

Seek New Business and Help Others Through Referrals

Think outward - that's the message in business these days.

You need to think how you can build links with other businesses and work alongside others in your marketplace to both help them and move your own business forward.

Of course, sound internal structure and systems remain critical to any business but to be really successful you need to look beyond your own realm.

To do this you've got to get out there and network. Lots of networking groups now operate for the purpose of bringing like-minded people together. Breakfast, drinks or dinner meetings, women's groups, industry-specific groups - the list is long. Find out what groups meet in your town and join in.

Great things happen when people start networking - one of the most exciting is when businesses join forces to achieve something they could not have done in isolation, such as develop a new export market. In this way, everyone's business moves forward.

Another way all businesses can benefit through networking is from referrals. Some say word-of-mouth referrals are the way to do business these days. In fact, some businesses don't even need to advertise as most of their clients come through referrals from others.



How do referrals work?

When you attend a networking meeting, always keep in mind how you can help others. Small businesses which are specialists in their field, but operate in the same market as other specialists, may be able to cross refer. For example, in the financial services market, you might help a client with personal insurance but then refer them to another business for advice on a different financial matter.

It's these win/win business relationships that you need to foster. Others might team up to host a seminar or produce a brochure, or retail businesses might jointly offer some incentive scheme which benefits all parties.

If you're out and about then networking opportunities are all around you - from the people you meet in the supermarket, to the sports field, to the business function.

Get out there, find out what others do, and consider how you can help them. In networking language, if everyone aims to help others, then everyone will benefit.

And while you're out there, make sure you carry plenty of business cards for exchanging with others. Don't rely on your business card to do all the work though. A crisp, brief spiel about your business - one that triggers the person to take action - is even more important.



INDEX

Seek New Business and Help Others Through Referrals _____	1
Next Steps - Think Outward, Start Networking _____	2
Connectors Are Good For Business _____	3
Get Help to Go Global _____	3
Location, Location, Location...Or Internet? _____	4



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Customers are your greatest asset

Another way to get referrals is through your own customer base. Happy customers will continue to tell friends and colleagues about your great service so you need to look after them. If you do, they will reward you with ongoing referrals simply because they love what you do.

But don't rest on your laurels - be proactive about encouraging customers to refer their friends and associates. For instance, invite them to bring along a friend to a seminar or information evening.

And make sure you continue rolling out the great service. Don't for a moment think you can slacken up because the referrals keep coming. Word-of-mouth works even faster when there's bad news to tell!

Keep track through a database

Set up a database where you can collect customer information such as name, contact details and demographic information. Identify referrals on your database and make sure you thank the person who did the referring.



Next Steps - Think Outward, Start Networking

- Attitudes are changing and with it, a whole new way of doing business. You have to be outward looking if you want to survive. If not, the smart-thinking businesses will overtake you. If you haven't already...
- Join a networking group - ask around, or contact your local chamber of commerce or equivalent.
- Talk to other business leaders - those who offer different services in the same market as you, and even your competitors - for instance, join forces to import in bulk - you never know what you could team up on.
- Think about how you can help others in your group - when everyone aims to help then all businesses will benefit.
- Don't overlook the importance of word-of-mouth - customer referrals can be a huge part of your business.

Useful reading:

How To Master Networking, Robyn Henderson, 1997, Prentice Hall, Australia.

The Death of Competition: Leadership and Strategy in the Age of Business Ecosystems, James F Moore, 1996, Harper Collins Publishers, New York.

The Tipping Point: How Little Things Can Make a Big Difference, Malcolm Gladwell, 2002, Back Bay Books, New York.

An important Message

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Connectors are good for business

Malcolm Gladwell's book *The Tipping Point* - how little things can make a big difference, is about how things can cause change. In particular, he talks about social epidemics - perhaps crime rates, or new product fads - and how slight changes can have a massive impact in causing a trend to "tip" either positively or negatively.

In his view, the word-of-mouth phenomenon has a big part to play in how epidemics tip. It's growing, and with it, the importance of certain types of people.

One such character is the "connector" - they are the people in our communities who mix in so many different circles they know a lot of people. They're invaluable to marketers and small businesses because they pass on information to lots of other people.

If connectors are converts to your business, you're lucky. If not, spend time talking with your customers, know their demographics, know their interests, know the local area. And when you find the connectors, roll out the red carpet!



"...we are about to enter the age of word of mouth, and that, paradoxically, all of the sophistication and wizardry and limitless access to information of the New Economy is going to lead us to rely more and more on very primitive kinds of social contacts."

The Tipping Point, Malcolm Gladwell, Back Bay Books, New York

Get Help to Go Global

Thinking about launching your product onto distant shores? Find out how New Zealand Trade and Enterprise (NZTE) can help.

NZTE is the government's national economic development agency tasked with helping New Zealand businesses sell their services and products at home and in the global marketplace.

With offices around the world and a wide range of services on offer, it's got the expert knowledge to help guide your business onto the international stage. Services include market research, export advice, important local knowledge, market contacts and so on.

On home shores, NZTE also helps new and recently-established businesses through the Biz Information Service. Funded by NZTE, the Biz service offers business information and mentoring programmes to people in the process of setting up a new business. (see www.biz.org.nz)

For fledgling businesses and those in operation for a while, but which need some expert input, the Enterprise Training Programme runs a comprehensive range of free workshops in marketing, business planning, e-commerce, and so on. These workshops can be extremely worthwhile if you want to broaden your skills in a particular area. One-on-one follow-ups with the tutor allow you to discuss your business in detail and get valuable mentoring guidance.

You can find further information for all services on the website, www.nzte.govt.nz.



Location, Location, Location...Or Internet?

Location matters a great deal for most businesses.

Retail businesses need to be highly visible to passers-by, supermarkets need to be centrally located and have huge amounts of car parking, and wholesalers may need factory space or be close to suppliers.

On the other hand, your business might operate solely through the e-commerce capabilities of your website, perhaps to sell books or specialised equipment. In this case, the location of your business could be in the tin shed at the back of your garden - as long as you have an internet connection out there!

Computer technology is certainly changing the way many of us do business these days and location is mattering less and less.

Thankfully though, some of us still want to do business face-to-face. And as Malcolm Gladwell says in his book *The Tipping Point* (see quote previous page), traditional forms of social communication are critical despite the rapid changes in communications technology.

So if you want to put down some roots in an actual 'location', your choice depends on where your customers are likely to be and, if you are manufacturing a product, where your suppliers are. After those two factors it depends on how much you want to spend.

Question future happenings

There are other important things to take into account though, whether you are setting up business for the first time or looking to move into a new area.

For instance, what are the long-term plans for new highways, residential or tourist developments, or new shopping centres? How could these potentially affect your trade and the value of your site?

And what are your competitors doing or what will they do in five years? What about neighbouring businesses - do they attract or detract customers from your business?

If you need more space, can you extend your current premises or would it be better to move?



A US example

Location proved a significant factor in the United States with the success of giant discount retailer Wal-mart compared to its competitor Kmart. James F Moore in his book, *The Death of Competition* tells how when Wal-mart set up in the early 1960s it purposely chose to stick to rural areas and small towns and completely saturate the market.

The result was that no other competitor tried to go to battle with the rural market and Wal-mart quietly grew and grew, organising its distribution systems into networks to feed the outlets in a certain area. K-mart on the other hand, chose the popular suburban centres where it competed aggressively with other discount retailers for a slice of the market.

The story may be about big business on a large scale, but it raises points for the small business to keep in mind.

- Location matters!
- Where is your target market - can you reach them?
- How far will they be prepared to drive?
- Where are your competitors based?
- What businesses are complementary to your business?
- Where are your suppliers?
- Can you expand - will your location be satisfactory in five years' time?
- Do you plan to open more stores/outlets and where?
- What about your distribution system?

Location is important to your business - don't overlook it.

Be sure to read each article with the mindset “How this could apply to our business”. Thinking of it that way will guarantee that you get value. Also make copies for each team member. To really make sure something positive happens, work with your business development specialists to talk your team through ideas.

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