

## OTHER MATTERS ABOUT MARKETING FOR SUCCESS

Do not follow your instincts as they will probably let you down. You must do your research and analysis for the current situation and make the best judgment and the best decision. Be aware of the competitor that is willing to try new things and make special offers and take risks that might seem to be crazy.

Be aware that you are in a competition and that your most dangerous competitor is not the one that looks like you it is the one that is coming from left field, the one that is innovative and nimble and is going for the wallet of the consumer.

Try out new things and new ideas and new techniques. Do brainstorming with your key managers and consider even the most loopy and silly idea that springs forth from the discussion or survey. Have a quarterly consultation conference face to face with Managers or by phone or email and use this to get positive and negative reactions from the clients.

Always carry out research with current clients even if only one client per month. This is important to do so that you are getting real feedback and not just your own precious ideas that you might happen to think are really clever. My most recent feedback from a Client was that we should make much more noise about our record of preventing HSE prosecutions.

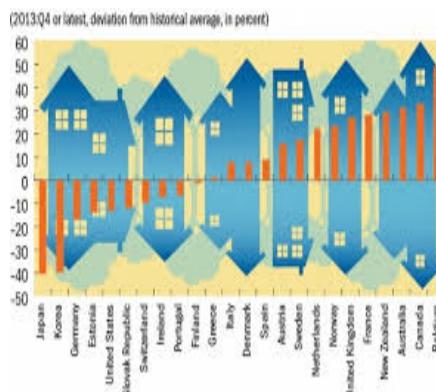
Complete market research and find out what is happening in terms of the global environment. What new Regulations have been promulgated? What impact will they have if any? What are the trends in technology that will change the way we do things? What will a change of Government mean in terms of policies that affect our business?

How best can we work with other players or other parties - even competitors if we can work out a scheme to prevent them stealing our ideas and avoiding loss of our clients.

How can we make an offer to potential clients that they cannot refuse? What would make it so attractive they buy from us now?

Do not fall for the sucker's trap and say "this time its different". If you cannot understand that times and circumstances and history keep on repeating then try to remember the words of Sayonara - "those that cannot remember the past are doomed to repeat it"

**In the 2013 diagram NZ had 30% out of kilter housing prices - now well over 90%.**



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All information in this newsletter is to the best of our knowledge true and accurate. No liability is assumed by the author, or publisher, for any losses suffered by any person relying directly or indirectly upon this newsletter. Please call Head Office for advice. **Col 1:** For it pleased the Father than in Him should all fullness dwell - for in him dwelleth (reigns or abides or makes a home) all of the fullness of the Godhead bodily.

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## News & views from Summit Systems Marketing 2018



### **CLEVER MBA TRICKS ARE NOT PROPER MARKETING**

Some years ago we had a very clever fellow by the name of MANDCO and he completed the MBA with Massey University. He worked with us as a Consultant and handled 30 or more clients in a helpful manner and provided good service except that he was always demanding a higher margin.

Eventually he left us and went into generic management with a local company in Christchurch and for a time all was well. He learned the ropes of actual management of a company and the company seemed to be performing well. He told us that he was going to renegotiate his contract so that he would get a bonus for the turnover.

MANDCO applied himself to marketing and was able to get a reasonable bonus or so it seemed. Then one day he told us that he would now be getting a much higher bonus. We asked him how that this might happen. He said that he was encouraging the client to plan ahead and to make orders for two years instead of one so that they would not have to worry about "just in time" inventory.

Everything seemed to be going okay and then one day about a year later he told us that he had left the firm and was going to another job. We were curious to know why this had happened within such a short tenure.

MANDCO told us that he had encouraged all of the large clients to make two years of orders instead of the annual order that had been traditional. MANDCO was able to almost double his bonus on top of his salary and he was happy.

The following year MANDCO had to face the situation where most of the clients decided that they did not have enough spare money to invest in double inventory and this meant that they did not order any stocks for one year. MANDCO had been clever or much too clever for his own good.



## 2.

### **ACCOUNTANCY WIZARD FROM AUSTRALIA AND HIS BOOT CAMPS**

Some decades ago we had regular visits to the main cities of NZ from an accountancy wizard who came from NSW or Queensland. He operated a boot camp and marketed his meetings to all of the NZ companies that would like to grow their business.

The main song was fourfold and it was along the lines of -

- a) increase the number of clients by 10%
- b) increase the add on sales by 10% at the same time
- c) increase the value of the average prices by 10% at the same time.
- d) increase customer retention by 10% through value added goods and or services.

This was the magic formula and it was easy to achieve or so we were told. The only problem was that the mix was guaranteed to eventually lose clients that did not wish to be screwed by such nasty tactics designed to take advantage of good loyal clients.

### **KNOWALL ACCOUNTANT THAT WILL CRASH THE BUSINESS**

90% of Owners trust their Accountant and most of them will always give good advice and recommend other providers of expertise when this is required.

There are however some Accountants that will have a close look at recent patterns of expenditure and make a simple diagnosis. "Reduce spending by 10% and all will be well". The business Owner does as s/he is told and the situation improves but later continues to deteriorate. S/he rings the Accountant once again and asks what to do next. The answer is equally profound. "Reduce your expenditure by another 10% and all should be well".

Within about three months the business is in serious trouble and is in need of expert attention and restructuring to prevent it from going bust. Many Owners will unfortunately go bust. Another common problem is the Accountant that does not ensure IRD tax provision is made.

### **CONTRACT CONSULTANTS AND THE CLEVER CONSULTANTS**

In recent decades we have also had some clever consultants and they have generally been of two types. Most of them have zero understanding of risk management and would not even know that there are international standards that major insurers and underwriters adhere to.

#### **TYPE A THE BUILD YOUR BUSINESS BY LETTING US MANAGE IT**

The general principle is that the Consultant knows ten times what the Owner of the business does and it only needs a really clever person in control to make a huge difference. What the Owner does not know is that these people have cluster suppliers and the providers of goods and services are changed to the new teams that will for a period of time offer considerably lower prices until such time as they wish to renegotiate their fees and up up the prices.

#### **TYPE B THE ONES THAT IDENTIFY COST SAVINGS**

These gurus have the ability to focus on such things as A) electricity savings and the Owner could simply get economic light bulbs and find a supplier that will give the best tariff. B) reduce the cost of stationery supplies. The Owner can simply negotiate with a major chain and get the NZ Govt rates that are about 40% off for regular buying. C) reduce ACC costs. The guru happens to know 3-4 things and half of them are dubious or illegal. The clever Owner will get proper advice from SSL and find out the genuine ones. D) Telephone services can be reduced. The wise Owner can negotiate with the small number of genuine providers Spark/Telecom, Telstra, 2 Degrees and Slingshot. Sometimes a mixture of the providers gets the best result.

## 3.

### **PARETO PRINCIPLE OF 80%**

The pareto rule is that 80% of your success or money or problems will come from 20% of your effort or focus or database. This is a well known business rule but most people are inclined to forget it or simply ignore it. Clients need to understand the importance of the Pareto Principle in their business.



### **THE 30% RULE - MOST IMPORTANT RULE IN BUSINESS**

This rule is generally not known or is not understood. What it means is that if you concentrate 30% or more of your business in one client, one sector, one product or one whatever your business is in danger of failure. You have a significant risk that you need to do something about as quickly as you can.

For example, a client in Northland was working 90% of the time for a large Civil Work provider and virtually had no other clients worth mentioning. The highway contract was guaranteed for 3 to 4 years and the profits were admirable. Unfortunately at the end of the Contract, the Principal was not able to award a new contract for highways work and the subbie had to fold his tents and sell his plant.

The same disastrous thing happened with dozens of clients that worked almost exclusively for Auckland Transport Ltd a part of ACC. The Auckland Transport decided to change the rules of accreditation and require all contractors to have ISO 9001 via Telarc and this meant that most of the existing contractors lost their position and went into liquidation. In plain language, they would not listen to our warnings about the 30% rule as they would be okay.

### **WHAT THE BROKER MAY NOT KNOW**

Most Brokers are excellent sales people and are also exceptionally good at long term client relationships. However, 95% of Brokers do not have knowledge of actuarial analysis and do not understand risk management and the role of International Standards. The typical premium is set by inviting three prices from competitive Insurers and then recommending the lowest of the three. The Broker does not know that this is normally twice or three times the minimum that can be achieved with an annual risk audit.

### **FREE BUSINESS AUDIT (LIMITED VERSION) FOR EXISTING CLIENTS**

We would like to remind all Clients that they can contact our Head Office for a free audit log that will help them analyse their performance over a range of compliance matters that impact 99% of businesses in New Zealand.

The audit is valued at about \$280 or twice that amount if we need to have a Consultant assist with data collection. This offer is only available for the period down to 30 April 2018.

