

## COVER STORY: Meeting the market



***The art of promotion is not rocket science according to one consultant – it just requires a little strategy and a bit of hard work***

**By Victor Chew Wong**

There was a time in 2000 when Logotex owner Anne Carroll was considering throwing in the towel on the company her father founded.

A series of stressful events were beginning to take their toll on her shortly after she took over the East Vancouver company (which produces embroidery and promotional products) from her family.

“I was beginning to question whether I wanted to carry on with the business or not,” says Carroll of the 22-year-old company. “We had been through a series of consultants, staff and upheaval.”

Business was flat and slipping. Each time Carroll, now 46, lost a sales rep her business suffered a steep drop. She felt she was at the mercy of her staff instead of being in control of the company.

Carroll knew if she were going to keep the company, which now employs seven, she would have to make some drastic improvements. But like many small business owners she had a limited number of ideas and resources at her disposal, hence the spate of consultants.

Each hired gun produced a report, which was read and then put on a shelf. There were many useful recommendations, according to Carroll, but like many in small business, she was so busy in the day-to-day operations of her company she had little time left to execute the proposals.

Enter Success Unlimited Sales and Marketing Group.

Carroll was not interested in dumping more money into another consultant, and yet another report, but something in her initial meeting with Rob Ciccone convinced her otherwise.

Ciccone, Success Unlimited president, made two things clear to Carroll. The first was that she was relying too heavily upon her sales reps. The second was that Success Unlimited would come in on an outsourced basis to implement any proposals brought forward. And then there was the guarantee.

In the nebulous world of marketing, finding an organization that will guarantee a stated return on investment is akin to drawing a full-house at the poker table – you keep your cards and count your blessings.

"Our guarantee is pretty basic," says Ciccone, 36, whose company specializes in helping small to medium-sized firms. "If we come in and do an analysis and are able to implement our full plan that we recommend, we guarantee that our fees will be covered by an increase in profit.

"If the increase in business does not match our fees, we'll keep working with the company until they do. To my knowledge we are the only marketing company that guarantees our results in writing."

When Carroll's father founded Logotex in 1983, he did so by bringing in the third embroidery machine in Vancouver and targeted the corporate sector, which at the time was virgin territory.

Back then, the company specialized in embroidered baseball hats and golf shirts. While it is still a big part of their revenues, they have expanded into just about anything you can stick a logo on: pens, golf balls, welcome mats, key chains, candles, candies, and for the man who has everything, a fireplace.

Since 1983, the market has matured considerably and with it the ensuing competitive environment. Carroll estimates there are now at least 50 industrial embroidery machines (which each cost about \$200,000) in Vancouver today.

It was in that landscape, in addition to a faltering business climate in BC, Carroll found herself when she met Ciccone five years ago.

"What Rob explained to me in our initial meeting was that a business needs a really solid foundation," says Carroll, who is also chairperson of the BC chapter of the Promotional Products Association of Canada.

"If your marketing program is properly built with multiple marketing pillars and for some reason one of them crumbles, you still have the other four to support the business," she says. "If you have only one pillar then the building is going to collapse if that pillar fails. We were depending on one pillar, our sales force. He said we have to develop more pillars."

In the first year of implementing SUSMG's strategies, Logotex was able to halt a 16 percent decline in revenue in 2000 and turn it into a 44 percent increase in 2001.

Before implementing any new systems, however, Ciccone drilled down deep into the Logotex bedrock to unearth their unique selling and extra value propositions. Through a series of interviews with staff and clients (as well as an analysis of the competition), Ciccone pinpointed Logotex's distinct place in the market.

Today, any Logotex marketing materials or sales efforts emphasize the company's history, years in business, technology, consultative service, its quality, its guarantee, its large showroom and the cappuccino bar.

"Clients who hire me typically have not done a good job of articulating their uniqueness or answering the question, 'Why should I do business with you, above all other choices, including doing nothing at all?'" Ciccone says.

On this critical point, Ciccone is in agreement with Paul Cubbon, marketing instructor at UBC's Sauder School of Business.

"Not being really clear about what the value proposition business owners are offering to potential customers is the biggest mistake I see in the marketplace," Cubbon says. "There is a fundamental difference between the benefit and features of a product or service.

"The features are often what the internal designers come up with. In terms of a car, it's got a V-8 engine and a special computer. From a customer point of view, I'm interested in the benefits: Will the car go faster? Is it safer? Is it more comfortable? The features are a reason to believe. Over time, in mature categories where there's been a lot of communication, consumers will decode it themselves. If I know there's an airbag, it's meant to be safer.

"To tell them about the benefits you've got to take a customer mindset. Walk in the shoes and be in the head of your potential customer. There are many great technical products that are designed and fail because they do not put the value proposition together very effectively."

In many ways, it is literally Marketing 101, but Cubbon says small and big business alike often concentrate too much on the product or service and lose focus of the customer.

"What I tell my students is that they must take a customer view of the world, not an internal company view of the world," says Cubbon, who also consults for the private sector. "It doesn't mean that the customer always knows what he or she wants or is always right, but you have to take the customer perspective into the company debate.

"Marketing is reflecting the customer insight into business decision-making. With marketing everyone already knows a lot, because we're all consumers and we've had good deals and bad deals."

Having determined Logotex's unique selling and extra value propositions, Ciccone and Carroll began erecting pillars on that solid foundation. Carroll jokingly refers to this era in Logotex's history as B.R. and A.R. – Before Rob and After Rob.

Before Rob, Logotex's marketing modus operandi was pretty much run-of-the-mill: a Yellow Pages ad, a little print media, the occasional trade show and some cold calling.

Ciccone's goal was to make Logotex less dependent on the sales rep–customer relationship and build the Logotex-customer relationship.

"We've been through many sales reps over the years, but now our clients know us as Logotex and not as a sales rep.

"It used to be when sales reps left, they would take all their relationships with them. Each time a sales rep left, we would suffer a big drop in sales. The marketing system we have now enhances the efforts of our sales reps; it makes them more successful and helps build lasting relationships with our clients."

Over a three-year period, Ciccone helped Logotex build a series of marketing systems that helped attract new clients, generate more sales out of existing clients, and retain more customers:

- A series of free reports with ideas and facts about how promotional products help with branding, marketing and building team morale.
- A powerful website designed to move browsers to action.
- Refining Yellow Pages and print ads so they are trackable, have a clear focus and call to action.
- Unique embroidered business and Christmas cards that show off Logotex's craftsmanship.
- A robust customer management system.

- An annual charity golf tournament that benefits kids with learning challenges. Last year it raised \$15,000.
- A training program for all staff to help them understand their role in marketing and sales.

These measures have stabilized, then helped Logotex grow by:

- Becoming more efficient. "Over the years we've had as many as four salespeople, but because of the marketing systems, we've had as few as one for part of the year and been able to maintain our numbers," Carroll says.
- Attracting quality sales reps. A powerful customer database provides new sales reps with a quality client list so he or she is not starting from scratch.
- Less customer churn. Before Rob, Carroll estimates customer retention was about 50 to 60 percent. Today, because she is able to efficiently track it, she knows her repeat business is a healthy 80 percent.

What allowed Logotex to set up these systems relatively quickly was that fact that Success Unlimited actually came in and did the work; like her own mini-marketing department.

"Rob came in and said, 'Whatever we do, we'll make sure we increase your business' He said, 'We'll roll up our sleeves and help you.'

"He came in and started doing the work with us. And he held my feet to the fire. That really made the difference between selling the business and keeping the business."

With her marketing system in place, Carroll sees bright prospects for the future. "This year we should be up by 20 percent," she says. "And I foresee a 100 percent increase in gross revenues over the next five years."

Considering the fact Carroll was pondering selling the company five years ago, those numbers look rosy indeed.