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DRUMMING UP BUSINESS DURING SLOW TIMES

Every economy and every business has its ups and downs. The trick to weathering the storms successfully is to be prepared for them.

Reactivate Dormant Accounts

The quickest and easiest way to do this is to sit down with your list of past customers, call them, say hello, and see what's going on. Don't make this a hard sell call, just a reminder that you have done business before and you are interested in working with them again. You don't have to ask for work directly but when you end the conversation you might say something like, "Well, it's been good talking with you. Keep in touch, and if there's anything I can ever help you with, don't hesitate to give me a call." If you are uncomfortable about phoning, send a letter, flyer or brochure that mentions new products or services and includes testimonials from other customers.

Provide Superior Service To Current Customers

When business is slow you want to do everything you can to hold on to your existing customers. The best way to hold on to them is to give them not just their money's worth, but more than their money's worth. Now is the time to go the extra distance, give that little bit of extra service that can mean the difference between dazzling them and merely satisfying them. The best protection against a downturn in business is an active list of delighted customers.

Have Existing Customers Drum Up New Business For You

It's probably fair to say that the customers you're currently dealing with associate with like-minded people - people who are in a similar income bracket, have similar interests, hobbies, and buying habits. And therein lies your sleeping giant. A referral system can harness this giant by encouraging existing customers to refer these people to you. If it's true that most of your customers are happy with your business and the products and services you sell, then it follows that most would be quite happy to refer you given an easy way to do so, such as displaying your brochures in their business. Slow times also provide the opportunity for more active networking, looking for opportunities that may only present themselves when talking to people.



Plan An Ongoing Marketing Campaign

Slow business presents an opportunity to increase the amount of your time spent on prospecting for new business. During a lull in business you need to make this extra effort to attract clients or customers, follow up on leads and close sales. What types of marketing work best in slow times? Use a combination that includes direct marketing (direct response print ads, sales letters, self mailers, postcards, special offers) plus low-cost/no-cost visibility enhancing publicity techniques (press releases, articles, speeches, booklets, seminars, newsletters). Avoid costly image building marketing such as large space ads, slick corporate brochures, expensive annual reports and other marketing communications that can drain your budget without producing sales.

Add Value To Your Existing Services

In a slow economy customers are more concerned with price than ever before. Actually, their real concern is making sure they get the best value for their money. You can win new customers and retain existing ones by enhancing your services and providing your customers with more value for their

What's Inside

- Finding Your Niche
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- Use Your Vacation Home For Retirement Savings
- Swapping Bonds to Claim Losses
- QuickBooks Help

Quotes:

"He who asks is a fool for five minutes, but he who does not ask remains a fool forever."

Chinese Proverb

"A professional is one who does his best work when he feels the least like working."

Frank Lloyd Wright

"The reason why worry kills more people than work is that more people worry than work."

Robert Frost

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FINDING YOUR NICHE

Large retailers often leave smaller market segments un-served since they don't represent, for them, a sufficiently profitable target. A small business can capitalize on these unmet needs by developing a product or service that fills the gap. You can think of a niche market as a narrowly defined group of potential customers.

A niche market can be built on developing a product for a particular consumer demographic, such as manufacturing kosher milk products to meet the dietary requirements of particular religious groups. Many service firms have grown their business by deciding to build up expertise in how a certain industry works and focusing on attracting clients from that industry based on the expertise they can offer. Others will concentrate on a particular service line such as a dentist who specializes in pediatric work. Still other businesses concentrate their resources on marketing to a particular region, so they could be said to operate in a geographic niche. The competitive advantage of being in a niche market derives from being alone there and of being able to offer a level of expertise others can't match or perfectly filling a particular need.

Niche market businesses are frequently small scale since they tend to focus on identifiable sub segments of a larger market such as cleaning blinds instead of cleaning offices in general. But it's an error to think that that is a necessary association. The First Commerce Bank, in Charlotte, N.C became hugely profitable concentrating on servicing small business clients and some accounting firms have moved into the big league through providing advice to clients in specific industries or occupations.

Making niche marketing work

There are three basic ground rules for making niche marketing work for you.

Develop a detailed marketing plan: a well developed marketing plan is the key to successful niche marketing. It has to be very specific about the basic business concept – what you are selling,



who you are selling it to, why they would buy it (the benefit to the customer) and how you will make money out of it.

Appoint a niche champion: the secret to tapping into a niche market and working it to get the best return is to know just what it is the consumer will really value from the product or service you are offering. If you need to, find a niche champion with the knowledge and experience in the product/service that will enable you to develop just the right package. If your niche marketing initiative is really a subsidiary line of business within a larger organization, for instance preparing a line of gluten-free products within a general bakery business, ensure the project is properly funded and the niche champion has sufficient authority and respect to be able to keep the project on track. Don't throw away the opportunity through bad planning and execution.

Market hard: niche marketing succeeds or fails on its success in connecting with exactly the right kind of customer. Both the target market and the marketing channels that will most likely reach them should be closely defined. Give careful consideration to what marketing messages will work best as 'hot buttons' for prospects and will prompt them to purchase the product. Marketing spend may not need to be large but it does need to be well focused so as to get your name known within the target market and educate them to the benefits of using your product/service. In the case of gluten-free bakery products, you could advertise in health food stores, food bars, natural healing centers and healthy living publications.

The famous entertainer Bill Cosby once said, *"I don't know what the secret of success is, but I know the secret of failure and that was trying to please everybody."* The same wisdom applies in business as in entertainment. For many businesses, large and small, creating a product or offering a service that satisfies the needs of a niche market has been a recipe for success.

JOHN MCQUAIG TO TEACH CLASS AT LITHUANIA UNIVERSITY WHILE ON SABBATICAL

As a subscriber to McQuaig & Welk's Insight newsletter I am sure that you have read numerous articles over the years about the importance of working *ON* rather than *IN* your business, you may have even been invited to one of our workshops to learn how to do just that.

McQuaig & Welk continues to educate business owners and managers of the importance of working *ON* their businesses rather than *IN* them because it is something we are very passionate about. We know the value it can bring to business owners and managers not only to their businesses but to their personal lives as well.

You may have heard the phrase "the proof is in the pudding" meaning that the true value or quality of a thing can only be judged when it is put to use. While we here at McQuaig & Welk are continually putting the "working *ON* rather than *IN* your business" philosophy to use there is nothing more convincing that it

truly works than having your boss tell you he is leaving the country for four months. That's right John McQuaig has decided to take a four month long sabbatical to experience teaching in a foreign country where he will teach the Business Strategy and Entrepreneurship class at LCC International University in Lithuania. LCC is a Christian College dedicated to bringing the market economy to the post-Soviet states.

John and his family will spend four months in Klaipeda, Lithuania. You can check out the university at: www.lcc.lt

IRS Announces Increase In Mileage Rates

The optional standard mileage rates for the final six months of 2008 will increase to 58.5 cents a mile for all business miles driven from July 1, 2008, through Dec. 31, 2008.

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money. For instance, if you are selling a commodity item you could add value by offering faster delivery than your competitors. Or a wider selection. Or easier payment terms. Or a better guarantee. There is no need to give away the store and promise an excessive amount of extra service. The extras you provide need not take a lot of time or cost a lot of money.

Keep Busy By Working ON Your Business

A slow period in your business is a good time to busy yourself with internal projects that will improve the business, such as developing a new marketing strategy, making technical improvements to an existing product, auditing and improving your customer service procedures, revising your newsletter or website, or any of a hundred things that you couldn't find the time for previously. Now you have the time. So do them.

USE YOUR VACATION HOME FOR RETIREMENT SAVINGS

Many taxpayers own vacation homes in the area where they eventually plan to retire. In this situation, a vacation home can prove to be a tax-advantaged retirement fund. After retirement, the primary residence can be sold, and up to \$500,000 of gain is generally tax-free for married couples filing a joint return. Any additional capital gain is taxed at a maximum rate of 15%. The taxpayers would then move to their former vacation home and make it their permanent residence. The tax-free home sale gain

proceeds can be used as retirement funds versus withdrawals from a retirement account that are currently taxed at up to 35%.

Once the taxpayers occupy their former vacation home for at least two years, they become eligible for an additional \$500,000 exclusion on the sale of that home. Once again, the tax free sale proceeds can be used as retirement funds. Alternatively, the home can be passed on to the couple's children or other beneficiaries.

SWAPPING BONDS TO CLAIM LOSSES



Taxpayers holding bonds that have decreased in value may benefit from a technique known as a bond swap. To facilitate a bond swap, the taxpayer sells currently owned bonds at a loss and immediately reinvests the proceeds in different bonds. A bond swap enables a taxpayer to currently benefit from the decline in a bond's value and ei-

ther increase or keep the same cash flow generated by the current bond. This technique is beneficial if the taxpayer has current capital gains, particularly short-term, that can be offset by the bond's capital loss, or if the taxpayer's overall net capital loss following the bond disposition is \$3,000 or less (which the taxpayer can offset with other ordinary income).

Taxpayers entering into bond swaps must avoid the wash sale rules to avoid having the loss from the disposition disallowed. Also, the transaction charges (e.g., brokerage commissions) associated with buying and selling bonds will reduce the economic benefit of a bond swap.

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WHAT KEEPS YOU AWAKE AT NIGHT?

As a **business owner** you know there are numerous challenges that keep you from getting a good night sleep. Sporadic cash flow, business growth that has slowed to a crawl, or a work week with exorbitant hours...

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