

# Growth plan takes more than gut feelings

How do you know if the growth plan you have put in place for your business is working?

Measuring the results of changes you make is the only way you'll know you are on the right path. Not understanding the impact that every facet of operations has on profitability contributes to the downfall of thousands of businesses every year.

Most small business owners, for example, rely on faulty intuitions or "gut-feel" in assessing the impact a new ad or new product has on customers and revenues. Or as someone once said, "I know I'm wasting half of my advertising dollars. I just don't know which half."

This attitude results in over-spending on marketing and promotion in an effort to hit the target with a "splatter-gun" approach.

Measuring the impact of changes lets you zero in on the least expensive and most productive growth strategies.

You can measure everything, including prices, advertising, sales presentation methods, employee compensation packages, and the mix of products and services you offer.

Let's look at three areas where measuring and testing are critical:

## ADVERTISING

Print and radio advertising can be the most expensive part of your marketing and promotion campaign. And if you're large enough to have a television advertising budget, well, the costs



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can be astronomical.

It doesn't seem to make sense, then, that most small businesses never know what, if any, benefit they are getting from their advertising campaigns.

The cost of this ignorance can be enormous. Advertising that doesn't reach the right target markets will do little or nothing to boost sales, but costs as much as advertising that does.

Let's start with the basics. Do you know where your new customers are coming from? Phone book ads? Word of mouth? Networking?

Once you know where new customers are coming from, it's time to analyse the effectiveness of how you market to them. If most of your customers are in through referrals, one of your growth strategies may be to actively pursue your existing business contacts to solicit referrals.

It's important to know how effective this change has been on your number of customers and your revenue.

For example, let's say you send a mailing to existing customers with a

business card and an offer of 50-per-cent off on their next visit if they bring in a new customer. If this only results in one new customer for every 100 letters to existing customers, then you know that the campaign has not been very effective.

But it will let you modify the campaign to improve its effectiveness. Try it again with an offer of 75-per-cent off, or change the wording of the letter. But only change one variable at a time so you will know when you've hit upon a winning idea.

This also works with print, radio, and television advertising. Every piece of advertising should be measurable.

If you think that designing measurement and testing techniques is too time-consuming or expensive, think about how much business and advertising money you are losing because you don't know what works.

## PRICES

When it comes to testing prices, many small business owners put on the brakes. "Oh no," they say. "We have to charge this. If we change our prices, we'll lose all our business to our competitors."

Again, this is a "gut-feel" statement that may not bear any relation to facts. The price you charge for a product or service should be related to the value customers place on it. The more perceived benefits to the customer, versus the cost, the greater the value the customer will place on it.

Many small businesses tend to undervalue their own products and services and charge too little for the value the customer receives.

## ENVIRONMENT

The environment in which you and your employees work can have a huge impact on your revenues.

Internally, how your employees feel about coming to work every day can impact their morale and motivation, which can affect how they interact with customers. Externally, customers make unconscious conclusions about the quality and professionalism of a business when they first enter the company's environment.

The next time you walk into a new business, be it a retail store, a supplier or your dry cleaners, think about your own first impressions.

Is the entry area clean and tidy? What do you smell? Is it set up for the benefit of customers, or for the staff? Is the waiting area a soothing place to be, or chaotic, with ringing telephones and employees yelling?

Companies that set up their operations for the benefit and comfort of customers develop loyal customers.

How can you do this in your own business? Think about how you like to be welcomed at the companies with which you do business. What does the entry look like? What sounds and smells greet you? Incorporate these elements into your own business, then test the response.

Track comments by customers when they enter for the first time.

If it's a positive environment, you may hear comments such as, "Take your time. I'm enjoying the wait," or "I always feel so comfortable here." Although these are subjective measures of success, they are still important to track.

You should also solicit more formal feedback. At the end of every customer interaction, provide a short survey for them to fill out indicating anything they particularly enjoyed or wanted changed concerning many aspects of your business, including the operating environment.

If you find customers do not talk about the comfort of your environment, whether through informal conversation or a formal survey, make additional changes and test again.

Continue to improve and retest until your results cannot be improved by any other changes. This way, you'll always be improving your customer's impressions of your company and will be making changes when necessary.

Every business should integrate continual measuring and testing practices. These will ensure that it continually grows and improves.

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## Advantage: Period of growth was followed by a downsizing

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"What I took with me (from Allen) was my reputation," she says.

And the response went "far beyond my expectations. It got to the point where my phone rang non-stop. It was crazy."

She admits her start was "not exactly from scratch. I had five drivers who followed me from Allen Personnel."

As well, she says, she had help from Conrad Kretz, an industry veteran who passed away just last month.

Kretz, she says, took her under his wing. He offered encouragement, and introduced her to the senior managers at various trucking companies in the area.

All of which, along with her own hard work, allowed Van Opstal to bring in a rather remarkable \$2.9 million in revenues in her first fiscal year.

About a month after she started, she hired her first employee, Jim Taglietti, who is now driver co-ordinator. And she expanded her "tiny" office space until it reached 1,000 square feet.

Then, in September 2000, Van Opstal purchased a 4,000-square-foot building at 426 Queen St. near highways 401 and 24 in Cambridge. It remains the company's home.

### 112 EMPLOYEES

Although her company was once much larger, Your Advantage currently has 112 employees.

Ten of them hold administrative and support positions, including the recently appointed general manager Darryl Brown, and 102 are drivers.

Unlike some other employment agencies, Van Opstal says, her company's drivers are Your Advantage employees.

"We lease them to the companies. We act like a fleet within a fleet."

After passing a three-month probation period, the drivers, who are carefully recruited, receive a benefits plan including dental and medical care and are offered the free services of a professional family counselling program and enrollment in a group RRSP plan.

They also have access to a library containing over 1,000 training videos, manuals and books.

"We want to be an employer of choice and we expect to keep our people," Van Opstal says. "We don't ever want them to leave. If I treat them well, they treat my clients well."

Sometimes, however, the ideal collides with reality.

At one point, Van Opstal was forced to let go a large number of employees when she hit a large bump in the business road. Ironically, it happened when annual revenues peaked at \$8.1 million in 2001, during a period of what she called "unhealthy, uncontrolled growth."

"I had a very rude awakening that I had grown beyond my financial means and I was just living to fund growth."

"I actually lost money on \$8 million in sales and that's when I had to take a good, hard look at things."

The upshot was a downsizing which included closing leased offices in Mississauga and Dorchester, Ont., plus a

satellite office in Cambridge. About 14 office workers were laid off.

As well, Van Opstal stopped doing business with some carriers who didn't pay their bills promptly (or not at all in one case) or where the working relationship was less than ideal.

"We fired bad business," she says.

### PRUNED STAFF

As a result, she had to lay off over 100 of her less experienced drivers.

"We cut our workforce effectively in half. But once I did that, I had an excellent core group of drivers left who I'd be proud to keep for many years."

As well, she says: "Even though we pruned our business, our bottom line is much better now. Our profit margin is at least three times what it was before through better management."

Today, Your Advantage caters to 26 mid-sized carriers from London to Markham, including McArthur Express and Transfreight of Cambridge and the BLM Transportation Group of Kitchener.

During the last two years, Van Opstal has diversified her business and brought on several employees to work in developing her "executive search" program.

That venture is also geared to the transportation industry, but involves the recruiting and placement of people who go on to become permanent employees of the companies they join, working in such areas as accounting and finance, human resources, sales and administration.

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## COMPUTER COURSES

**Student Connections** at Wilfrid Laurier University ([www.wluconnections.ca](http://www.wluconnections.ca)) offers computer training. Each course costs \$35. For more information and to register, phone 1-888-807-7777.

**Wednesday, May 5  
Microsoft PowerPoint**  
6:30 - 9:30 p.m. Learn to create a presentation using PowerPoint and its various tools.

**Monday, May 10  
Microsoft Outlook**  
6:30-9:30 p.m. Introduces the many functions Outlook has to offer.

**Wednesday, May 12  
Advanced Searching and Internet Tools**  
6:30-9:30 p.m. Learn advanced search techniques to find information

easier on the Internet.  
**Monday, May 17  
Computer & Internet Security**  
6:30-9:30 p.m. Introduces various security threats and protection methods.

**Wednesday, May 19  
Web Design & FrontPage I**  
6:30-9:30 p.m. Learn step-by-step how to create your first webpage.

**Wednesday, May 26  
Web Design & FrontPage II**  
6:30-9:30 p.m. Further develops your web design skills.

**Monday, May 31  
Image Editing & Photoshop Elements**  
6:30-9:30 p.m. Introduces photo editing using Adobe Photoshop elements.

## LOOKING AHEAD

**Thursday, May 27** — Annual meeting of the **Project Management Institute** (Canada's Technology Triangle chapter) at the Holiday Inn in Kitchener. Speaker: **Mark Kozak-Holland**, IBM e-business consultant and author. Topic: On-line, On-time, On-budget, Titanic Lessons. In a recent e-book, Kozak-Holland analysed the construction and voyage of the Titanic and found lessons to help business executives understand key IT (Internet) project issues to ensure success long after deployment. For meeting details and to register, visit [www.pmi-ctt.org](http://www.pmi-ctt.org) Cost: \$37.45. Register by May 21.

## NETWORKING

### Kitchener store caters to 50-plus crowd

**Seniors World**, a retail store that caters to adults 50 and older, has opened at the Forest Glen Plaza, 700 Strasburg Rd., Kitchener.

Seniors World Inc. plans to open stores across southwestern Ontario. Owner **Justin Smendziuk** of Waterloo also operates Extreme Entertainment, a disc jockey service.

Seniors World carries sporting goods, fitness products, housewares, gardening implements and assistive devices.

### HIRE A STUDENT PAINTING

**David Summerhayes** has expanded his interior-exterior painting business to Waterloo Region.

Summerhayes founded **Hire A Student Painting Co.** in 1982 in Muskoka. He moved to Waterloo in December and has hired a manager to run the business in cottage country.

### MARKET SHOPS

The Market Shops in the new Kitchener Farmers' Market building will consist of about 20 vendors. Among them are:

- **Casa Salsa** — Mexican food, owner Edith Bourquez of Kitchener;

- **Croatian Cuisine** — owner Ana Mandich of Waterloo;

- **Caribbean Kitchen** — owner Esselyne Bell of Kitchener;

- **Every Day Gourmet and The Apple Fritter** — owner Konrad Maiterth of Kitchener;

- **ECO Coffee Corporation** — owner Edward Denyer of Kitchener;

- **Peppers** — (hot sauces, oils, mustards, vinegars) owner Bill Surette, Kitchener;

- **Floral Express** — owner Richard Overbeek of Brantford;

- **Wedge Cheese** — owners John and Lesley Schuurs of Tillsonburg;

- **Sobieski Bakery**, owners Rafal and Magdalena Swiderski of Mississauga.

The shops will be open six days a week from May to October and five days a week from November to April.

### LUCY'S SEAFOOD KITCHEN

**Lucy's Seafood Kitchen** opens today at **Waterloo Town Square**. It's the fifth Lucy's restaurant **Len Little** has opened in Ontario. He named the restaurant for his wife.

### ARTEFACTS

**Artefacts** ([www.artefacts.ca](http://www.artefacts.ca)) has moved to larger quarters at 46 Isabella St., St. Jacobs.

The architectural salvage and design company, started in 1986, is owned by **Scott Little** and **Chris Blott**.

### FOUR DIAMOND AWARDS

CAA (Canadian Automobile Association) has named the mid-western Ontario restaurants and hotels receiving its 2004 AAA/CAA **Four Diamond Award** for the "the highest levels of quality and service."

Restaurant winners are: **Langdon Hall Dining Room and Terrace** in Cambridge, **The Church Restaurant** in Stratford, **Rundles in Stratford**, **Westover Inn** in St. Marys and the **Blue Ginger Lounge and Grille** in London. Hotel winners are: **Langdon Hall Country House Hotel** in Cambridge and **Hilton London Ontario** in London.

- **Donna Shea** networks for the *Small Business section*. Send her your local business news by fax to 894-3829 or by e-mail to [dshea@therecord.com](mailto:dshea@therecord.com). Or phone 894-2250, ext. 2603.

## 'Catheter king' was a tinkerer who became a multi-millionaire

**David S. Sheridan**, dubbed the "catheter king" for his invention of the modern disposable catheter, has died. He was 95.

Sheridan, a grade-school dropout who held more than 50 patents on medical instruments, died of natural causes last week at his home in Argyle, N.Y.

He helped found four companies and aided in building the Argyle and Glens Falls area of rural New York into what is considered the catheter capital of America.

Selling the companies made him a multi-millionaire, and he donated millions to local institutions and to the Albany Medical Center, which named its MRI centre in his honour.

In a 1988 article, *Forbes* magazine said: "David Sheridan is a throwback to an earlier age when a man without a formal education could tinker and invent his way to a fortune, as Edison or Ford did."

Born in 1908 in Brooklyn, Sheridan did odd jobs in his father's flooring business when he was eight. At 22 began his own flooring firm.

In 1939, he took \$35,000 in savings and, with a friend, started a business making catheters, medical tubes used to deliver medicines and drain fluids. At that time, catheters were reusable and made of strands of cotton braided around piano-wire moulds, then varnished, heated, ground down and polished.

The firm was a success, but the partners quarrelled and Sheridan was forced out. He moved to a farm in Argyle with his wife, Janet, and turned the barn into his laboratory.

"I come up with good ideas," he said in 1990. "I'll sit down and think. Experiment."

After the Second World War, Sheridan heard about machines that could melt plastic pellets and, by extrusion, push out plastic forms. He bought one and soon produced plastic catheters so cheaply they could be thrown away after a single use, reducing the risk of infection.

• *Los Angeles Times*