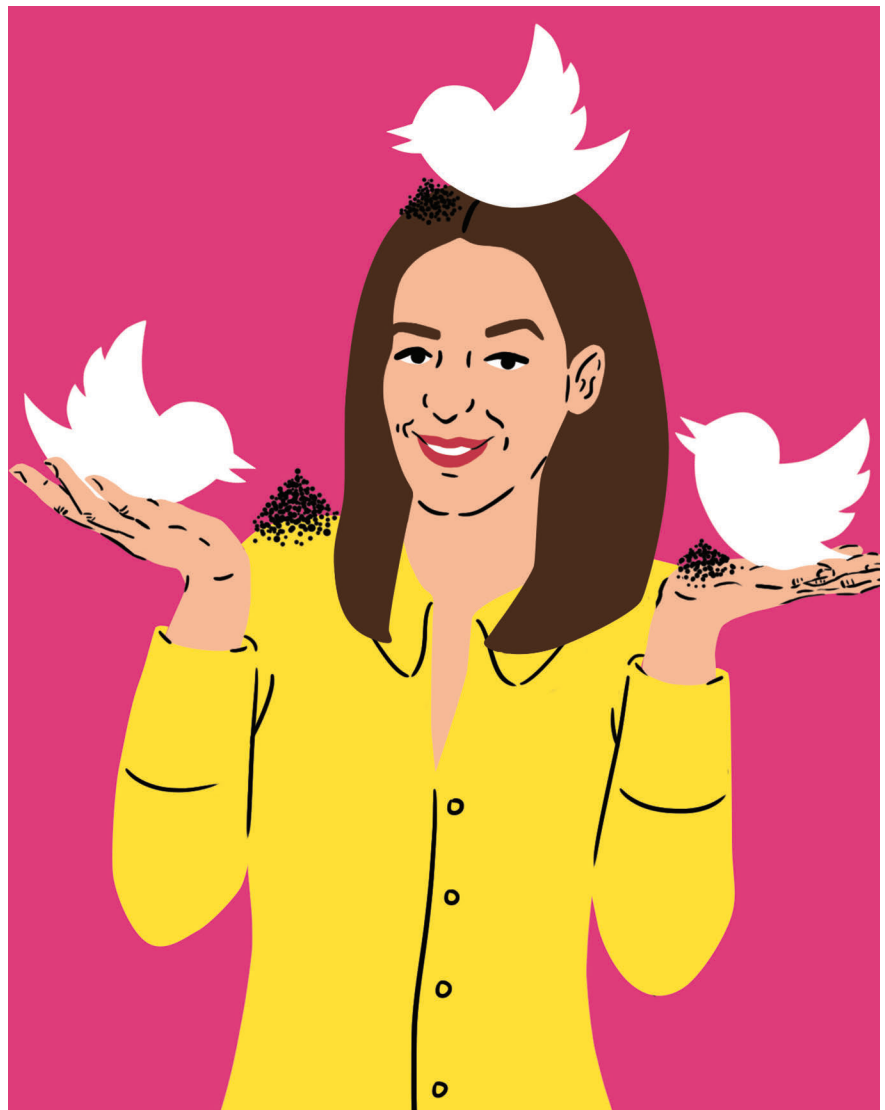


BY  
KAT  
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# THINGS EVERY SMALL BUSINESS NEEDS TO DO. (RIGHT. NOW.)

Being an entrepreneur today doesn't just mean running your company—it also means getting it ready for tomorrow. With markets shifting and technology changing at a high speed, it's hard to know where to start, right? Don't worry, here's a manual for success **ILLUSTRATIONS BY KATIE CAREY**



# EMBRACE SOCIAL MEDIA

When Ian Baird started planting lavender on the former horse and hay farm he purchased in Milton, Ont., he had an agri-tourism business in mind. It takes several years for new lavender crops to be ready for harvesting, so Baird had plenty of time to establish demand. He created a Facebook page and used the platform's paid promotion tools to "tease the market" and attract interested customers who would be ready to visit when the time came to open the doors. "Using Facebook, we could start talking about the farm and build a bit of a community around it before we opened," he says.

After two summers in operation (plus seasonal pop-ups), Baird has a dedicated audience of more than 17,000 Facebook fans for his company, Terre Bleu, and year-over-year

In order to compete against bigger competitors, small businesses need to make themselves easier to find and evaluate online, according to a new poll conducted by *Canadian Business* in partnership with the Rogers Enterprise Business Unit.

The online survey of 1,076 respondents found...

**71%** think large companies do a better job online than small businesses

**80%** would shop more at small businesses if they had a more expansive online presence

Among the most popular ways to discover a new small business are...

**75%** word of mouth  
**45%** search engines  
**30%** social media

The most popular online resources are...

**75%** Facebook  
**46%** Google reviews  
**24%** Yelp/Twitter

The preferred means of receiving exclusive discounts or bonus offers are...

**66%** email newsletters  
**19%** text messages

Acceptable frequency...

**39%** once a week  
**24%** once a month

Full results will be released by *Canadian Business* at Rogers Talks events ([rogerstalksevent.com](http://rogerstalksevent.com)) across Canada in October and November

sales growth of close to 400%. “We’re just swamped with thousands of people each weekend,” he says. “We’ve been selling out of product, and we even got our first negative reviews—basically, that there were lineups. We did not expect this kind of demand.”

How did the IT consultant turned lavender farmer build a thriving business out of empty fields? Here are his tips for digital marketing success.

**BUILD SLOWLY**

▶ Baird didn’t go all out from day one with a flashy website and accounts on every social media platform. Instead, he gradually developed his promotional tools, starting with a Facebook business page along with co-ordinated advertising. He then launched a simple website that featured clear information and professional photography. (He’s since added an Instagram account, but it’s mostly for fun.)

Baird took the same incremental approach when developing his business too, letting demand govern his next moves. “Last year, we only opened as a test market with a tiny farm market store,” Baird says. “Based on the success of last year’s test, we built a 3,000-square-foot building this year, and it was off the charts.”

And while lavender products are Terre Bleu’s key merchandise, Baird has developed another revenue stream based on the crop’s gorgeous esthetics. “We have a whole business around photo shoots for engagements, weddings and family portraiture,” he says. “We even added the feature this year where you could rent one of our horses to be photographed.”

**KNOW YOUR MARKET**

▶ Rather than sending out mass advertisements and hoping to reach potential customers, Baird is strategic about spending his advertising budget, using Facebook’s targeting features so that only the right people see his ads. “I use the tools to choose audience, interest, geography, sex and age,” he says.

Few people ever Google “lavender farm in Milton,” so in the early days, getting Facebook ads in front of the appropriate audience was crucial for Terre Bleu. Baird’s strategy, for example, focused on women who lived near his farm and who were interested in topics such as food and photography, a niche he anticipated would be likely to visit—and spend—when the time came to open.

He also made the conscious decision to aim for quality Facebook fans instead of

quantity. “Not all likes are created equal,” he says. “It isn’t important to me to get 50,000 likes. It’s more important to get 5,000 people who are really interested in the products we make. Then I can focus my marketing and messaging around that.”

**TAKE A SOFT-SELL APPROACH**

▶ “Don’t use Facebook as a selling medium,” Baird says. “I don’t mean you shouldn’t set up a Facebook store, but if every post is about selling a product or pitching a deal, I don’t think the medium works well. People get turned off.”

It might sound corny, but Baird really does think of his Facebook audience as a community based on a shared interest. He always keeps that in mind when interacting on the social platform, rather than using it as a tool to move inventory.

“We were trying to create a sense of place in our branding,” Baird says. “People like knowing where products are made. Just by showing photographs of the bees or how we harvest or that we had a devastating winter and it destroyed half our plants, that created an attachment to our farm, which allowed us to capture the price points we needed to create a premium experience.”

**ARE YOU TIRED OF SAYING  
“WE DON’T HAVE THE BUDGET FOR THAT?”**

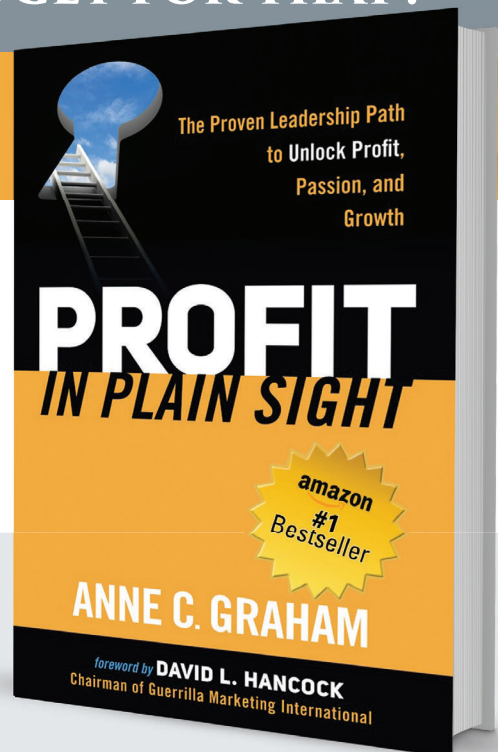
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*“Profit in Plain Sight” illustrates how to engage all levels of the organization in delivering value to the customer. Leaders who follow Anne’s advice on a chapter-by-chapter basis will trigger a cascade of tangible benefits to their organization as they overcome the 5 most persistent profit challenges.”*

**— David Hancock, Chairman, Guerrilla Marketing International**



# THINK SMALL (NOT BIG) DATA

2

Big data is a big buzzword these days, but when it comes to most small businesses, it's a bit of a misnomer. The term refers to the deluge of information that pours forth from

various sources, measured in gigabytes and terabytes. It can be analyzed for trends, behaviours and patterns, provided the company has the expertise, the computing power and the money. That probably doesn't describe most small businesses; they have to take a different approach to harness data.

"It's probably not worth it for a small business to spend millions," says Tom Peters, a partner in Deloitte Canada's analytics practice. "Big data is almost a distraction. If we take it down to just data, now we're talking." Most small businesses already have a lot of data (sales history, finance records, customer information) that can be analyzed to make fact-based decisions, says Peters.

First, companies need to determine which business challenges to address, such as pricing or customer service. Then they can figure out how to use the data to find the insights they need. Companies can purchase software, such as Tableau or InsightSquared, to mine data, or hire consultants.

This exercise can reveal information such as the probability that customers will respond to a marketing campaign, the best neighbourhoods in which to open up shop or even how the temperature in a restaurant affects drink sales. Companies can also track how much it costs to service a customer, says Robert Krider, a marketing professor at Simon Fraser University's Beedie School of Business. "If you've got customers that are costing you way more to service than you're making out of them, fire them," he says.

The key is to start small. "Think about understanding your own data and how to get value out of it first," Peters says, "and then layer on more sophistication over time as you build more capabilities."

# 3 ROCK ALT-CAPITAL



Securing capital from traditional sources such as banks can be tricky for small businesses, especially if a company doesn't have a long earnings history or sufficient assets to collateralize, says Jeffrey Tannenbaum, a partner at Ernst and Young. Other times, the terms set out by a traditional lender might not be agreeable, or a company could require a little more guidance than a bank would provide. That's when small businesses should turn to alternative sources of capital.

Angel investors can offer advice and industry-specific expertise along with dollars. "The downside to that is often you are giving up some control of your business, because angel investors do play an active role...and they do often take an equity position," says Tannenbaum. Similarly, venture capital firms invest in start-ups or companies looking to grow. They offer more potential capital than angel investors, and have strong connections. Like angel investment, taking venture capital means giving up the reins to some extent. The Canadian Venture Capital

and Private Equity Association maintains a searchable online database of VC firms in Canada, while the National Angel Capital Organization has a similar list on its website. Another good method of finding potential investors is simply to ask around or search online for firms that are investing in businesses similar to yours.

Federal and provincial governments run programs offering loans and grants to help entrepreneurs too. "By doing that, you don't give up any equity within the business, but [loans or grants] might be more difficult to get or there might not be as much funding available," Tannenbaum says.

Small businesses can raise capital through crowdfunding sites, such as Indiegogo and Kickstarter, which allow them to pitch their ideas online and request cash in exchange for some kind of incentive. There's also peer-to-peer lending: Businesses apply for a loan through an online platform, such as Lending Loop, that vets and posts the applications for investors to browse.

For businesses seeking small amounts, credit unions often have microloan programs and are willing to wade in where big banks fear to tread. And there's always "love money," also known as loans from family and friends.

Whatever a company decides to do, Tannenbaum says it's important to be prepared with strong, supportable financial projections—and plan well in advance. "There should be some lead time between when you want to obtain financing and when you begin looking for it. It is a process you need to go through."



# 4

## MANAGE A MILLENNIAL



Millennials get a bad rap in the workforce. These 20-somethings are often accused of being disrespectful, indifferent to authority, overly self-confident, needy and prone to job hopping (the new gigs are probably found via that Facebook feed they're always scrolling).

Many of these criticisms are exaggerated, but genuine differences do exist between the youngest employees and their elders. And, like it or not, it's something employers have to deal with. Millennials now make up the largest generational cohort in the Canadian workforce, at about 37%. By 2028, it's estimated that three-quarters of workers will hail from the generation born between the early 1980s and 2000.

Chip Espinoza, co-author of *Managing the Millennials: Discover the Core Competencies for Managing Today's Workforce*, says millennials' expectations can pose challenges for older managers accustomed to a more traditional, seniority-based system. "For a lot of small business owners [starting out], it was kind of sink or swim—it was trial by fire," says Espinoza. He stresses that small

# GET CREATIVE WITH PRICE TAGS

## 5

Provide goods or services, get money—it's a tried-and-true model. But it's not the only option for pricing your product.

Subscriptions are on the rise. Businesses are bundling items—everything from local organic vegetables to wine to professional services—and delivering them to subscribers. It can mean more predictable income, simplified logistics and stronger brand loyalty.

Robert Woyzbun, chief operating officer of Vector Media, says subscriptions can be a great way to make it easier for customers to buy—a key part of any pricing strategy. "If it's a subscription approach, is it a better value proposition?" he asks. "Then it might make sense."

Some subscription companies deal in repeating purchases, like shaving supplies or cosmetics. For customers, that can mean skipping the hassle of buying at regular intervals. Other sellers curate surprise packages of things like jewelry, artwork or local produce. A business that's going to offer subscriptions needs to ensure prices will cover its operating costs—not just for the product but also for shipping,

storage, packaging and marketing.

Daily deal promotion websites like Groupon can benefit small businesses if they're used strategically. These coupon sites allow customers to purchase discounted gift certificates for goods or services, and while the craze has died down from a few years ago, the marketing model is still going strong. Utpal Dholakia, who did a 2010 Rice University study of businesses using Groupon, recommends companies use the site to build relationships with customers instead of one-time transactions. For example, a restaurant that offers \$60 worth of food for \$30 could split the deal to give \$20 for \$10, spread over three visits. Dholakia also suggests providing discounts on specific products or services rather than the total bill, and using promotions to clear out extra inventory or underperforming items.

Be warned that daily deal sites ask for deep discounts—most Groupon deals are at least 50% off, and the site takes half the earnings, leaving a small business to make 25% of its regular revenue. But such services can be an effective way to pull new customers in the door. At that point, the real trick is to woo them into becoming regulars.

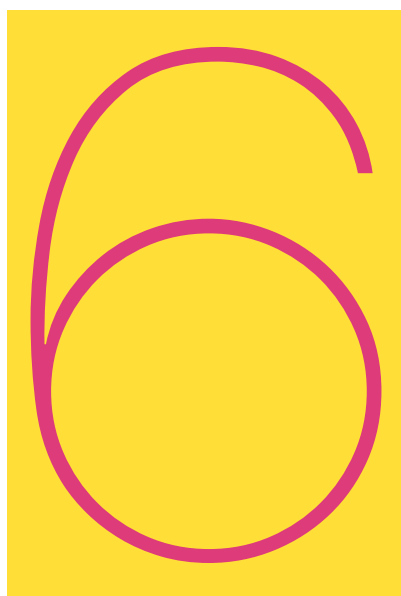
businesses need plans to engage their junior employees. "Millennials' love language is career development," says Espinoza. "If you don't have an articulated plan for them, they're going to go for someone who does." Managers should take an active interest in their younger workers—something small businesses are uniquely well-equipped to do, as owners often already have a more hands-on approach.

Millennials also value civic engagement. One study suggests nearly 70% rank contributing to society as their highest priority. "You don't have to be a big company to give back to the community," says Jeanne Meister, founding partner of consultancy Future Workplace and co-author of *The 2020 Workplace: How Innovative Companies Attract,*

*Develop, and Keep Tomorrow's Employees Today.* "If you already have this as a value, I would tout it in your recruiting materials."

Meister also recommends building "generational IQ" by providing training on the cohorts' differences—and their benefits. Employers can pull together age-diverse groups for social events or seminars, or simply ensure that work teams are multi-generational. Reverse mentoring—in which a younger employee pairs with a more senior person for a two-way exchange of expertise—is also an effective way to bridge age gaps. "The big benefit is diversity of thought," says Meister. "Companies, especially small businesses, have to think, 'Millennials are not just my current and future employees. These are my current and future customers.'"

# LAND A WHALE



Small though a business may be, there's no reason it can't land a big customer. In fact, a small business may be just what that whale is looking for. Small businesses are a "very attractive proposition," says Robert Woyzbun, chief operating officer of Vector Media and director of Queen's Business Consulting at Queen's University. "The smaller supplier or vendor offers a lot of benefits that the large organizations have lost: nimbleness, hunger, creativity, innovation."

Jacqueline Drew, CEO of Tenato Strategy, says the trick is to look the part. That means having a corporate address and phone number (along with someone to answer the phone), a professionally designed logo

and website—and the right business name. Drew's company rebranded about five years ago, when she realized its moniker, Start Marketing, was creating the wrong impression. "I always thought of it as, 'it's time to start marketing,'" she says. "But it came across to others like we were just a small startup company." Since the rebrand, Drew says, Tenato has heard from much larger clients. "That never would have happened under our previous branding."

Drew says to ensure proposals are written professionally—no typos, good headings, strong writing, nice layout. Small businesses also shouldn't underprice themselves. "Just because you're small, it doesn't mean you should be cheaper," says Drew. "You want to project more like you're an exclusive boutique."

And don't ignore the power of Google. Lots of online activity will raise a small company's profile and mean a higher ranking in Google search results, bringing in more, and bigger, customers. "No matter what business you're in, if someone is looking for your service, they will Google you," says Drew.

Securing a big customer is often "fabulous" for a small business, at least from a revenue perspective, says Woyzbun. But big customers can leech time and attention from other clients and, if they pull out, leave a small business in a rough financial spot, he says: "All your eggs are in one basket." In other words, go and chase that whale—but be sure you've got a plan for when you catch it.

## SURVIVE THE NEW SALES REALITY

Entrepreneur Chris Castillo tells a story: While waiting for a physiotherapist's appointment for foot pain recently, he pulled out his phone and started doing his own research. After the therapist instructed him on his exercises, Castillo asked about the ones he'd read on his phone. The physiotherapist agreed he should do those too.

It's a parable for the fast-changing reality of sales. Smartphone-toting shoppers are educated like never before and far less dependent on a sales rep to tell them what they need. One recent study suggested buyers have already made 57% of a purchase decision before they even contact a supplier.

"We're used to a certain way of selling that's more traditional, top-down, 'I'm more educated than you are.' But now it's totally changed," says Castillo. Small businesses need to alter their mindsets to become more like coaches or consultants, helping buyers understand the vast array of information before them.

Digital marketing, such as search advertising and social media, are also invaluable, Castillo says. After personal referrals, it's become his second-best source of new customers for his auto shop.

But don't ditch the sales reps just yet. Entrepreneur and consultant Tim Rudkins says while buyers do a lot of research online, they're also busy and inundated with information. "They often buy from someone who happens to be knocking on their door that day," Rudkins says. "Sales reps who stay in contact tend to get more sales. But reps have to do more for the buyer—including giving more information and help than before." ▀

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