



Spring 2009

## Welcome to the Small Business Group

The Chartered Institute of Marketing's Small Business Group (SBG) seeks to keep marketers, consultants and business advisers to small and medium sized enterprises (SME) up to date on the latest marketing developments and news.

The Small Business Group is open to all members of The Institute and seeks to actively develop events and initiatives that promote good marketing practice in the SME sector.

This issue discusses the value of 'brands' in small businesses and how 'marketing' is really interpreted.

## What does marketing mean to the small business?

It is generally accepted that 'marketing' for the majority of small businesses is predominantly about marketing communications and promotional activity – or the 'P' that sits above the water line and is the very public face of marketing. Very few small businesses see marketing as business development and do not recognise the other six 'P's' of marketing – particularly people, processes, place and price.

This is not to say that they ignore these aspects of their business – far from it – it is just that they do not *recognise* them as 'marketing'; they call it 'doing business'. The best small businesses work hard to get these elements right.

Many businesses initially approach me to develop a 'communications' strategy. It is only later, as we work through what their product offering is and who the potential customers are, that many small business owners and managers start to

acknowledge 'marketing' as a business growth discipline.

A simple definition of marketing for small businesses is:

'Winning, retaining and growing profitable customers'.

This broadens the scope of marketing and helps to substantiate the perception of marketing as a genuine business development discipline. This definition will not suit all situations but if the term 'customer' is used with some discretion, it can be applied to a wide variety of organisations.



**Richard Allsop,**  
national coordinator,  
The Chartered Institute of Marketing, Small Business Group

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## Finding new customers and growing your business

The Royal Mail is launching an innovative web tool to make marketing through the mail easier for small businesses. Mailshots Online allows you to create letter and postcard mailings without having to handle the print, production and postage elements.

Users choose from a variety of design templates, add images or text, either attach their own mailing list or buy one, then approve the final version for Royal Mail to print and despatch. Prices start from just 55p for a full colour double-sided A5 postcard, including print, production and postage.

With the official launch taking place later this year, SBG members can claim an early bird 10% discount off all their orders until 31 March 2009. Simply insert 'SBG' in the voucher code box when visiting [www.mailshotsonline.com](http://www.mailshotsonline.com).



# Building personal brand independence



One of the key reasons why small businesses employ the services of consultants and professional marketers is the lack of knowing what marketing effort gets the best results.

Developing a successful marketing strategy depends on the owner's personality and the nature of the business. We know many small businesses deliver business services with the owner both delivering *and* selling. They are the brand. So we need to direct them to where their time is best spent.

The tools of web 2.0 – social media, blogs, embedded video and the micro-blogging tool – mean an individual can build their brand online and appear much bigger and more influential than they really are. It is easy, inexpensive and effective if you know what to do.

In conventional branding, we want to own a phrase in the customer's mind. Online we want to own it in Google's too. If we establish the best phrase (or keyword) using Google ad-words to test which phrases work best then you can optimise your clients' site by putting them in headline tags, behind graphics and in the page title and description tags.

These phrases can also be used to tag photographs, blog articles and any other content that points back to the main site – and as anchor text on links from other people's sites or social media profiles that have been constructed.

The most effective small business marketers and consultants create a backdrop to their own face to face activities – like constructing the scenery for their own play – so prospects already know about them before they meet. Hybrid online and offline networks like 'Ecademy' are particularly useful.

This can deliver 40% extra leads and can make a big difference. A credible online presence gives a good return from the 12 or so hours that the average small business spends promoting itself each week. Selling products that you can create or buy in as required online also makes a real difference to a business.

So to build your brand, find out what words your clients' customers use to describe what they do and plaster it all over the internet on links that point back to their site. And write a good blog – 350 words every 10 days for 18 months on your subject of expertise should do the trick!

**Dr. Alan Rae is a managing partner at Ai Consultants and has over 20 years experience in marketing.**

[www.punchaboveyourweight.com](http://www.punchaboveyourweight.com)  
<http://blog.howtodobusiness.com>

Follow these web links for further advice and training courses:

Search Engine Marketing – [www.cim.co.uk/1157](http://www.cim.co.uk/1157)

Essentials of Podcasting and Blogging –

[www.cim.co.uk/1236](http://www.cim.co.uk/1236)

Social media marketing – [www.cim.co.uk/0651](http://www.cim.co.uk/0651)

## Small business marketing with enterprise agencies

To help support pre-start and start up clients, as well as existing micro and small businesses, many enterprise agencies run specific training courses to encourage small business owners to think about why they should market their business and how they can go about it.

Usually held in small groups and often run by small business owners or marketing professionals, these introductory events provide small business owners with an overview of the marketing basics and the value it can add to a business at the start up stage or as a means to growth. The workshops establish exactly what marketing is and tend to include discussions on researching key markets, assessing the competition and how to establish a unique selling point.

The National Federation of Enterprise Agencies (NFEA) is a network of local, not for profit enterprise agencies throughout England committed to encouraging the formation, growth and sustainability of small businesses.

To find out more about NFEA, or search for a local enterprise agency, visit [www.nfea.com](http://www.nfea.com).

**George Derbyshire,**  
NFEA chief executive



# Customer segmentation

At The Chartered Institute of Marketing's recent national conference, speaker Dr. Lyndon Simkin co-author of 'Market Segmentation Success: Making It Happen!' highlighted the importance of segmenting customers to maintain a competitive edge and effectively target audiences. Ray Jones, head of communications at The Institute, reports on the discussion.

Dr. Simkin explained that identifying the right customer is what segmentation is all about. He suggests that it is a happy medium between treating everyone as an individual and treating everyone as the same. Most importantly, he explains, businesses should find like-minded consumers with similar interests and aspirations. Segmenting customer databases is not about just identifying

those who buy the product; it is using the information to its maximum potential.

'Businesses need to understand what customers want and how they buy, grouping them and then deciding which groups to go after', says Dr Simkin. He explains that although you want to create a 'wow' factor, you do not want to spend time and money on customers who are never going to feel that. Identifying which segments your clients' customers fit into can help to know not only whether to bother targeting them but also how.

Segmenting your clients' customers may sound like the answer to reviving their customer base but Dr. Simkin warned that the process may end up disrupting even the way the business is organised. It may be necessary to completely reorganise departments to fit with the newly identified



segments. He admitted that this may be a tall order for many businesses and although segmentation may be highly effective and save a company precious time and resources, it is one to which a business has to be 100 per cent committed.

Training courses and workshops available from The Institute:

Market Segmentation – [www.cim.co.uk/0560](http://www.cim.co.uk/0560)

Introduction to Relationship Marketing – [www.cim.co.uk/0062](http://www.cim.co.uk/0062)



# Brand asset value

Robin Tidd is a Chartered Institute of Management Accountants (CIMA) council



member and an independent consultant specialising in sales and marketing planning and implementation for SMEs. He explains the importance of treating a corporate brand as an asset.

A brand is said to be 'the total of the effect of your business on your customers and potential customers'. In global organisations it is not uncommon for 95% of their balance sheet value to be 'brand' as opposed to tangible assets. These organisations work consciously on all aspects of the processes which underpin the brand in order to assure long term growth and profitability.

It is arguably even more important for SMEs to build a brand. Experts say that a strong brand cannot be established by advertising and design, a nice logo and some promises. The marketing strategy and indeed the whole delivered customer experience have to be consistently good and preferably differentiated. Businesses should put extra effort into keeping existing loyal customers happy instead of trying to win new ones.

On the occasions that we see an SME with a genuinely good brand (in its own market), attractive values can be achieved. These values do not often appear on the balance sheet as they may not be quantified before sale. A buyer may pay a multiple of fifteen or more times annual profits to acquire a good business with its brand. This is because a business/brand has its own inbuilt growth mechanism; a known, demonstrable and self-evident secure profitable customer base.

If the brand is 'not successfully established' this depresses the price. Potential buyers will have to study the number and size of customers and the churn. They will have to take a view of product profitability and past customer service levels. If there is no differentiation or intellectual property and the business is one of many in the market, they cannot justify paying over the odds and will be able to negotiate the value down to single digit multiples of the profit. Finally, if in addition to the above, the business is not very profitable, the brand will have very little value at all.

[robin.tidd@btinternet.com](mailto:robin.tidd@btinternet.com)

For further information on branding and events on The Chartered Institute of Marketing, follow these web links:  
 Introduction to Branding – [www.cim.co.uk/0654](http://www.cim.co.uk/0654)  
 Introduction to Branding for Practitioners – [www.cim.co.uk/0967](http://www.cim.co.uk/0967)  
 Brand Metrics – [www.cim.co.uk/0646](http://www.cim.co.uk/0646)

## New nationwide support package for small businesses

Government support for small businesses is being expanded following the launch of the Real Help For Businesses Now initiative. The initiative responds to the challenges businesses are experiencing during these tough economic conditions and addresses the cash flow, credit and capital needs of business.

A new Working Capital Scheme provides a Government guarantee to lenders covering up to 50% of the risk on existing and new working capital portfolios. The scheme will secure £20billion of working capital credit lines, freeing up capital which the lenders must then use for new lending.

An Enterprise Finance Guarantee will support up to £1.3billion lending to companies with viable business plans who would normally have access to commercial lending if it wasn't for the prevailing economic conditions. Government will guarantee 75% of the value of individual loans, reducing the risk exposure of the lender and freeing up more lending.

The Capital for Enterprise Fund provides £75million equity to enable businesses to free up working capital or to invest in their future.

You can find out more about the wide range of help available on 0845 6009006 or at [www.businesslink.gov/realhelp](http://www.businesslink.gov/realhelp).



## FSB spring news

- Prof. Alistair Anderson, director at Robert Gordon University's business school, has been announced as the official professor of small business on the FSB's national council, following 2008 research that half of small business owners risk losing everything if their enterprises fail. Prof. Anderson is expected to add to the FSB's package of practical support to small firms.
- The Bath branch recently launched a three year carbon footprint project in collaboration with the University of Bath and North East Somerset Council. The project involves 45 SMEs, micro businesses and the Carbon Trust with businesses being asked to improve their environmental impact and identify cost cutting methods in their workplace. The initial results will be presented to the FSB's members nationally this Easter.
- The FSB will be hosting a number of South West events this spring including The 2nd Devon Federation of Small Businesses awards. The closing date for entry applications is 27 March. For further information contact Delia Colegate ([Delia.Colegate@fsb.org.uk](mailto:Delia.Colegate@fsb.org.uk)).

# Regional SBG news and events

## East of England

The East of England SBG has approached Suffolk and Essex Chambers of Commerce to deliver the SBG Toolkit Workshops. Six workshops in Suffolk were held last year and ten sessions are being hosted by Essex Chamber this year.

Spring dates:

10 February: **How to write a marketing plan.**

12 March: **How to plan marketing communications.**

7 April: **How to achieve an effective marketing mix.**

20 May: **How to achieve an effective promotional mix. Contact Andrew Chalk for further information.**

Regional Champion:

**Andrew Chalk** andrew@outsideinmarketing.co.uk

## East Midlands

A recent event, aimed at SMEs and major organisations, was run jointly with the Royal Mail's Conference and Training Centre in Rugby. The event debated the merits of direct mail and e-marketing and reviewed the findings of Royal Mail's own research which outlined the best ways to combine the two media for best effect. The feedback was extremely positive and further events around the country are being planned.

Regional Champion:

**Richard Allsop**

Richard@strategicbusinesspartnership.com

## Ireland

Regional Champion:

**Charles Fulton**

charles@fultonadvertising.com

## North West

SBG Champions have been developing strong relationships with local SME stakeholders including the FSB and the

Institute of Directors. An exciting eight-week marketing programme in East Lancashire is being planned in March to raise awareness and importance of professional standards within the SME market. 'The World's Biggest Marketing Clinic' will also be held at the end of March in Liverpool.

Regional Champion:

**Daive De Maestri**

merseysidesmes@cimnorth.co.uk

## Scotland

Regional Champion:

**John Villiers**

John.Villiers@ntlworld.com

## South East

The Greater London SBG champions are keen to hear from anyone else who wants to be an SME Activist and help drive activity across the region this year. Initial conversations have been held with the Royal Mail and the FSB with a view to creating some joint events and initiatives for the region in 2009.

Regional Champion:

**Steven Revill**

Steven.revill@rbsif.co.uk

## South West

Richard has made significant progress in setting up partnering arrangements with Business Link throughout the South West – this has included a review of opportunities for joint events and for increased promotion of the SBG toolkit across the Business Link database.

The Bristol & West branch has recently announced a strategic partnership with the Direct Marketing Association (DMA) West. This reciprocal arrangement will mean that members of both professional bodies can benefit from a wider range of regional marketing events and networking opportunities. For more information visit:

**www.west.dma.org.uk.**

Regional Champion:

**Richard Storey**

swsbg@cim.co.uk

## Wales

The Welsh Assembly Government recently announced a £150 million investment fund at the All Wales Economic Summit. The fund aims to provide commercial investment to SMEs across Wales. Further developments from the Summit also include Workforce Development training grants for small businesses being raised from 50% to 70%. For further information visit **www.business-support-wales.gov.uk.**

Regional Champions:

**North Wales – Roz Jones**

abs822@bangor.ac.uk

**South Wales**

– **Jonathan Deacon** Jonathan.

Deacon@newport.ac.uk

– **Gomer Williams** gomer@

hmlmarketing.co.uk

## West Midlands

The West Midlands SBG has announced that the 2009 West Midlands Marketing Forum for Institute members and guests will be held at Warwick University on 2 April. Themed 'Effective Marketing for Successful Business Growth', the event starts at 9:30am and finishes at 5:00pm. For more information contact Jonathan Nason.

Regional Champions:

**Jonathan Nason**

jn@quaydirections.co.uk

**Sammy Rose**

info@sammyrose.com

**Richard Mooney**

Richard.mooney@nxo.net

## Yorkshire and North East

SME activities in Yorkshire and North East kicked into gear last year, particularly through strong associations with Business Link. 'Marketing: the art of 08', hosted by Business Link North East attracted over 300 people and featured our SME workshops. Further workshops are being planned for 2009 with advice clinics also being held at Yorkshire VentureFest and Enterprise Shows.

Regional Champion:

**Elaine Scott**

dtvsmes@cimnorth.co.uk

## Future editions

We welcome your feedback on this newsletter and contributions or topics for future issues.

## Useful contacts

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For other events The Institute is running visit

**www.cim.co.uk/events**

You can also search for training courses from The Institute online at

**www.cim.co.uk/training**



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