

Small Business Survival

By Jerry W. Thomas

In today's uncertain economic climate, the first priority for the small business entrepreneur is survival. A glance at newspapers, business journals, or cable news channels reveals a succession of corporations struggling, and often failing, to avoid bankruptcy. In such tough times, knowing how to achieve long-term success is more critical than ever.

The most important thing today's small businesses can do is expose their organizations to critical self-analysis. Small businesses survive not by competing head-on with global corporations, but by pursuing the market niches larger operators ignore. Such a strategy requires constant attention to detail, necessitating self-analysis well beyond the operational level; it is crucial that everything from the basic business model down to the operation of the mailroom is subject to rigorous study. This means determining what, precisely, the business is aiming to offer its customers, how this differentiates it from its competitors, and how well it is delivering on these core products and services.

Much of this analysis can be readily conducted by the business itself, but a substantial part

of a company's success is down to perception—how customers (existing or potential) view its products, services, and overall performance. However, determining such perceptions is notoriously difficult for companies that typically lack personnel trained in the specifics of marketing and advertising.

The most obvious alternative, turning to outside experts—dedicated market research companies, for example—is often impossible when money is tight and budgets small, but this does not mean entrepreneurs can ignore the example set by the most successful corporations. What almost all business success stories have in common is a relentless commitment to factors that reinforce competitive advantage: product research and development; marketing, advertising, and public relations activities; and customer relations.

What the most successful companies have recognized is that survival hinges on two separate, yet intertwined factors—being the best, and being recognized as being the best.

Being the best requires a commitment to excellence in all areas. That means small business leaders cannot shy away from hard decisions where employment is concerned, for example. Staff who consistently fail to perform must be replaced with those who will. The smaller the company, the more difficult such actions may be to take, but they are essential. Similarly, leaders need to ensure they have staff who are

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prepared to do what it takes to deliver results, no matter if that means asking for a commitment from staff far greater than business rivals demand of their employees.

Being the best also requires a company to recognize when it is lacking in excellence in key areas, and to identify whether that excellence can be delivered through hiring new employees, retraining existing staff, or seeking outside counsel. Money invested in improving core business competencies is never better spent than in tough times like today, because it directly impacts productivity, sales, and perceptions.

Making sure a company is recognized as being the best is often seen by small business entrepreneurs as secondary in importance to “real” issues such as production, distribution, and sales. The common viewpoint is that if the product is “right” the customers will buy it. Yet it is precisely this attitude that dooms many businesses, regardless of the quality of their products or services. Small businesses need to give as much attention to their public relations, marketing, and advertising strategies as large corporations.

Many entrepreneurs cry that this is simply beyond their means—they cannot contemplate spending tens of thousands of dollars on “fancy” market analyses from specialized researchers. The argument is valid, but consider this: if marketing, advertising, and public relations dollars are

in short supply, how critical is it that those dollars are well spent? A small business can far less afford just one marketing effort to miss its target than can a huge international corporation.

What small businesses must do is learn the core skills marketing experts take for granted. They need to take every opportunity to speak to customers, potential customers, and vendors to uncover how well the company is perceived. Likewise, a simple analysis of publicly available materials (such as census data) can help a small business better identify key target markets, reducing the waste of valuable resources inherent in blindly blanketing an area with its advertising. Such an analysis might lack the sophistication of a professional market analysis, but it can make the difference between success and failure—and there is nothing to stop the company utilizing a more professional analysis in the future when it is growing strongly.

It comes back to the issue of self-analysis. If a company has a clear vision of where it wants to go, the task of identifying its market, and the optimal ways to attack that target, is much easier. This allows for a concentration of limited resources where the company can best help deliver success. Such a focus of effort lies at the heart of corporate survival, no matter if the company is large or small.

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Decision Analyst is a leading international marketing research and analytical consulting firm. The company specializes in advertising testing, strategy research, new product ideation, new product research, and advanced modeling for marketing-decision optimization.



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