

Small-business Savvy: Spending Money to Make Money

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What do these four things have in common?

- * Keep up building maintenance
- * Develop your online presence
- * Provide good wages and benefits
- * Establish a solid customer service program

Give up? Perhaps the article title gave you a hint. Each of these items has been shown to build your bottom line.

That's correct. Spending money in these and other ways can bring in more than they cost.

All of these influence customer behavior.

Now before you revise your budget and start writing checks, what is important to understand is that probably none of these methods is effective by itself. But together, you have taken steps toward establishing your brand and your identity.

How?

Building maintenance touches on the visual merchandising aspects of your business. This means having a clean, neat space. The windows are washed and the bathroom is spotless. This doesn't just apply to the building but your product displays, cash register area, the floors and even rooms not available to the public eye. (Yes, your employees will talk about what goes on behind the scenes.)

Your online presence identifies your willingness to stay connected with your customer and those who might be your future customer. Having a presence shows you are staying current. And as you share your ratings, you begin to build trust and integrity in your business.

Good wages and benefits for your employees may be self-explanatory. You can't afford to have a revolving door for employees if you want them to not only understand your business philosophy but to live it every day at work and in the hours they spend away from the business. And don't forget that empowering the employee to take action is a no-cost way to move your business forward.

Having a solid customer service program also builds your reputation. Your program, among other things, should listen, apologize, respond promptly and offer a solution.

As a business owner, you may consider many aspects of the business as an expense line item. Your task is to make those line items into revenue generators. Your goal is customer retention.

One study found that a 5 percent customer retention rate could increase profits by 25 percent or more. Another study noted that more than one-half of customers would pay a 14 percent premium for good customer care.

These are just four examples. Think of what you might be able to do if you make a line-by-line study of your expense items.

So you have your task: Turn your expenses into revenue through the message you send.

More information is available at your local Extension office, as well as at <http://powerofbusiness.net> and www.eXtension.org/entrepreneurship.

The Small Business Administration and its related organizations, such as the Small Business Development Centers and Service Corps of Retired Executives, along with many other state agencies, also can be valuable resources.

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