MARKET RESEARCH

In 25 years, as a consultant for over 200 small businesses, I have found very few, maybe 5%, had a consistent marketing strategy. Even fewer reported doing any direct marketing research. Most companies rely on their experience rather than a segmentation strategy to target potential customers. Other than the advice from advertising media salespeople, very little study is applied to marketing communications, taglines, jingles, or other visual/ audible hooks. Most companies utilize what can be described as a "spitball" approach to marketing: toss it out there and wait to see what "sticks." Most companies rely on anecdotal and management experience for their marketing research.

Market research can capture valuable information about customers and competitors, suppliers and resellers, and trends in public perception. Data collected from market research activities can then be used to guide decisions. For example:

- Is it targeting the right market(s) effectively?
- Does the company use a segmentation strategy?
- Does it target all the segments it should be targeting?
- Is the company providing the right products?
- Does it provide the proper level of quality?
- Are pricing objectives appropriate?
- Is it using the right pricing strategy?
- Does the price project the desired image?
- Does the price hurt or help the company's success?
- Are the company's promotions objectives appropriate?
- Are marketing communications using the right message?
- Is it reaching the right audience?

For market research to deliver qualified information, there must be front end planning to determine the requirements for the study. Management must form a consensus on research goals through brainstorming needs and service gaps to identify areas for investigation. Research goals must be clear so that the results will be meaningful and address areas needing improvement. Market research results can then be input to be used in deploying action plans.

A simple step toward better market research is to survey your customers. If you routinely work in your store, you can learn through observation and conversation. Surveys assume that people know how they feel. Thus, it is important that a structured approach to design and analysis be employed.

First, the design of questions should be based on research objectives: what information are you hoping to gain from the survey? You can survey customers and include specific questions about demographics such as age, gender, income levels, interests, attitudes, opinions, geographic segmentation, reference groups, which are social groups that a person looks to when forming their lifestyle and behavior.

Keep questions to a minimum so that it can be thoughtfully completed within five to seven minutes. Plan to survey at least 50 customers but, test the survey first, using employees to make sure the questions have a logical flow, are not ambiguous, and are free from grammatical errors.

Survey administration can be via paper and pencil (exit or entrance survey) or through an online service such as Survey Monkey. When using online surveys, links can be imbedded in email communications to the respondent and they can take the survey at their leisure. Survey data analysis requires study of both descriptive and inferential statistics (descriptive statistics evaluates and then describes the data from the survey. Inferential statistics allows for rational deductions made from the data you will collect with your survey.) Demographics and descriptive data include:

- Total number of male vs. female respondents
- Age range of respondent
- Income level of respondents

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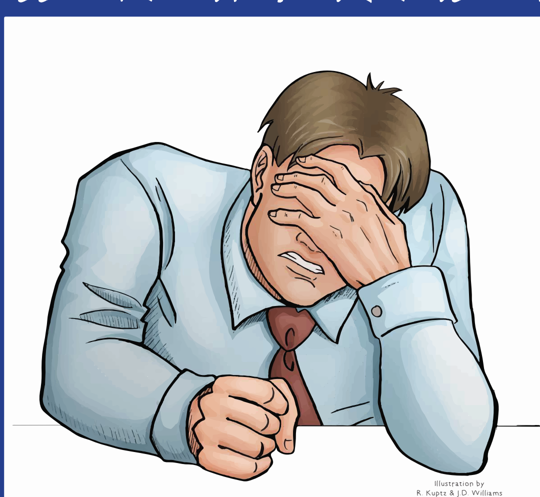

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Motivating Employees:
Do you have the Right Stuff?

After researching the theme of this article, I found there is no shortage of material on the topic of employee motivation: 10 Ways, 18 Points, 5 Better Ways and The Number One Way. Remove" motivate" and replace with "how to make your first million dollars" and the Google searches almost look the same. So what is the right way to motivate your employees?

At the ending of a TV show from the early 1960s called, *The Naked City*, the announcer would state with an air of authority, "There are eight million stories in the naked city. This has been one of them." The same thing could be said for the huge amount of information on employee motivation.

Considering all the research that has gone into the study of management, why are there so many theories, postulates, rational beliefs, undeniable truths and conclusions?

The answer lies in the uniqueness of each individual, thus, no one theory can ever apply to every situation. Top this with the reality that things such as technology, society, culture, economics and politics change over time, and it becomes even more clear no one theory works.
Another thing to consider is that no one can externally motivate anyone because motivation comes from within. Managers and business owners need to create the environment for motivation to have a chance to succeed. Some suggestions to consider are: a defined reward system, a positive organizational culture, simple job design, fairness and trust.

As a manager/owner, understanding the needs of your employees goes a long way in tailoring individual motivation appropriately. Some people can be very uncomfortable with public recognition while others enjoy it. Other individuals may have a strong need to defend, and therefore, require a different approach to change and organizational flexibility. Tailor the techniques, but most importantly, be transparent, trustworthy and genuinely fair. And, perhaps more importantly, keep your employees involved. They do the day-to-day work and you would be surprised how much they know about your business. It would be a good idea to ask for their suggestions on how to improve what is currently being done.

Over the years, first in supervisory positions I have held working for other companies, and owning my own business, I have attempted variations of Employee Involvement (EI) with hourly store operations and warehouse workers, salaried managers, and even adjunct college professors. The results of establishing an employee involvement process were sometimes successful and sometimes not. The best that I can say for any and all attempts I made is that the work atmosphere was full of positive energy and a general sense of esprit de corps. There was a tremendous amount of trust among all members of the work unit as a result establishing an EI process.

Overall performance may not be consistent, however, due to a variety of reasons. Some killers of EI include leadership's tendency to micro-manage, a lack of a clear mission/vision, the absence of a strategic plan, and the tendency to hurry on to the next task or phase. All of these realities can quickly trump the positive foundation that an EI process can bring and things just return back to where they were before.

In order for EI to work, you do need a self-starting, self-confident, self-motivated crew that can switch from acting as individuals to being part of a self-directed work team in a manner of minutes. There needs to be a bond, an element of unity, otherwise, much of the good work establishing the foundation will be compromised and become susceptible to collapse. EI also requires a tireless and valiant supervisor / manager /executive who is passionate about people as much as they are passionate about results. Leadership must believe that much can be learned by simply having the employees take an active role in problem solving and innovation.

It is difficult to boil down such a broad topic as motivation. That said, perhaps we can agree that all people want to be valued and understood. If managers and owners can act on these two ideas, maybe the "stuff" of motivation might follow.

Loss Prevention Tips

Loss prevention is a multi-dimensional field and covers many related risk management topics. In this third installment, the theme shifts to the education and training of store personnel.

Many years ago, I attended a retail store loss prevention conference in Lansing, MI. One of the speakers at this conference said something that has stuck with me for almost 30 years. The presenter was a retired police detective turned LP manager for a large Midwest retail department store chain. He talked about the golden rule of loss prevention as it applied to internal theft, which stated that of 100% of a store's employees: 5% would NEVER steal because of their moral, religious, or personal standards would not allow them; and 5% would ALWAYS steal regardless of what loss prevention measures were in place because they just got a thrill out of the act. He went on to say that the challenge for management was the remaining 90% who could go either way depending upon (1) need and/or (2) opportunity.

The focus of all loss prevention education and training are for these 90%, and it is not a bad idea to start your loss prevention training with this observation.

Loss prevention training does not need to be complicated, but does need to be communicated. The business owner or manager must prepare the content that will go into loss prevention, or any training. There are many free sources of information that can be found online, as well at local police departments or your business insurance agent.

Some simple questions that could be geared to topics for training content could include:

- Is there a procedure in place when there is suspicion that an employee may be stealing?
- Do management and staff know what factors can lead to internal theft?
- Does all staff enter and exit through the front entrance?
- Does all staff leave coats and purses in a locker room or designated employee area?
- Are glass showcases locked when they are unattended?
- Is the cash register locked and secure?
- Are procedures in place to investigate when empty cartons are discovered?
- Are management and staff using the proper procedure for making purchases from the store?
- Are visitors (salesmen, trades people, etc.) entering and exiting through the front entrance only?

Management should conduct a simple loss prevention audit at least monthly to identify potential conditions that could lead to internal theft and initiate corrective actions. These audits can be used as training opportunities and should be shared with staff. The more that management is aware, the more the staff will also be aware. Loss prevention is everyone's responsibility and requires everyone to be alert at all times.

Despite how small a company might be there should be a process for investigating a known loss. Management is responsible to study these incidents and note any patterns. Involving the local police may sometimes be required and any information that can be shared can help their investigation.

FAIL TO PLAN = PLAN TO FAIL

Does your company develop, implement, and measure strategic goals and, change them as circumstances require?

All businesses need to establish a strategy to address its future viability. To just survive is never a good business strategy. And, the lack of strategic planning (and planning in general) will create nothing but a sense of being perpetually lost, unsure of what to do next.

Companies set themselves up for failure if they do not create first, a strategic vision and then, strategic goals crafted to get there. When many companies do establish goals, these goals are unrealistic and created without the adequate financial, human, and technological resources to support achievement.

The term "strategy" should be interpreted broadly. The strategy can build around or lead to any of the following: new products and service initiatives; redefinition of target market segments; revenue growth via different approaches; new partnerships and alliances; or redefining employee relations. The strategy can be developed toward becoming a preferred product and service provider, a market innovator, a value exchange leader, or a provider of customized product or service.

What is a strategic vision? A strategic vision is best described as where the company's leadership would like to see itself in the future and in some respects, the ideal future. Once the vision is clearly defined, it will provide direction to the development of strategic goals that will get there.

Strategic goals must be realistic and based on the essential truths of the company in its current state. These goals must then be logically integrated into the organizational structure. As the "current state" of the business can sometimes seem a stretch to the strategic vision, or the "desired state," leadership must come to terms with this reality and perform a gap analysis to determine the necessary steps (strategic goals) to achieve the vision.

This gap analysis can be accomplished by taking the time to do a **SWOT** (**S**trengths, **W**eaknesses, **O**pportunities, **T**hreats) for the business. A good way to start the strategic planning process is to do a self-assessment for your business. The questions that require some careful thought include:

Provide a detailed description of your business.

What is its history? Foundational roots? What does the company represent? How is it viewed by its customers, employees, suppliers, the community in which it serves? Is the company a brand by its very presence?

Currently, what are the strengths of the business?

The strengths of the business are within the span of control of the owner. Strengths are often the competitive advantage that the business has within its marketplace. Carefully consider what the business does well and how to improve the good things continually.

Currently, what are the weaknesses the business?

Like strengths, weaknesses are within the direct control of the company's leadership. Most owners do not have to think too long about business shortcomings. It is a challenge determine how to overcome the constant, nagging deficiencies given the operational constraints. It helps to write down the weaknesses. Make a list and prioritize which weakness should be addressed first. Many times all the shortcomings are somehow connected, and if a key one or two are unraveled, others may begin to improve simultaneously.

Currently, what are the opportunities for your business? How can the company differentiate from its competitors?

Opportunities are typically outside the control of the owner and tend to be environmental circumstances. Opportunities are often fueled by creativity and innovative thinking within the company. For example, altering your product line to accommodate shifts in customer demographics. Or, thinking outside the retail brick and mortar and embarking into online sales or wholesale to industrial accounts.

Currently, what are the threats to your business?

Conversely, threats are factors outside the business that could prove potentially harmful. Sometimes threats cannot be entirely overcome however knowledge is always power and the more business owners know about the potential threats to the business the more they can prepare.

Describe your customers in detail. What are their demographics? What do they want from your business?

How much do you know about your customers? If you routinely work your store, you can learn about them through observation and conversation. You can survey customers and include specific questions about demographics such as age, gender, income; interests, attitudes, opinions; geographic segmentation; and reference groups, a social group that a person looks to in forming their lifestyle and behavior. Surveys assume that people know how they feel. Sometimes, however, it takes listening to the opinions of people in a small group setting to discover their thoughts and opinions.

Focus groups can reveal detailed information and deep insight. When well executed, a focus group puts participants at ease so they can thoughtfully answer questions in their own words and add meaning to their answers. Surveys are useful for collecting information about people and their attitudes but if you need to a deeper level of understanding, then use a focus group.

What are the three most important challenges facing the future of your business?

These should flow from the SWOT analysis if you have approached the self-assessment process with honesty. The quality of the self-assessment also depends on your ability to look introspectively with honesty and efficiently scan the environment surrounding your business.

The self-assessment requires you to identify relevant data that must be collected and then analyzed. Once you have completed this portion of the task, you can then use both quantitative and intuitive forecasting methods to predict future outcomes.

Strategic planning should address your ability to inspire and set to action the necessary resources and knowledge to execute the strategic plan. It should also address your ability to execute contingency plans and the flexibility to change and implement new ones.

David Castlegrant has extensive work experience as an executive retail operations manager, university professor and business consultant. He started David Castlegrant & Associates in 1992 and acts as a business services provider for profit companies, nonprofit organizations and institutions of higher education.