

FINANCIAL TIMES **Guides**



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# **BUSINESS DEVELOPMENT**

HOW TO WIN PROFITABLE  
CUSTOMERS AND CLIENTS

**IAN COOPER**

**FT** PUBLISHING  
FINANCIAL TIMES

## Praise for *The Financial Times Guide to Business Development*

'Ian Cooper points out the blindingly obvious to managers who seem to run their businesses with their eyes shut and ears covered. His book is packed with jaw-dropping anecdotes of opportunities lost and custom going begging because suppliers of goods and services have forgotten who their customers are and what they actually want. Ian does not preach or hector but his insights into how business is getting it wrong act as a powerful catalyst to help businesses of all sizes improve and develop in a tough climate. His message is delivered with his usual gentle humour that occasionally spills over into downright exasperation.'

***Len Tingle, BBC Political Editor – Yorkshire, veteran  
BBC broadcaster and writer on business issues***

'This simple no-nonsense approach to business development provides a recipe for success for any business, regardless of size.'

***Wendy Atkin-Smith, Managing Director,  
Viking River Cruises UK Limited***

'Considered, down to earth and straight to the point. This guide is a true testament to Ian Cooper's knowledgeable and no-nonsense approach.'

***Brett Dennis – Marketing strategist for Every1***

'This is a game changer for any business wishing to grow and develop. Ian Cooper has a phenomenal understanding of the importance of delivering world class service to your clients and customers. I will encourage all members of the 360 legal group to purchase and treat this as their mantra!'

***Viv Williams, CEO, 360 Legal Group***

'*The Financial Times Guide to Business Development* is thoroughly readable and no-nonsense, with immediately usable advice on every page. It is classic Ian Cooper ... clear, concise and common sense.'

***Chris Spencer, General Counsel, EMIS Group plc***

'It is worth getting this book for the 21 common sense business development truths alone. Painfully brutal in places, these truths should serve as a much needed wake up call, and I have never met a business that wouldn't benefit from applying them honestly to their situation. Ian Cooper has done UK Ltd a great service by spelling them out with such clarity, simplicity and power.'

***Steve Pipe FCA, author of The UK's best accountancy  
practices and Stress proof your business and your life  
and former UK Entrepreneur of the Year***

Furthermore, even if your business is physically based miles away from your customer, many prospects may be prepared to make the journey because of the specialist nature of your business and extensive product range. For example, when was the last time you saw a specialist board game shop with both modern and vintage favourite board games in it? I saw one recently in Whitby, a small seaside resort on the north-east coast. Despite the prices being a little higher than some shops it was very busy with both casual shoppers and people who had travelled there specially because of its niche status.

## 12. Price for profile and experience

This is where your general business development, marketing, PR, social media networking and pricing strategies should be integrated as business partners. Although it seems obvious, there are many who provide personal or professional services who ignore this simple equation:

Profile and reputation + special experience + results = **higher prices and fees!**

Ask yourself these questions:

- How long have I been providing this service?
- How high is my profile in my sector and how well known am I and my brand?
- How many people or businesses have I helped?
- What is my track record of success, achievements, satisfaction or results?
- Am I regarded as an authority in my field?

If you rank highly on some or all the above you should be charging significantly more than someone less experienced and with a lower profile. Don't be afraid to do so and make sure in any business development initiatives or promotional copy that you include numbers and factual information on as many of the above areas as possible.

The same applies to products. Why is it that people pay many times more for Nurofen tablets than generic ibuprofen when chemically it is the same product and has the same effect? Actually, there is no one rational answer to that question. It may simply be ignorance on the part of the purchaser or in many cases it is simply down to emotional factors and powerful

psychological associations. Whatever the reason, it works for the sellers and demonstrates the power of branding and being better known as a way of leveraging higher prices.

From a practical point of view, actively take steps to get your service or product range or 'brand' better known. Don't hold back ... blow your own trumpet! Some people regard it as uncomfortable or plain boastful to assert great things about themselves or their products. By all means encourage others to do this for you, but if you are waiting for this, you may have a long wait. If you don't have one, sit down now and come up with a 'trumpet blowing statement' about you, your services or products. For example:

- 'Britain's leading specialist board games retailer'
- 'The West Midlands' most experienced personal injury lawyers specialising in motor cycle accidents'.

If you have some public claim to fame ... shout about it. I recently stayed in a small, privately run guest house in Scarborough. During our short stay, the owners told me how they had recently won a Channel 4 TV programme competition for best small bed and breakfast hotel. They had press cuttings and even a 'winners' certificate about it on their wall, but were they shouting about their win as 'Channel 4 Winners' on their external promotional material and on their website? The answer is 'no'.

Be bold and tell the world about your achievements and successes and customers will happily pay more for your products and services because of it. They will even boast about it to their friends: *'We paid a little more to stay in that B & B, but it was the winner of Channel 4's best small private hotel.'*

## 13. Price based on feedback and testing

Many businesses simply make false assumptions about how much they can or can't charge based on anecdotal evidence, a minority of awkward customers and clients, fear, guilt and what the competition charges, even though competitors may not have it right either. The bottom line is that many businesses' pricing and charging strategy is based on nothing more than guesswork, with no real proper testing.

Here are a few tips and comments about price testing to consider:

- Simply asking people what they would be prepared to pay is not good price testing. Don't rely on this by itself. There is a huge difference

between someone answering a hypothetical question and actually putting their hand in their pockets and parting with their money.

For example, some years ago I was chairing an international business event. In the conference room 120 delegates were asked: 'How many of you would support a new initiative costing a particular price?' Eighty-nine delegates raised their hands and a decision was taken to launch at the price mentioned. Sounds like great price testing, doesn't it. Three months later, however, the venture was launched at the voted for and 'tested' price and guess what ... only seven delegates took up the deal!

The only real way to properly test your price is to offer your product for sale and see what happens. You therefore need to do just that but in a selective way before massively rolling out a new price model.

- If possible, always look for ways to 'split test'. This is the process of offering the same product or service but at different price points and seeing what results you get. If you are offering products via mail order or over the internet it is relatively easy to do this.

Technology has made online 'split price' testing relatively simple and free of charge. In practice what happens is that visitors to your website are sent to pages showing alternative prices. This way you can assess which price pulls most orders.

Many projects when tested this way have shown surprisingly counter-intuitive results, where a higher price has outperformed a lower price.

- With services, keep increasing your fees until you reach the price sensitivity point.

I attended a conference that addressed this issue some years ago. The speaker asked his audience of professional services providers to raise their hands if they had received complaints and negative feedback about their fees. Only three out of over 100 delegates put up their hands. With a smile on his face the presenter then said, *'Well the rest of you aren't charging' enough!'* Think about it.

If you are in services and getting an almost automatic 'yes' every time you give your fees, keep sliding them up to the point at which you start to get some resistance and hesitancy. Even be prepared to get some 'no's. If you get a 'no' this can very often still be rescued. Ultimately, you will lose far less than regularly getting 'yes' at a price that is too low.

## 14. Price for prestige

Why do people buy designer handbags at £599 or more from high-end designer shops when they can get a perfectly usable bag at £15.99 or less from regular high street shops?

Will the more expensive bags last a hundred times longer, hold more or be used any differently in terms of the 'junk' that is put into them? The honest and rational answer is 'no'. The same can be said for suits, cars, seats on flights, hotel rooms and a massive range of other goods and services.

Yet despite this, it is an absolute fact that you should accept, embrace and use that a percentage of people will not only be prepared to buy at the very top end but will actively go out of their way to do so ... while still seeking out the best buys and discounts at the premium end. The big question is, why? Though of course quality is a factor, it really isn't just about quality at all. Here is the honest answer and you should factor this into your pricing strategy when looking at business development.

People don't always buy what they 'need', they buy what they 'want' and that desire is driven and fuelled by what makes them 'feel' good and gives them a sense of status and significance.

With that in mind, an important question for you to explore is: 'What is there in your product or service range that you can package and sell at the very high-end premium level?' If you don't have anything at the moment, actively sit down right now and work out what you could possibly create that fills that role. Then test by implementation until you have something that works. You will then have something that is high profitability, enhances your image, attracts loyal followers of your brand and influences others to 'want' it too.

Remember, when it comes to promoting and communicating your top end item or service, don't hold back. Potential customers will expect it to be expensive ... don't let them down!

You will need, however, to observe certain basic rules to strengthen your offering. I call this the ELVF approach. The more of these you can communicate the better:

**E = Exclusivity.** Customers or clients need to feel they are getting something that perhaps others can't get. For example, I presented a big business development seminar some years ago to the legal

profession. I created it as a premium priced event by allowing only one firm of lawyers from each town or city to attend. This way the justified perception from delegates was that they were getting something 'exclusive' that their competitors weren't getting.

**L = Limited availability.** The fewer of something there is, the more you can demand for it. This is of course similar to 'exclusivity', but it might be another peg to hang your communications on: for example, 'only two rooms left with sea views'.

**V = Visibility.** Most people who buy at the top end want others to know of their purchase. They may go out of their way to appear humble and modest, yet inwardly they want others to know what they have bought and can afford. This is why certain high-end products will carry highly visible and distinctive name brands on them.

**F = Feel good.** Make sure that any communications you use to promote and project your product or services use words that trigger the feeling and state that prospects are looking for. So words like superior, elite, exclusive, luxury, exceptional, unique, extra special, tailored, intimate, prestigious, elegant, exotic, refined, sumptuous, impeccable, supreme, meticulous, ultimate, indulgent, etc. all do the job. Get the picture? Try to sprinkle these words into your copy, along with congruent 'feel good' images.

## 15. Price for know how

Have you heard this story?

A man was driving home one evening when his car broke down. A passing mechanic stopped and offered to try to get the car going again for a modest fee. After gazing at the engine for 30 seconds the mechanic then banged once on the body of the car with his fist. He then invited the owner to get in and start it up. Amazingly it started first time.

*'Fantastic,' the owner said. 'How much do I owe you?'*

*'£25,' said the mechanic.*

*'£25 for one bang on the bonnet ... that's just ridiculous,' said the man.*

*'No,' replied the mechanic, 'for the bang on the bonnet I only charged £1, but for knowing where to bang, I charged £24!'*

Remember, however long the job takes, the real value your client gets is that you know where to bang. If you are in services, make sure you charge appropriately for this.

## 16. Price with the competition in mind

This concept is particularly relevant to those in the services sector and is something I stumbled across almost accidentally after a very large number of 'mystery shopper' research projects.

If you were to look at and research your immediate and direct competitors as regards fees in any town, city or local market place you would typically find one or two firms or businesses which were significantly cheaper than the rest and maybe one or even two which were massively more expensive. The rest however would fall into what I call the 'middle ground' and predominately this is where the battle over price is being fought and where the majority of people will buy.

What is most significant, however, is that if you look at the comparative fees at the top and bottom ends of the middle ground you will find the difference in charging rates is almost always relatively small. With this in mind, consider positioning yourself immediately at the top end of the middle ground. If you are able to develop good enquiry handling techniques and pile on the 'weight blocks', any small fee difference should not work against you. (See Chapter 5.)

## 17. If you must have a loss leader, make it count!

Many businesses internally justify their low prices and fees as a loss leader, their reasoning being that they will attract interest, potentially win some business and enable you to generate a bigger spend either then or in the future.

While the logic of the loss-leader concept is absolutely fine and in many cases very successful, I have also seen it work against businesses. With this in mind, plan carefully how you are going to make your 'loss leader' work for you in the future. If part of the plan is to use it to build relationships with customers and clients for the future, then you must have in place a programme for keeping in touch with them and nurturing that relationship.

Remember, if you don't get them to come back or sell them something else at profitable levels, it is not a loss leader, it is just a loss!