: <http://1.usa.gov/XmxZia>

Building Your Brand

Experience + reputation = Brand – Your brand is often what distinguishes your company from another. It provides the customer with a feeling of trust and credibility. It sells even when you are not there. So how do you build your brand? You must first separate yourself from other businesses on some dimension. We all know WalMart's lower prices logo. How can you set our business apart? It also requires that you offer good products and great service (great products and great service are even better). It is offering the customers an answer for their problem. It means you offer value to your customer. Read the rest of the article from DuctTape at: <http://www.ducttapemarketing.com/blog/2012/12/13/successful-small-business-brand/>

Entrepreneur magazine video -

<http://www.youtube.com/watch?v=bkcxYYGI5ac&feature=share&list=UUNFGSWVOdVWEe9XJNnfTdyQ>

Because Everyone Else is Doing It

How often have you added a business practice or a line of products using the phrase, "everyone else is doing it so I better get on board." Did you every stop to ask why it was being done this way? Or maybe you have those old habits that just keep going on because "we have always done it that way." Again do you ever challenge them or ask how they got started? Harvard Business Review has a great blog that encourages you to look at some of what you do and ask why. See more at: http://blogs.hbr.org/cs/2012/12/which_best_practice_is_ruining.html

Does Your Small Business Show Up in a Local Search?

A recent survey found that 40% of respondents use local search every day and 67% use it 3-4 times per week. What do people find then they search for your business online? <http://bit.ly/SYRwgo>

"Showrooming" – What Can You Do?

The customer is in your store. They are looking at a product and seem interested. Then the smartphone comes out. Do you panic?

As I shop at stores lately, these scene is more and more common. A corollary is the customer walks in with a notepad full of information they have already gleaned from the web.

So back to the question, do you panic? No you prepare ahead of time. If it hasn't happened yet, it will. What can you do? Try things like a customer loyalty program or bundle the product with complementary items. Read more about these and other ideas at: <http://blog.intuit.com/trends/5-ways-to-prevent-smartphone-showrooming/>

An look what we know about where they buy -

<http://www.internetretailer.com/2012/12/10/43-us-adults-participate-showrooming>

Pew Does a Study on Showrooming

When that someone takes out a smartphone, as a business owner should you be worried. Pew found (multiple answers allowed) 46% were calling family and friends for advice; 28% were

looking up reviews; and 27% were comparing prices. In total this represented 58% of the respondents. Get more at: <http://www.pewinternet.org/Reports/2013/in-store-mobile-commerce.aspx>

Reasons Why Your Business Might Fail

Just as research has identified some factors that seem to help a business succeed, there are also reasons that might lead to failure. Check out: <http://tweakyourbiz.com/marketing/2012/12/18/10-reasons-why-small-businesses-fail/>

In Marketing You Need a Tag Line

Part of your marketing and branding effort should be to create that memorable tag line. Just mention it and instantly the company, and our image of that company, comes to mind. Open Forum offers some thoughts to help you create yours - <http://www.openforum.com/articles/how-to-create-the-perfect-tagline-for-your-business/>

Buying a Business

Most of the articles talking about business startups take the story from the perspective of starting from the ground up. Yet many business owners get started by buying another business. Entrepreneur offers a good list of questions for you to ask if you are thinking of buying a business. Of course the questions are assuming you are also carefully examining the financials and other records of the company, your due diligence. See the article at: <http://www.entrepreneur.com/article/225090>

Online Shoppers – Where Are They Located?

What to know more about the online shopper, then check out this article and maps - <http://smartblogs.com/finance/2012/12/17/who-shops-online/>

Getting Found Locally – Check Out the New Facebook Change

A recent change in Facebook gives the small business owner another reason to have a business page. That page now can improve your chances of being found in a local search. Check it out at: <http://blog.hubspot.com/blog/tabid/6307/bid/33954/facebook-now-includes-business-pages-in-local-mobile-search-results>

Regain Your Focus, Things Will Go Smoother

With everything a small business owner needs to handle during the day, it is easy to be distracted. Entrepreneur offers some tips to help you regain your focus. Remembering why you are in business and knowing your top priorities are a great place to start. See the rest at: <http://www.entrepreneur.com/article/225097#>

Innovation – Thoughts on Approaching

Good article looking at innovation. It identifies that although Edison commented that "I have not failed. I've just found 10,000 ways that won't work," it isn't necessarily the quantity of ideas but also the quality. It also examines some myths regarding innovation such as you need an R & D department or it can be handled as an event. See more at:

<http://www.innovationexcellence.com/blog/2012/12/23/6-innovation-roadblocks-worth-breaking-through/>

Getting Found Online – Is It Social or Search?

You read a great deal about the need to include social media as part of your marketing effort. It wasn't long ago that it seemed like the focus was on being found in search engines and search engine optimization. So which one does your small business need? I am sorry to say that both can be very effective. Knowing your audience can help you perhaps pick one over the other but reality says you probably need to spend time doing both. Read more thoughts on this subject at:

<http://heidicohen.com/social-media-search-and-savings-required-research/>

Finding Your Business Idea

Quite often people wanting to start a new business think they need to do something completely new and different. As *Entrepreneur* points out, ideas and opportunities can be found in everyday life. Their first hint is to keep lists – lists of the problems people have, lists of existing ideas that could be applied in a new way, lists of abandoned ideas, or lists of ideas that people thought the market wasn't big enough or ready to accept. One of my commonly recommended ideas for someone wanting to start a retail or service business in a community is to take a road trip to similar towns in other areas. Take notes of where people are flocking into a store or ask people for the best store in town. And don't forget to also look at those businesses that in your mind make sense but they don't seem to be working. Walk in, look around, and try and figure out what could be done differently. Read more at: <http://www.entrepreneur.com/blog/225348>

PLUS – Testing a Business Idea - <http://www.entrepreneur.com/article/225514>

Working Smarter, Not Harder

You have probably heard that phrase many times. But have you sat down and thought about how it might apply to your business startup? Hard work is necessary but what you need to evaluate are the results. As the article notes, focus on the 20% of your effort that brings the 80% of your results. Read more at: <http://www.innovationamerica.us/index.php/innovation-daily/26588-does-your-startup-work-hard-but-not-gain-momentum>

Running a Home-based Business

Operating a business from your home sounds like a dream to many. Yet many who have done that find that there are obstacles they never considered such as being considered as serious about their business, the time taken by friends and neighbors, the idea of juggling two roles, your home role and your business role, and even having a place, an office or at least the corner of a room, that functions as your business center. If you are operating your business from home

or are thinking about making such a move, take a look at the rest of this article - <http://blog.intuit.com/employees/10-ways-to-run-a-more-focused-home-based-business/>

Putting Marketing Into Your Business Plan

The phrase, “build it and they will come,” is nothing but a myth. When building your business plan, it is important to think about how the world will even know you exist. And marketing will take time and money just as the rest of your business. So make your plans says Entrepreneur magazine - <http://www.entrepreneur.com/article/225358#>

Complementary Product Lines – A Way to Increase Profits

We have all seen how stores add complementary product lines so as to encourage the consumer to walk out with not just one item, but perhaps several. Intuit offers tips on doing this effectively - <http://bit.ly/W1SWNu>

Optimize Your Retail Layout

There is a great deal of understanding about how customers behave when they walk into a store. Such knowledge will impact sales. Yet many small business owners have not gotten this information. In this article, Intuit offers some tips - <http://bit.ly/Ugpsl8>

Marketing is a Commitment

Hubspot provides an argument that your marketing effort should not be a campaign but an on-going commitment. See their reasons why - <http://bit.ly/S6HLbA>

Making the Move From Hobbyist Crafter to Small Business Owner

Have you decided that you want to take the plunge into business ownership? First ask your self if you can to this every day for multiple hours. Then ensure there is a market for your product. Go beyond asking friends and relatives but get honest critique from potential customers. Next ask yourself how you will carve out a niche, and more importantly, how you can maintain that niche. Then consider whether or not you can make a profit. After you get through those steps then read the advice of *Smallbiz Trends*, <http://smallbiztrends.com/2012/12/10-essentials-for-handmade-business-success.html>

5 Steps to Start a Business

Richard Branson suggests you need to: listen, keep it simple, take pride, have fun, and don't be afraid to fail. I really like this list. Every business owner needs to post it. Read the rest at: <http://www.linkedin.com/today/post/article/20121002115242-204068115-five-top-tips-to-starting-a-successful-business>

Upcoming Events

eXtension - Entrepreneurs and Their Communities

Winter Webinar Series

Second Thursday of every month

2:00 p.m. (ET); 1:00 p.m. (CT); 12:00 p.m. (MT); 11:00 am (PT)

Connect to webinar - <https://connect.extension.iastate.edu/etc-cop>

March 14 - Pinterest for Your Business

Just when you thought you'd gotten a handle on social media by getting on Facebook and maybe giving Twitter a try, along comes Pinterest. Pinterest is now the number three most-popular social network in the U.S., behind only Facebook and Twitter, according to Experian's Digital Marketer Trend and Benchmark Report. Thru this webinar an introduction to what Pinterest is and why you should use it for your business will be presented. Also discussed will be setting up a Pinterest account, how to interact, and how to create pin boards.

Presenters Tara Gross is a young entrepreneur and owner of Country Drawers in Cambridge, Nebraska and Connie Hancock is an Extension Educator from UNL Extension.

Check us out on Facebook at <http://www.facebook.com/eXtensionentrepreneurs>

To learn more about other eXtension educational programs - <https://learn.extension.org>

eXtension Entrepreneurship - <http://www.extension.org/entrepreneurship>

Mark your calendars! The eXtension Entrepreneurship webinar series continues with some very timely topics. All webinars will air monthly on the second Thursday at 2:00pm (ET); 1:00pm (CT); 12:00pm (MT); 11:00am (PT).

No pre-registration is required and there is no fee to participate. About 10 minutes prior to the start time simply go the Adobe Connect Pro meeting room at <https://connect.extension.iastate.edu/etc-cop>. You will be presented with a login screen that has an "Enter as Guest" option. Enter your full name then click "Enter Room" to join the conference. You will be able to hear the audio directly from your computer's speakers.

Pride of Dakota Annual Meeting and Day at the Capital – 4/3-4/2013 – Contact Dana Pritschet @ pritschet@nd.gov

More Information

Website: www.ag.ndsu.edu/smallbusiness
Facebook: www.facebook.com/NDSUextsmallbiz
Twitter: [#extsmallbiz](https://www.twitter.com/qmuske)
LinkedIn: [glenn muske](https://www.linkedin.com/in/glennmuske)

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