



Laura Ashley-Timms, the Licensing Industry's very own Coach, has teamed up with Total Licensing to challenge you to improve yourself and your business.

So read on... and then send in your questions to be answered in our regular 'Coaching Corner' feature.

Thinking of launching a new business?

Two of my current customers are currently in the throes of launching new businesses. I thought that it might be valuable to use this article to explore some of their experiences that we have discussed during recent coaching sessions.

To set the context, the two MDs are very different characters. They are both very bright and driven (as are all my clients – this seems to be a precursor to actually wanting to work with a business coach!) One is a young Internet entrepreneur with no corporate work experience and the other is a more mature businessman who has had both blue-chip senior line management experience as well as senior consultancy experience. Both have been self-employed for over 6 years and both have run various businesses.

The two businesses that they are launching are also very different. One is completely online – a new and exciting web-based business with enormous global potential, whilst the other is a more traditional bricks and mortar retail concept that is setting out to establish a new franchise model. Either of the two could become multi-million pound successes within 3-5 years, or, both could fail miserably and lose their respective owners their shirts.

Both businesses are around two months young and the following are perhaps some considerations – especially if you are in the early stages of developing your own business or are thinking of adding new revenue streams to your existing business e.g. through the addition of new product lines.

Four Considerations for a Successful Launch

If you were to focus on the following

4 areas, taking action to deliver the best results, whatever business you are launching, you will enhance your chances of success. At worst, you will save having to learn these lessons the hard way (read: painful costs!)

1. Customers come first

I harp on about this all the time. The last article was all about the customer and yet again it is top of my agenda. Who is the customer for this new business?

- The internet business thought their potential market was about 80 different types of businesses and launched to this diverse group.

- The retail concept thought it was anyone who passed the door

What is really amazing is that neither of them invested much time before they went live confirming or testing this theory. The enthusiasm and excitement for their "product" and getting it to market (any market) was their only focus.

The Internet business was correct in that over time, the potential to extend their offer to a huge range of businesses is spot on. However, their customer for the launch phase should have been more focused. The cost of servicing this diverse range of business categories from the off, whilst initial customer numbers were low, skewed their profitability model and meant that every day for the first two months was costing them real money. Retrospectively had they launched into fewer categories and added a few more at a time as the business began to grow, they could have been profitable from day one.

2. Pricing

All you need to remember for customers is to KISS (Keep It Simple Stupid). Is it easy for them to understand

what you are selling and how much it costs? Can you communicate the pricing in a simple fashion? It is value for money? How does it compare to the competition? Will your target customer pay it?

Obvious questions I hear you say. Tell us something new. What's the point? Well, in tests, 2 out of 2 business launches did not effectively ask these questions! Now as it happens the internet business has chosen a simple cost structure and it is amazing value compared to the traditional routes for prospective customers i.e. there is no good reason why customers shouldn't buy. The retailer conversely, went for a top-end and complex pricing strategy (believing their product to be special) and located themselves right in the middle of the competition that were all priced in the bottom to mid-pricing range. The town is a very ordinary, unglamorous town. Volume sales have been running at 25% of projections. At no point had they asked any potential customers what they would be prepared to pay for this product.

This week they have re-engineered their product range into three simple-to-understand price points, which are now very competitive with what is available locally. I am sure that the product (which is good quality) will shortly begin to fly out of the shop (as long as they simultaneously address the next 2 points!)

3. Raising Awareness: Freebies don't -sell!

Good marketing is fundamental for many types of business, when you are new out there in the jungle we put a lot of store in getting our initial offers right.

One of the main reasons for this is that we want our potential customers to TRY our product in order that they

Don't forget that for readers of Total Licensing Laura is offering a completely FREE no obligation 30 minute coaching consultation.

So go on and pick up the phone, what have you got to lose? Your only risk is spending half an hour talking about yourself... Contact Laura Ashley-Timms at Notion Limited. Tel (UK) 0845 4568217 (Int) +44 (0) 1926 840078 Mobile +44 (0) 7968 164083 laura@notionltd.com. www. notionltd.com

can find out how much they love it and become regular purchasers. This they will only do if a) they know about it and b) they are encouraged to cross the threshold and BUY (or just try). Both the businesses in question launched with free offers to get people trying their products. Both were amazed at the poor results. So why didn't the free offers work? In the case of the internet business people signed up for the free offer. But the relationship ended there. After a bit of coercing the MD finally took a day out to call 40 of these customers to get some feedback – it turned out that the two freebies had been OK but not very conclusive. It was obvious why. When asked, the MD explained that to really test the system and understand the potential you needed to have a minimum of 10 “interactions”. The free offer was only for 2 – so statistically the probability was always going to be skewed towards an unsatisfactory experience. Solution: change the offer to encourage 10 interactions at a significant discount to the full price. This new incentive still offers terrific value to potential customers, generates some income, and because the customer also has some of their money in the game they will be more committed to making it work. Offering 10 interactions is also pre-disposed to offer a statistically better result. The retailer gave out free vouchers in the local press. Over 200 were redeemed. Sounds good until you learn that 180 of them were to OAPs who

trekked far and wide to get a freebie and didn't spend a penny in the store on anything else. They too are changing their offers to make them better value and no longer free. Oh, and clearly they have also learned that their potential customers are not “anyone” passing the door!

4. Manage Overheads

Every penny counts in the first few months before the sales start building up, but of course this is when all the major set up costs are. It is so tempting to think that you need to throw money at it to make it all perfect. Ask yourself the question - does it have to be amazingly perfect to meet your needs or just perfect for the customer? Don't spend money where it's not going to be appreciated. It's amazing what you can achieve when you set a tight budget and ask better questions.

The Retailer has already had to let staff go to manage costs and re-engineer the way they make the product to support more competitive pricing. The internet business, having realised that he needed to start servicing the customer, was all set up to employ a full time customer service expert. However, he quickly realised that he could invest a day calling the customers himself and at the same time train up a member of his staff to learn how to do it on an ongoing basis. This didn't cost him a penny and had invaluable results on several fronts. In addition, they have stopped all the marketing costs outside of the core groups of customers they are now targeting for launch. Some of the last few days have broken even.

Most successful businesses I work with do not spend money on unnecessary areas and always keep a tight grip on overheads.

What is important is that the customer-facing end of the business is fantastic and the back end of the business operates effectively. I am a firm believer that style does not have to cost money and you can reward staff well without it being unprofitable!

Next steps – taking Action

All of the above is useless unless you translate it into specific action. What have you learnt that you can implement? If you have an existing business, what one thing will you do to make sure it becomes even more successful?

Some questions to ask yourself:

1. How can you phase in your offer (and costs) to be profitable from launch? What questions could you ask your customer that will give you some exciting and valuable feedback? How can you make these really open questions so that it is even more meaningful?

2. Is your pricing easy to understand and well packaged or do customers need a degree to figure it out? Would a third party find it easy to communicate? What experience do people need to have in order to become a regular customer and tell other people about you/your product? How can you construct an offer to achieve that outcome?

3. What impact is your marketing having? Are your offers designed to encourage repeat custom? Is their first experience going to be memorable?

4. What costs can you cut out until the profitability allows for them to be introduced? Are there more efficient and less expensive ways of doing things? Are you spending the money where it counts?

These are only a few of the myriad considerations when beginning any new enterprise – but by focusing on the fundamentals (remember ‘cash is king’) you will hopefully build a more robust foundation.

Coaching Corner

Q: There is so much going on right now I am just ‘in overwhelm’ and being ineffective? What can I do to change this?

Business Owner

A: Keeping things simple is the best way to deal with ‘overwhelm’. First step is to get a clean piece of paper and write down everything that is in your head that “needs to be done”. If it's on paper and no longer clogging up your brain you will immediately feel better.

Get a cup of coffee and look honestly at the list and ask yourself “what on this list is really fundamental for me to do?” and “what could someone else do?”

Delegate all the tasks that you really do not need to do personally – be ruthless – even if you normally do them. There is really very little that only you can do. If you left the business tomorrow who would do those jobs? Let them start doing them today! Cross off everything from the list that has been delegated. Look at what's left and put an approximate time by each task i.e. Task ‘A’ will take 30 mins, Task ‘B’ one hour etc. Then allocate each task into your diary so that you know when you are going to do it. Now that you know that everything is going to get done and on time give yourself a break, go home early or take a long lunch. When you come back you will be refreshed and operating at maximum efficiency!