

How to Replace Prospecting with Lead Generation Advertising

Win more customers with smarter marketing

By Perry S. Marshall

“Build a better mousetrap and the world will beat a path to your door.”

When Henry David Thoreau wrote those famous words in *Walden* in 1854, technology moved at such a glacial pace that demand for better ideas exceeded supply. 150 years later the situation has reversed itself, such that anyone who builds mousetraps may discover the only people beating a path to his door are bill collectors.

If you want to sell mousetraps, hamburgers, software or any kind of service, you have two choices: Beat a path to your customer’s door (which involves lots of expense and difficult work) or figure out how to make them beat a path to *your* door.

This article is about cutting the waste and rejection of misdirected sales efforts and helping the right kind of customers find you. I’m going to ask you to stop and do some real thinking, and it may be the most valuable thinking you do in your business life.

From Engineering to Sales

I abandoned the cozy world of engineering in 1995 for the adventurous, risky world of industrial sales. It was a dramatic change of routine: instead of coming in the office each morning and managing projects, taking measurements, building samples or planning new designs, I was making phone calls, trying to get appointments with anyone who would see me, hunting for anyone who would open their door and give me a few minutes of their time. Ultimately I hoped to find engineers with real problems that I could legitimately help with, and get paid to solve those problems.

This was fundamentally no different than what I would experience selling in any other industry – whether real estate, insurance, capital equipment or airplanes: Young ambitious guy spends 1-2 years pounding the phone, visiting anyone who’ll give him the time of day, working very hard to build a customer base, trying to reach a point where he doesn’t have to “dial for dollars” all day every day. Some acquire enough clients to survive and eventually prosper.

Unfortunately, most ‘fall off the truck’ somewhere along the way and go back to whatever they were doing before.

This game can be pure misery for a salesperson slogging his way through manufacturer’s directories, making cold calls and facing rejection; or for a business manager, forced to take orders at cut-throat prices because employees and production lines are standing idle; or an entrepreneur who just finished a large project and now waits nervously for the phone to ring. And it may be frightening to pull the checkbook out of the desk and buy advertising space, hoping the advertising rep is leading you in the right direction.

In the technology world where I come from, many if not most companies are founded by engineers who have a “better mousetrap”, relying on the superiority of their product to give them a competitive edge.

The owner of a speaker component supplier, consultancy, import / export firm or service provider are all faced with the same challenge: attracting enough customers to develop a steady and growing business. And in most businesses, having a potential customer who isn't well matched to you often means costly investments as you retool to accommodate his needs.

If you relate to any of these aches and pains, read on.

What does good marketing accomplish?

Effective marketing is a total *system* which consistently, predictably and reliably makes your phone and fax machine ring, brings mouse clicks to your website, and puts email inquiries in your inbox, from people who are predisposed to do business with you. It accurately communicates your message to your audience, so they understand what you do *before* you expend your limited time and resources serving them.

Good marketing is not merely about advertising or brochures or company logos or any other specific activity. It rarely takes the form of a single "silver bullet." Instead, a true marketing system uses a variety of mechanisms to provide you with a steady supply of potential customers.

I'm not going to pretend that it's easy to develop an effective marketing system. Most companies don't really have one at all, and they need expert assistance in accomplishing this. But once it's in place, it solves a number of very difficult business problems:

- You have enough "deal flow" that you can choose customers who match your capabilities, rather than taking whoever you can get.
- You have more negotiating power because you can safely "walk away from a deal."
- Potential clients have more respect for you because they found you first. You didn't "chase them down."
- You can anticipate variations in your available capacity and revenue stream and open up or tighten your sales funnel as necessary, rather than scrambling at the last minute.
- You don't have to alter your manufacturing process or systems to accommodate customers whose needs don't match your capabilities.
- Your time with customers is spent productively, because when they call you, they already understand exactly what you do, what's unique about you and how you can help them.
- You are able to focus on the nuances of solving your customers' problems and building personal relationships with them, rather than worrying about whether or not you can close a deal.

What Good Marketing is *Not*

Effective marketing has little to do with the image advertising you see on TV and in major magazines. Madison Avenue relies on powerful, emotional media images and very expensive corporate branding to keep their products in the front of people's minds. But little that Coca-Cola, Ralph Lauren or Nike does applies to your business. Most consumer products are really commodity items whose function is very easily understood by anyone, and which cannot be logically differentiated from their competitors.

Why should you buy Pepsi instead of Coke? They do taste a bit different, but no one can give you a rational reason. They can only offer an image of Britney Spears and manipulate you into feeling that you'll get a piece of her when you pop open the can.

While emotion plays a crucial role in *every* sales process, it is very important that you not get confused and try to sell your specialized technical products and capabilities with gorgeous models and feel-good photography, clever slogans or cutesy phrases. This rarely attracts the kind of customers you want. To the extent that it does work, it mostly brings customers who don't have a specific need for your products and services, forcing your sales people to sort through piles of lousy leads.

Instead you must articulate your story, your uniqueness, and your philosophy. You must thoroughly understand the emotions your customers feel when making decisions about such purchases, and talk to them about those desires and fears. You must clearly communicate why your product helps their business, how it increases their opportunities and reduces their risk; how your product actually saves them money even though it may initially appear to be more expensive.

Four Questions You *Must* be Able to Answer:

Whether they explicitly state it or not, your customers expect you to answer the following four critical questions:

1. *Why should I read or listen to you*
2. *Why should I believe what you have to say?*
3. *Why should I do anything about what you're offering?*
4. *Why should I act now?*

Whether you advertise, publicize, preach on street corners or knock on doors, if you can't deliver solid answers to these four questions, selling anything will be an uphill battle. When you can answer those four questions -- quickly and with confidence -- then getting new customers becomes a whole lot easier.

Stop reading this for a moment and write down your company's answers to these four questions.

Is it difficult? If so, you need to pause and really *think* about what you do. The world is full of companies and salesmen who don't really know exactly what they sell or why you should be excited about it, yet are eager to proclaim that their stuff is better than everyone else's.

Every time you communicate with your customers, whether in person, on the telephone, on your website, in email or via the media, you should be answering these questions in some way, shape or form. If you're not addressing those concerns, then why say anything at all?

Going back to our discussion about Madison Avenue – two Superbowl commercials out of three are stunningly entertaining and creative, yet they do not answer all four questions. Some do not answer any of the questions at all, and in a few cases it's difficult to even tell what they're selling at all. Call me arrogant if you like, but I can assure you that these companies are merrily *wasting their money*. Someone may ask, "how can you prove they're wasting their money?" My reply is: *They can't prove they're not* wasting their money. The burden of proof is on them!

I'm going to assume you do *not* have money to waste. Ignore the Superbowl ads, ditch the cutesy phrases and slogans and answer the four questions, based on your uniqueness and value.

Your Unique Selling Proposition

A Unique Selling Proposition, or USP, is a very concise answer to the four critical questions I was talking about a few minutes ago. It's the quick version of your message, the essence of your sales story. It's the

message that stays in your customers' heads after they've forgotten everything else. It's what you say when a guy next to you on an airplane asks you what you do.

One of the best examples of a good USP is Domino's Pizza. When Tom Monaghan started Domino's, there was no shortage of pizza joints in the Yellow Pages. It's not like he invented the idea of delivering food either. Yet Domino's was one of the great success stories of modern business. The world beat a path to Tom Monaghan's door! One of the key reasons for this was the clarity of his marketing message, Domino's Unique Selling Proposition, which was:

"Fresh, hot pizza delivered in 30 minutes or less, guaranteed."

You probably never memorized this phrase, but isn't it still pretty much what you remember about Domino's? This was not "clever," nor did it have anything to do with lovely females. It was a definite statement of value, well understood and relied upon by their customers. Prior to Domino's, nobody made a pizza delivery mission statement as clear and well known.

What is your USP? Can you clearly define it? It doesn't have to be a single sentence – it might take a few paragraphs – but one of the best exercises you can possibly do is write it down on a piece of paper. Does it answer the four key questions? Does it describe what's truly unique about you, compared to everyone else in the market, especially your direct competitors?

Most companies have a hard time doing this. That's because many companies have a vague marketing objective, which translates into a fuzzy message. They're trying to be too many things for too many people, and ironically, the result is few opportunities to serve too few people. Tighten your message, focus on a specific kind of customer whose needs you are well equipped to serve, and watch your sales grow.

Reaching Customers in a Crowded Marketplace

Most people aren't old enough to remember this, but there was a time in the 50's and 60's when sales people could literally roam the halls of companies, stop in and see various people, and ask them if they had projects they could quote.

Today getting into most companies is like cramming a tennis ball through the armor of an M1 tank.

Today the challenge is getting anyone to pay attention to your better mousetrap story in an extremely noisy, over-communicated, fiercely competitive marketplace.

This is a particularly tough challenge now in manufacturing, where Asian sources, mature technology and the commodity status of seemingly everything pose genuine challenges to everyone in the business. It's also true in Information Technology, where foreign outsourcing is becoming more and more attractive.

In a market where customers are tempted to reduce every buying decision to price and delivery, it is critically important that you have clear answers to these questions. If your answers are exactly the same as everyone else's, you face a turbulent, live-by-cheapest-price, die-by-cheapest-price existence.

It's very important to recognize right up front that *you can't be all things to all people*. So don't even try. Your answers to these questions are specific to a certain type of customer, one who matches your philosophy and capabilities.

The Myth of Being the Best

It's not hard to find someone who claims to make, say, the best 12" subwoofer in the world. But what does that mean?

Does "best" mean it's beautiful to look at? Does it mean it has the biggest volume displacement? Does it mean it's the cheapest? The lowest distortion? Highest sensitivity? Does it handle the most power? Will it survive the longest in a harsh environmental test? And which of those things, if any, can you actually prove?

No design can be optimized for all those things. You don't have to spend much time in any business to figure out that engineering is full of compromises, and there's no such thing as a singular "best."

There is only a myriad of choices, and businesses are built around those choices. Successful businesses learn how to articulate their story and sell their chosen set of choices.

To stick with the subwoofer example, the speaker business is a very fragmented place, with many specialists. There's room for you in this business too, as long as you don't waste your time and money servicing people who are a poor match for what you do.

Business is like Dating

Let's compare the business marketplace to the one at your local pub. Every day guys and gals show up for another round of the risky, rejection-laden, cat-and-mouse game of dating. Every "seller" is offering a unique product, personality and dating experience, but every "buyer" has a tendency to reduce everything to price, delivery and crude measurements.

First of all, if you're a lonely guy in a bar, it's easy to forget that the entire situation is a two way street. Unless it's prostitution you're looking for, there's really no "buyer" or "seller." There are only potential partnerships. There are couples that are good matches and couples who are bad matches. A good match is good for both. A bad match is bad for both. The worst thing a person can do is not appreciate their uniqueness and value as an individual, and go into that bar and take whatever they can get. The newspapers are full of stories of unfortunate people who make that mistake.

In business it's not that much different. There are healthy, long-lasting relationships and there are dysfunctional, abusive relationships. The people who get into the bad relationships are the ones with no self-respect and no appreciation for their own identity. We've all wined and dined customers and finally won the order, only to later wish one of our competitors had gotten that ugly business instead.

Replace Sales Rejection with Low Cost Advertising

Let's carry this dating analogy a step further. Bars and pubs are smoky, rejection-filled places where the other person looks better and better after each beer, and the person drinking the beer is more and more likely to stretch the truth. It's really a lousy place to form new relationships. Everybody knows that lifelong relationships are built on a foundation of trust and respect, so why start there?

A very popular alternative to this dark misery is the classified personals or "matches" section in the local newspaper. It's a low-risk, low rejection medium in which unique individuals can meet other people with similar interests.

Let's take a closer look with this Women-Seeking-Men ad from the local paper here in Chicago:

AVOIDING STAGNATION. SWF 31 grew up on Depeche Mode, The Smiths, Joy Division, Richard Scary illustrations, Blume, Lucky Charms, meatloaf and television. Now into Belle & Sebastian, Sunny Day Real Estate, Eitzel, Wolfsheim, Kadinsky, Kruger, Denis Johnson, oatmeal, tofu, weight training, running. ISO like-minded man for dating, possible relationship. 📞48617

Here's a guy with a pretty specific kind of gal in mind:

A BIT CHUBBY? Under 45? Under size 16? Attractive, shapely and unattached SF? I'm Italian, 58, 5'10", 195#, salt & pepper hair, big chest, broad shoulders and blue eyes. I'm handsome and charming, social drinker/ nonsmoker. I like dining out, movies, TV and quiet romantic evenings. I'm a good singer and a great kisser. Shy? Lonely? Let's talk. Satisfaction guaranteed. 📞48681

Or try this guy – he's got specifications you could drive a truck through:

WANTED: FEMALE, MID-/ LATE-20S, must have air conditioner and cable TV. 📞48744

(I seriously question the sanity of any woman who'd settle for this slug. Sounds kind of like the guy who says "Wanted: Cheap 12" Woofers." Who'd want him for a customer?)

Notice that in the good ads, a person describes both themselves and the kind of person they're looking for. And sometimes the requirements are very exacting. Even in the last one, the guy at least *implied* what kind of person he is.

Please recognize a very important reality: These ads are only the first in a series of 3-4 steps that take place before anyone meets for a first date. First there's an outgoing voice mail message where the caller can anonymously hear the voice of the advertiser before responding. They leave a message on the advertiser's voice mail, who can then call him/her back if she/he likes what they hear. There's going to be a live phone conversation before there's ever a date.

There are no shortcuts in this process, and no uninvited solicitors. The only way around those steps is to go back to the pub.

The rejection factor for everyone has been dramatically reduced via technology, and each person has a chance to eliminate 99% of the other candidates before they even get started.

This is not a glamorous way to meet people but it most definitely works. Every day thousands of people use humble ads like these to find companionship in the sea of cruel humanity. Last month a friend of mine married a woman he met just this way. And I think they're a good match. That's why they call this section of the newspaper "matches."

Minimize Sales Rejection

Building a business with cold calls is a lot like walking into a bar and looking for a date. It's laden with rejection, it maximizes contact with people who are poor candidates for you, it's hard work and it destroys morale. Targeted marketing and advertising costs some money but you have to weigh the

opportunity cost. Some complain that the personals ads cost too much money, but if you go to the pub you still have to buy beer. How much is your time worth?

A typical week of sales calls for a national company costs \$1000+ of plane tickets and motel room bills. The salesman eats like a horse and spends half his time with people who really don't want to see him anyway. If you spend some of that money on guerilla marketing instead, he can be out for 2 days instead of 5 and get just as many orders, if not more. Sales people should not spend their time prospecting, they should spend their time in front of customers who are a good match for what they do.

So how do you reach customers who are a good match for you? How do you choose media?

Steps for Choosing Advertising Media

Rule number one about choosing advertising media is that you don't choose the media first. You choose it last.

- 1. What comes first is your *message*:** Your answers to the four questions we talked about a few minutes ago.
- 2. What comes second is your *audience*:** Who do you want to reach with that message? The result could very well be something which says, in effect, "Manufacturer of ultra wide temperature range 12" woofers seeks high-end car audio manufacturer for long term OEM relationship." Not a bad strategy for a tiny classified ad in the back of a trade magazine.
- 3. The last step is the *media*:** What delivery mechanism will get that message to the kind of customers you want?

When it comes to media, you have many choices. If the readers of a magazine are the kind of people you're looking for, then you should advertise here and focus your efforts on sharpening your message.

There are many other kinds of media, though. There is direct mail, for example. With direct mail you can send a very precise message to individual people for a dollar or two. If you don't have a list of target customers, you can almost always purchase or rent one. You can contact Voice Coil about renting their list; you can get lists from trade organizations and trade shows; most magazines rent their lists and those lists are sometimes highly segmented; and there is a massive book at your local library called the SRDS (Standard Rate and Data Service) which is a list of virtually every mailing list in the United States. I don't have space to go into this today, but the SRDS is a fascinating book and a great resource.

Direct mail is excellent for following up on sales leads and keeping your company at the top of a prospect's mind. Ideally a prospect should hear from you at least 6 times a year, and with a letter and a stamp you can communicate with them very inexpensively.

Here are some tips for direct mail:

1. Letters usually work better than brochures. Letters are personal. A sales letter, in which you tell a customer the same thing you'd tell him if you were sitting in his office, will often generate 2-10 times as much response as just sending a brochure. A sales letter is a letter that answers the Four Questions and invites the prospect to *do something* – like call you and discuss his application. A "cover letter" which really doesn't say much of anything at all is *not* the same as a sales letter – don't confuse the two.
2. It's often best to send a sales letter *and* a brochure.

3. *Personal* always gets more response than *Institutional*. “Corporate” mail looks like junk mail. If you want your package opened and your letter read, send it hand-addressed in a white envelope. Don’t hide behind your company logos and slogans. It makes you look like an insecure MBA.
4. It’s always tempting to use email instead and that’s absolutely fine. But if you’re dealing with people you don’t already have a relationship with, snail mail is safer. Plus, with increasing postage rates, their snail mail pile is shrinking while other marketers are opting for email more and more and email boxes are filling up with spam. Don’t be afraid to take the contrarian route. First class is only 3 cents more now than it was in June, and it’s a lot less than a week of lousy sales calls.
5. You should consider sending out a monthly, bi-monthly or quarterly newsletter. It doesn’t have to be long – one page front and back is enough. And in your newsletter, don’t talk about YOU. Talk about your customers. Talk about the things they’re thinking about. Your headline shouldn’t be “Check out our new hypenditheral ZK-9 processor.” It should be “Customer reduces production defects by 19% with XYZ technique.”

Internet Marketing and other Media

The Internet and search engines are under-used by most national companies. On the Internet, every conceivable combination of keywords represents a market, and not only can you get traffic from search engine rankings, you can also purchase keywords through pay-per-click programs with Google and Overture. Pay per click is extremely effective and it is undoubtedly the Internet business model of the future.

You should also consider post cards, card decks, publicity through magazine articles, trade shows, and joint ventures with other compatible, non-competing vendors.

Perry Marshall offers a free audiobook, “Guerilla Marketing for Hi-Tech Sales People.” To receive a free copy, email your street address to redrover@perrymarshall.com or call 24/7: (888)231-9716. Perry S. Marshall & Associates (www.perrymarshall.com) develops marketing and publicity systems for business to business and hi-tech companies.

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