

Long Term Growth for the SME

An article on the long term growth for small and medium sized enterprises must discuss two elements; strategies for longevity and surviving in a hyper competitive business environment, and tactics for stimulating and sustaining growth. Both of these issues are components of a healthy and successful business and are possible even when companies are small and have limited resources at their disposal.

Strategies for Longevity

While certainly not an exhaustive list, Tudog has selected 7 things small and medium sized companies can do without a great deal of resources to sustain their businesses in the long term. These include:

- **Build Customer Base** – staying in business for a long time means selling your products for a long time, and there is no way to sustain sales over time if you do not have a solid customer base. You need to properly identify your customers, find ways of communicating with them, engage in consistent communication, and continue to meet their needs. If you achieve these things you will find that you have a solid foundation of customers who think about your company every time they need or want the products you sell.
- **Always Give a Reason to Buy** – in a tight economy complicated by a highly competitive environment you not only have to give your customers a reason to buy but also a reason why they should buy from you. Your company has to have service standards that exceed customer demands, as well as pricing that is competitive, and selection that delivers convenience. If you are able to combine service with price and convenience your customers will be buying...from you.
- **Build and Protect your Brand** - it does not matter what business you are in, you need to create and protect your brand. You need to determine what “idea” you are selling and what image you seek to project into the marketplace and communicate it clearly and consistently. You also need to make sure you own the idea and protect your ownership when competitors try to claim the benefits or characteristics of your brand as their own. With a strong brand you will be able to sustain your company over time.
- **Partner to Provide a Better Offer** – when the big competitors come to town and start to threaten your company with offers you cannot afford to match seek to establish partnerships with other companies that might also be threatened and work out ways you can combine your offers to deliver greater value to your customers. Partnerships are not the exclusive turf of larger companies, and while SMEs may not be perceived as having as much to offer potential partners as the larger companies, they have many advantages over larger companies (easier to work with, more flexible, etc.) that make them attractive partners.
- **Initiate Change** – there are two good reasons to initiate change; first because it is an excellent way to keep your competitors off balance, particularly larger companies that typically have a hard time responding to change, and second because it is much better to be the initiator of change than the company that has to play catch up to changes that happen in the marketplace. This does not mean that you randomly elect changes to institute, but rather you use your natural advantage as a small company to stay close to your market and introduce changes that you spot coming around before they actually get to you.

- Treat Employees Well – longevity is all about relationships, and since you will not be able to establish a relationship with every one of your customers you will be entrusting that task to your employees. The better you treat your employees the more likely they are to stay with your company, maintaining their relationships and offering your company valuable stability.
- Treat Customers Better - as well as you treat your employees, treat your customers better. Always remember that as good as your products are, and as strong as your lock on the market might be, customers have long memories, and if you are not treating them well they will buy from you only as long as they have no choice. Since competition is always inevitable, the risk of losing your customers if you do not treat them well is quite real. Longevity depends on loyal customers. Customer loyalty depends on how well you treat them.

Tactics for Stimulating and Sustaining Growth

While the tactical options for stimulating and sustaining growth are numerous, Tudog has selected 5 that, if implemented properly, will serve to raise awareness and create interest in your products...thereby driving sales and increasing revenues. They are:

- Advertising – although somewhat apparent, too often SMEs surrender advertising to larger companies because it is perceived as being too expensive. While surely a full page ad in a major newspaper or magazine is a bit beyond the budget, there are plenty of other advertising channels that can be exploited. The trick is to determine the alternative channels that your market are using and then find the affordable way to gain through them some much needed exposure.
- Public Relations – public relations is another form of affordable advertising and it is also often abandoned by SMEs as the domain of the larger companies. The challenge with PR is to create newsworthy events that interest publications and justify the attention they are giving you. Once again, your PR efforts do not need to be directed toward large newspapers, television, or magazines. There are plenty of media channels (like local newspapers, small magazines, and local cable channels) that are seeking good content and would welcome granting you some exposure in exchange for interesting and meaningful content.
- Special Offers – there is a need to renew customer interest and one way to achieve this is by periodically making special offers. Your offer can consist of a price reduction, a bundled package of products, or a limited time only product. By making the special offer you are creating an urgency that encourages your customers to make an immediate buy decision.
- Direct Sales - nothing beats maintain relationships like getting out there and interacting with your customers. Even if you are a very small company, engaging in direct sales is possible. By implementing a direct sales program you are also telling your customers that your concern for them is direct, allowing them access to you and your company when they have special needs. Nothing beats building and maintaining a relationship than satisfying a customer's special need.
- Internet – while almost every company these days has a website, many of them are little more than electronic brochures and do little to actively sell the company or its products. Effective use of the internet means creating and maintaining a website that accurately and engagingly shares with your customers your company, your products, and your mission. In some cases a website can also be used as a point of sale. Many SMEs are intimidated by e-commerce and think that have buy opportunities via their website is complicated and expensive. The

introduction of new technologies has rendered this view outdated. Today there are easy to use and affordable technologies that enable even the smallest company to incorporate e-commerce on its website.

Long term growth for SMEs is a function of good business practices, something that we sometimes ignore either because we think we can't afford it or we are too busy to pay attention to the fundamentals. By integrating best practices into our daily business routine we can create the processes necessary to automate many of the conditions for creating and sustaining long term growth.