

Jaynie L. Smith

International Speaker, Best-Selling Author,
CEO & Consultant

Jaynie L. Smith is the Founder & CEO of Smart Advantage, Inc., a Fort Lauderdale-based consultancy whose clients range from mid-sized to Fortune 100 companies. Her company has taught CEOs in over 400 industries, both nationally and internationally, how to gain market share by uncovering and touting their relevant competitive advantages. Jaynie's 40,000+ hours of consulting experience & 15 Top Performer Awards for CEO coaching are reflected in the results achieved by her clients.

Within 6-12 months of the Smart Advantage Process, clients regularly experience double-digit ROI growth. Once a company can answer the question...

"Why should I buy from you?"

...they can confidently sell a significant value proposition and minimize price as an issue.

Jaynie's keynote presentations are rich in content and aimed at providing a fresh perspective on competitive positioning. She offers an innovative set of tools that provide marketing and sales teams with the ammunition to effectively compete in today's rapidly paced marketplace. Jaynie is personable, humorous, and uses past-client case studies to convey her invaluable message. The compilation of research and processes are defined in her best-selling business books *Creating Competitive Advantage* (Doubleday, 2006) and *Relevant Selling* (Executive Suite Press, 2012).

Featured Media

Television Appearances

- ABC World News
- ABC World News This Morning
- FOX
- MSNBC
- CLTV
- SBTv

Radio

- Bloomberg Radio
- Money Talk WABC
- NPR Affiliate WLRN
- +many more

Print

- Entrepreneur
- Industry Week
- Profit Magazine
- Investors Business Daily
- Business Strategies
- Profit 100



**Competitive
Advantage
Expert**

Jaynie L. Smith

The Keynote Speaker

Jaynie Speaks Over 50 Times a Year to:

- Association Leadership Summits
- Industry Associations
- Fortune 100 Companies
- Training Events
- Corporate Retreats
- Annual Conferences
- Regional Associations
- Strategic Retreats
- Company Workshops
- Strategic Planning Sessions
- Global Sales Conferences

Jaynie's presentations are often referred to as "***a major wake up call***" for business leaders who are astonished to discover how far they stray from maximizing their returns.

"Jaynie Smith took great care in providing the critical information needed to help our members understand how to gain a competitive advantage. She is an excellent speaker and her presentation was extremely relevant."

-Rebecca L. Burgess

Director of Meetings & Conferences
National Association of Electrical Distributors

Presentation Overview

Jaynie's influential keynotes and workshop-style presentations have inspired thousands of business owners to uncover the riches that have been neglected within their companies! Her presentation will demonstrate how to discover the Competitive Advantages which you did not even know you had, as well as how to dynamically communicate those statements to your customers and prospects.

Value to Participants

Attendees will walk away with the backbone of a new "sales and marketing campaign." They will learn new ways to uncover competitive advantage opportunities and return to their companies armed to make substantive business decisions. Gaining a new understanding of ways to communicate, the value of efficient metrics, and the proper alignment method will arm your sales force with the ammunition needed to effectively answer the question...

*"Why should I buy
from you
instead of your
competition?"*

Looking for a Competitive Advantage Expert to speak at your next event?

Each presentation is available in sessions from 60 minutes to three hours. Keynotes are tailored to meet event specifications.

To book Jaynie Smith or to request more information, please contact Smart Advantage at (954) 763-5757 or email keynote@smartadvantage.com.

Keynote Topics & Synopses

What's Your #1 Competitive Advantage?

THINK AGAIN!

Based on her best-selling business book, *Creating Competitive Advantage*, Jaynie's presentation enthusiastically conveys what a competitive advantage is (and more importantly *is not*), what prevents businesses from identifying their own, along with the profits that are forfeited when they fail to do so. She provides the framework for uncovering and touting your own competitive advantages to measurably increase your companies' customer retention and sales close rates.

Increase Profit Without Lowering Price

The pressure to lower prices has never been greater than in our current economic state. This presentation, based on *Creating Competitive Advantages'* newly released companion book, *Relevant Selling*, will prove that you don't have to! Customers will pay more for value... the problem is, most marketing efforts fail to convey what customers value. As a result, customers revert to price as the tie breaker in the buying decision. Following Jaynie's method of developing your strengths into relevant competitive advantages will ensure that you never have to lower your prices to gain market share.

Why Should I Buy From You Instead of Your Competition?

This presentation enlightens even the most seasoned business professional. Based on both of Jaynie's books, this keynote introduces the topic of dangerous disparity. Most companies consider themselves 'customer focused,' but this will prove to you how the majority of those businesses are missing the mark. In her study of over 100 companies, regardless of company size or product offering, 95% of what these businesses were offering greatly differed from what their customers valued. Jaynie passionately advises her audience on the steps your company needs to take that will build confidence, remove risk, and minimize price as an issue in the buying decision.

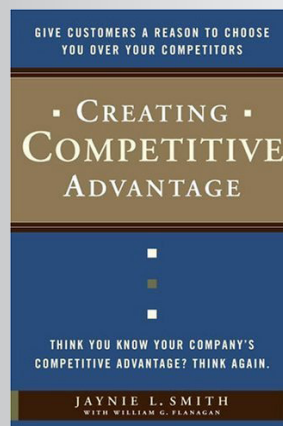


www.JaynieSmith.com

Jaynie L. Smith *The Author*

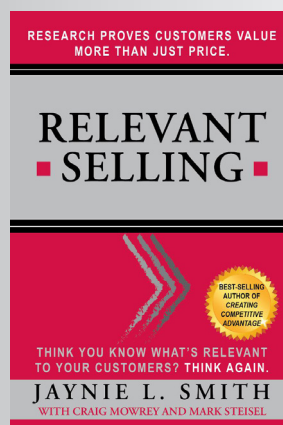
Jaynie called on her 30+ years of professional experience, research, and revolutionary business processes to author the best-selling business book, ***Creating Competitive Advantage*** and the companion book, ***Relevant Selling***. Jaynie bases the content of her keynote presentations, as well as the framework for Smart Advantage's workshops and consulting process, on her set of books.

Smart Advantage clients consistently experience doubled lead generation, improved sales close rates, and an average of 10-40% increase in revenue... all while successfully resisting the pressure to reduce their prices to gain market share. Adopting the concepts and practices outlined in these companion books will guarantee that your company can achieve the same results by identifying and touting your own, never-before used, relevant competitive advantages.



Why should I do business with you... and not your competitor? If you cannot answer this question, you are likely losing customers.

This eye-opening book reveals how identifying your competitive advantages - *and trumpeting them to the marketplace*- is the most surefire way to close deals, retain clients, and stay miles ahead of the competition.



Many companies lament that price pressure has destroyed their margins. But when customers are surveyed in double-blind studies, we learn that more than 90% of the time, price is not the most important buying factor. This book will teach you how to uncover what is relevant to your market and stop caving in on price.



Visit www.SmartAdvantage.com to download the first chapters of both *Creating Competitive Advantage* & *Relevant Selling* FREE.

Full versions are available in print or e-reader format on Amazon.com.

Order your copies today!



Keynote & Workshop Presentation Outline

Jaynie L. Smith

Jaynie Smith's workshop-style keynotes teach the lost discipline which helps your audience understand how to create messaging that truly articulates the value your company offers. Attendees walk away with the backbone of a new marketing and sales message that will help attract prospects and retain customers by effectively answering the question:

"Why buy from us instead of our competition?"

Keynote

- Are you selling strengths, differentiators or competitive advantages?
 - How do you answer the question "Why Us" right now?
 - What are yours, your employee's and your customer's perspectives?
- What drives your sales?
- Four common flaws of companies
- The difference between:
 - Deliverables
 - Strengths
 - Differentiators
 - Competitive advantages
- What is a competitive advantage and what is it NOT?
 - Competitive advantage vs. competitive position
- Competitive advantage principles
- Relevant selling key points
 - Relevance
 - Internal and external alignment
 - Customers vs. prospects
 - Levels of customers
- How to create your own competitive advantage statements

Workshop

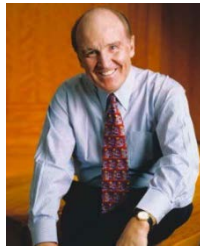
- Break audience into groups
- Practice creating messaging that will help your company stand out from competition
- Request volunteers to share developed statements
- Feedback session

***You know how valuable your company's product or service is...
Let Jaynie show you how to effectively sell that value to your target market.***

Smart Advantage Inc.
(954)763-5757



HOW IMPORTANT IS DIFFERENTIATING YOUR COMPANY WITH CLEAR COMPETITIVE ADVANTAGES?



"If you don't have a competitive advantage...don't compete."

Jack Welch, G.E.

During Mr. Welch's tenure at GE, the company's value rose 4000%



"I invest in companies with a sustainable competitive advantage...Powerful competitive advantages create a moat around a business such that it can keep competitors at bay and reap extraordinary growth and profits."

Warren Buffet

Mr. Buffet is widely considered the most successful investor of the 20th century



"Differentiate or Die."

Jack Trout

Mr. Trout is recognized as one of the world's foremost marketing strategist.

TODAY'S CHALLENGE

Sales and Marketing Executives are under great pressure to contribute measurable value to the corporation within defined budgets...

*"How can I use my marketing budget to make measurable contributions to **corporate revenue** and **profit objectives**?"*

*"Is there anything we can be doing to help our sales team be **better prepared to differentiate** our company?"*

DISCOVER

A different way to think about your company's competitive advantages

A new discipline to become more relevant to customers and prospects

If operations are aligned with your customers' buying criteria

The clear and distinct answer to most critical sales question:

"Why should I buy from you?"

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BY UNCOVERING COMPETITIVE ADVANTAGES

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Game Changer

How 3D Printing
Will Revolutionize
Union Construction

8 Lindauer on Customer Service

10 Breslin: Adapt to Change...Or Else

12 Why Work Hours Matter

**18 Create Your Company's
Competitive Advantage**

**20 Helmets to Hardhats
Reaches Out to Contractors**

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Daymond John,
Barbara Corcoran
and Kevin O'Leary

**TECH
GIFT GUIDE**
FROM SLEEK TO
GEEK: A GIFT FOR
EVERY 'TREP

Your wish is my command

Q: How can you determine exactly what it is your customers want?

A: This sounds like a no-brainer, right? Wrong. You'd be surprised to learn how many entrepreneurs lurch around, oblivious to their customers' deepest desires. How is this possible? Easy. The entrepreneurs forget to ask. Or they ask the wrong questions. Or they rely on their sales force to enlighten them, and the sales force asks the wrong questions. That's where Jayne L. Smith comes in.

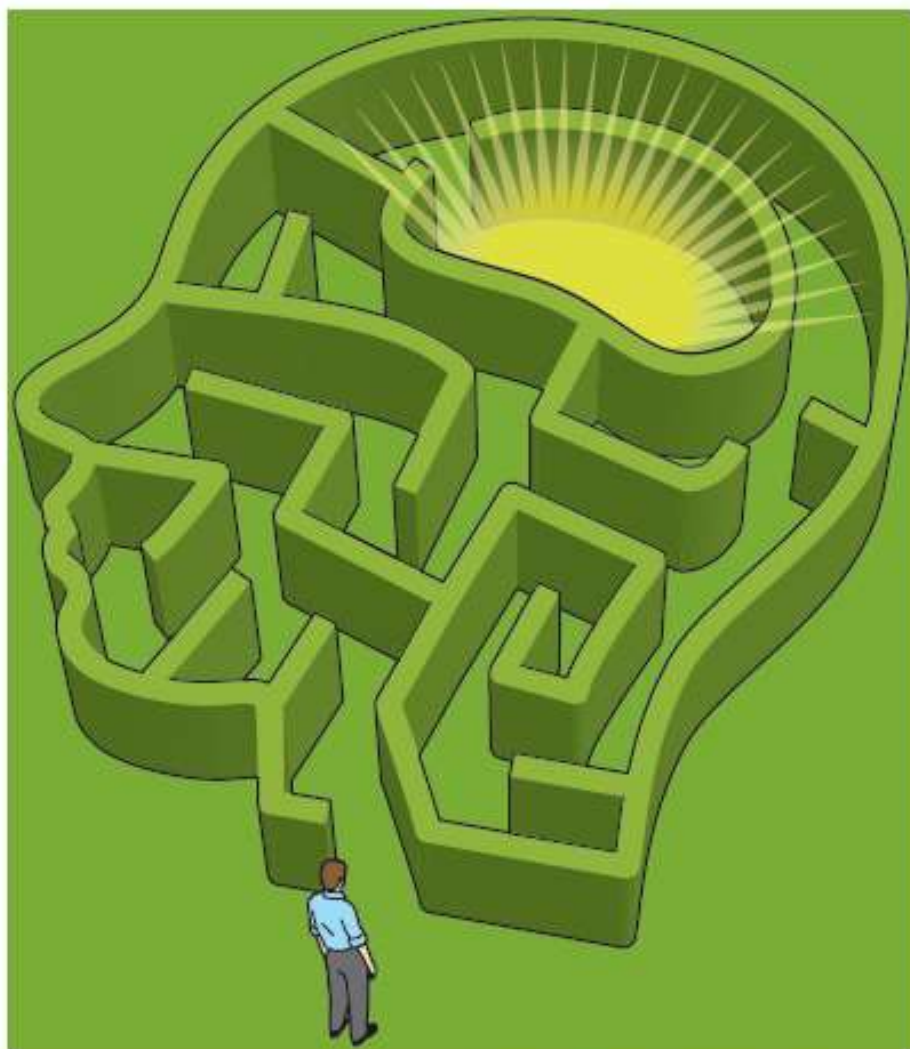
Smith is co-author of *Relevant Selling* and CEO of Smart Advantage, a Fort Lauderdale, Fla.-based marketing consultant to clients such as Kraft Foods and Zurich Insurance Group. Her company works with a research firm to conduct double-blind surveys to figure out what companies *think* their customers want vs. what those customers *really* want. (Double-blind? Customers don't know who's asking the questions, and companies don't know who's providing the answers.) You could fit a canyon into the space between perception and reality.

According to Smith, more than 90 percent of companies get it wrong. Yes, the majority don't know which of their products and services are most valued by the very folks who pay for them. No wonder Smith calls this degree of customer scrutiny a "lost discipline" among today's entrepreneurs. "Too few companies are doing this," she says, "and they're leaving profits on the table every day."

Take the case of a Pennsylvania steel company (that shall remain nameless). Smart Advantage asked employees at the company which services they felt customers cherished most. The top answer? The breadth of the inventory. Sorry, no.

In fact, Smith says, in the customer survey, the company's inventory ranked eighth among the top 20 services. "Not one person on the sales and marketing or executive staff guessed the No. 1 thing customers valued, which was the accuracy and completeness of documentation," Smith says. "They were doing things right, but they didn't know what was most valued by the customer."

So what's a hapless entrepreneur to do? First, stop considering those customer-satisfaction surveys as gospel. They might tell you how your company is doing, but



When you're trying to figure out what a customer wants, turns out the customer really is always right.

they don't tell you the value of what your company is doing. "What does the preponderance of your customer base value most? Lead with that in your marketing and sales," Smith advises.

It's also important to note that what customers want often differs from what prospective customers want. "If somebody has never had any experience with you,

and you're trying to convince them to be your customer, they need a different sales pitch," she says.

Further, customer needs invariably change, so it's critical for entrepreneurs to conduct regular surveys. Because when you're trying to figure out what a customer wants, turns out the customer really is always right. —Christopher Hann



**SMART
ADVANTAGE**
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LEARNING WITH THE LEADERS

THE CHIEF EXECUTIVES OF CANADA'S FASTEST-GROWING COMPANIES KNOW A FEW THINGS ABOUT BUILDING A SUCCESSFUL BUSINESS. THE MOST IMPORTANT: YOU CAN NEVER KNOW ENOUGH. THAT'S THE BIG REASON THEY GATHERED THIS SUMMER AT THE EXCLUSIVE PROFIT 200 CEO SUMMIT. HERE, FOR YOUR PERSONAL ENRICHMENT, ARE SOME OF THE BEST IDEAS AND ADVICE OFFERED AT THE EVENT

THERE'S A DANGEROUS DISPARITY BETWEEN WHAT FIRMS THINK THEIR CLIENTS VALUE AND WHAT THEIR CLIENTS ACTUALLY VALUE

WHAT'S YOUR TRUE COMPETITIVE ADVANTAGE? TRY AGAIN

JAYNIE SMITH, SMART ADVANTAGE INC.

COMPETITIVE-ADVANTAGE SPECIALIST Jaynie Smith has a blunt message for business owners: whatever your sales messages focus on, it's almost certainly not what your customers care most about.

Smith, president of Smart Advantage Inc., a Fort Lauderdale, Fla.-based consultancy, contends that 95% of sellers don't address the factors that customers consider the most important in their buying decisions.

"There's a dangerous disparity between what companies think their customers value and what their customers actually value," she told the CEOs of the PROFIT 200. If you don't focus on what most matters to customers, they'll be far more likely to buy based on price.

To avoid this, you need to offer a meaningful competitive advantage over rival firms. The vast majority of companies think this advantage is something such as good customer service, quality, reputation or

knowledgeable staff—or, as Smith puts it: "Blah. Blah. Blah." She uses these words because almost every other company also cites vague attributes like these.

To stand out from the competition, she says, you need to differentiate yourself through "deliverables": the way you do business, not your product or service. These must be objective, true and provable with metrics, not a given or marketing cliché, and not claimed by a competitor. So, instead of saying you provide fast and reliable delivery, say, "We fulfil 99.2% of our orders within 24 hours."

But identifying differentiators isn't enough. You then must identify your crucial competitive advantages: those differentiators that your customers deem the important. This is where most firms fall down hard. "We asked executives and sales teams at 150 companies to guess which things customers valued as No. 1, 2 or 3, and 95% of them got it wrong," says Smith.

She advises adopting a method detailed in her new book, *Relevant Selling*. At least annually, hire a market-research firm to conduct phone interviews asking buyers in your market to choose, from among your company's long list of differentiators, the three they most care about. Separate customers' top three choices from prospects' top three. "Research shows that 70% of the time,



Competitive
advantage
crusader
Jaynie Smith

they rank different attributes differently,” Smith says, “so you shouldn’t run the same sales message to both.”

Smith cites one client, a flower-delivery trucking firm, that had slashed its rates when the recession began. The firm then identified advantages relevant to its customers, including the facts that it averages one damage claim per 2,700 deliveries, its trucks have 20% more insulation than the industry average and it uses sealed loading docks, limiting temperature variations to less than one degree. “Once it focused on these, this company was able to raise its prices,” says Smith. “And it lost only one customer out of 250.” —JIM McELGUNN

HOW TO GET EMPLOYEES TO THINK AND ACT LIKE OWNERS

BRAD HAMS, OWNERSHIP THINKING LLC

DO YOU REMEMBER HOW YOU FELT when your company earned its first dollar? Amazing, right? Being actively involved in the success of your company is both motivating and satisfying. But business owners often take this feeling for granted when it comes to their employees, and don’t know there is a problem until it’s too late.

Brad Hams, founder of Lakewood, Colo.-based consultancy and training firm Ownership Thinking, has helped hundreds of companies battle a mindset that is crippling companies: employee entitlement. He contends that when workers believe they should be paid just for showing up, they will be unproductive and, ultimately, unhappy. Those two things are bad for business. And the attitude itself can drive an entrepreneur mad.

But Hams offered this good news to those assembled at the 2012 PROFIT 200 CEO Summit: you can make your employees think and act like owners, at little or no cost. In his opening

keynote presentation, he prescribed a system that allows employees to participate in the financial side of the business and see how their involvement impacts the company—

like when you earned your first dollar. It requires companies to set and rigorously apply targets, and for employees to take responsibility for reaching those goals. As soon as employees start

hitting their targets (and receiving the attendant financial rewards), their attitude changes. Rather than griping about working harder, they *want* to work harder—and smarter. It boils down to achievement: by their nature, humans thrive on it. Entitlement has the opposite effect.

Business owners know this intuitively. But, Hams warns, most employers assume falsely that their employees already have the tools to take responsibility and adopt ownership thinking.

Hams, whose epiphany on the subject came during his tenure as an executive with Mrs. Field’s Cookies in Mexico, recommends that entrepreneurs take these key steps to move employees from “me” thinking to “we” thinking.

1. Teach employees about the business. Everyone should know how the company makes money. Most employees have no clue how thin your margins are; they assume the company is rolling in dough. “What your employees don’t know can hurt you,” says Hams.

2. Create a method for keeping score. Traditionally, this is done with income statements, but Hams feels that isn’t effective for a couple of reasons: financials are given to CEOs after the fact, so you are measuring the past, not gearing for the future; and most employees lack the financial acumen to understand the statements.

Hams advises you look instead at key performance indicators, which are ways the employee can directly impact the financial direction of your company. This gives employees something to strive for. Then, says Hams, you need to create accountability. When your results come in for the month, compare those actuals against the targets to identify the gaps. Were the projections too ambitious, or did the employee’s performance fall off the

rails? Find ways to make corrections. This creates high visibility, which creates high accountability—which, in turn, creates an environment of learning and development. Business owners love this because it spreads accountability around the organization.

3. Implement an incentive plan for all employees that’s tied to companywide profits. The key, Hams notes, is that employees must meet their performance-based objectives to share in your company’s profits. Otherwise, it’s welfare—and welfare breeds entitlement. It’s also important to make the plan easy to understand; the more complicated it is, the more employees will distrust it.

“As you transition from your old model to this new model of transparency and accountability, you must encourage people to come forward with their mistakes,” Hams stresses. “Opting for finger-pointing and blame isn’t going to create the results you want.” —MEREDITH BIRCHALL-SPENCER

MOST WORKERS HAVE NO CLUE HOW THIN THEIR EMPLOYER’S MARGINS ARE

WHERE TO FIND THE CAPITAL YOU CRAVE

LAWYERS FROM CASSELS BROCK

MOST BUSINESS OWNERS SEEKING growth capital make a bank their first stop. But that’s not always the best stop, a trio of Toronto-based finance specialists from law firm Cassels Brock told attendees.

Some of the best alternatives to bank financing are south of the border. In ven-



Ownership Thinking guru
Brad Hams



Robert Suga of
BDO Canada

ture capital (VC), “the U.S. has many more players, and they understand the Canadian marketplace, especially tech,” explains Colin Ground, a partner in business law. “They’ve discovered that Canada is a less picked-over market. We have a lot of attractive, growing companies, and U.S. VCs have been very successful here.”

Ground says that although U.S. private-equity (PE) firms aren’t as active in Canada as their VC compatriots are, their vast asset base—perhaps 100 times that of Canadian PE firms—makes them an option worth considering.

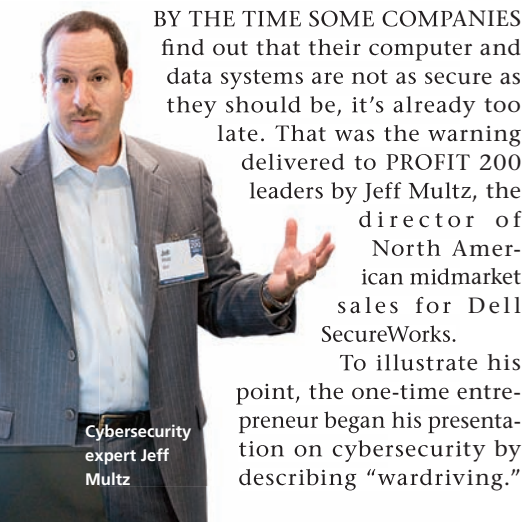
Jason Arbuck, a partner in financial services, says U.S. asset-based lending (ABL) players compete so aggressively, they’ll probably offer you bigger loans and looser terms than Canadian banks’ ABL groups. But they’ll charge a bit more.

Going public is another alternative. Lawrence Wilder, a corporate securities lawyer, says the downsides of doing so include \$150,000 or more per year in compliance costs and having to be accountable to public investors every quarter. But, he adds, listing on a stock exchange can make sense if clients in your sector prefer to deal with public companies, if you want low-cost financing to acquire rival firms or “if you wish to offer employees a great incentive—shares they can see the value of every day.”

If debt financing turns out to be your best available option, don’t immediately accept a lender’s initial offer. “You should push back and try to get better terms, and you’ll get those only if you have another potential lender standing by,” Arbuck advises. “It pays to play off lending institutions against each other.” —JM

HOW TO FOIL CYBERCRIMINALS

JEFF MULTZ, DELL SECUREWORKS



BY THE TIME SOME COMPANIES find out that their computer and data systems are not as secure as they should be, it’s already too late. That was the warning delivered to PROFIT 200 leaders by Jeff Multz, the director of North American midmarket sales for Dell SecureWorks.

To illustrate his point, the one-time entrepreneur began his presentation on cybersecurity by describing “wardriving.”

Armed with only a laptop computer, computer hackers drive around neighbourhoods and industrial parks in search of Wi-Fi hotspots. When one is found, it doesn’t take long for a sophisticated hacker to disable the firewall and tap into a personal or company computer system. Once inside, says Multz, stealing sensitive information is about the most innocuous thing the hacker can do.

Viruses and malware pose another threat to your company’s computer. For example, says Multz, criminals use email messages and Web links to gain access to computer systems and install malware “bots.” These pieces of unfriendly code can be used to steal specific information or to turn an entire network of computers into a “botnet” that spreads the infection to other computers. Multz also reveals that bots, malware and computer viruses are readily available for purchase on the Web.

What can your company do to protect its computer system? Multz offers several tips, including these:

- Keep your computer operating systems up to date. New versions of your OS will include patches that can guard against the latest malware.
- Maintain current anti-virus software on your computers. Computer viruses are changing all the time, and your anti-virus software has to keep up.
- Mobile devices, such as laptops and smartphones, are especially vulnerable to both thieves and hackers. Try not to store sensitive information on these devices.
- Make sure any computer software or hardware you bring into your network comes from a trusted supplier before you install it.
- Train your staff not to open suspicious emails or click on links on dubious websites. That is the easiest way to expose your system to malware.

Fortunately, effective cybersecurity doesn’t require perfection—just a more effective approach than other companies. “The bad guys will always go after the low-hanging fruit,” says Multz. “Don’t be the low-hanging fruit.” —FRANK CONDORON

THE ONE THING YOU NEED TO KNOW ABOUT SEO

JENNIFER OSBORNE, SEARCH ENGINE PEOPLE



SEO success boils down to understanding just one thing, says Jennifer Osborne, president of Ajax, Ont.-based Search Engine People: keywords.

It’s common knowledge that you can increase your relevance if your website contains the same keywords your target customers would use in their search engine queries, such as “cosmetic dentistry in Vancouver.” What’s not so well known is how to deploy those keywords.

Osborne offers these four tips on how to use keywords to increase your search-engine rankings.

1. Title tag: If your company’s tag line is vague and non-descriptive (e.g., “Think Different”), don’t use it as the “title tag” of your web pages. Instead, use words that will make the user understand what your company does (e.g., computer, technology, hardware), because that’s how they will phrase their search queries.

2. Anchor text: Any hyperlinked (i.e., clickable) text on your site is anchor text. Search engines read this text to determine the nature of the content it links to. The more accurate your description, using as many of your essential keywords as possible, the better the ranking of the linked page will be for queries containing those keywords. “Click here” doesn’t cut it.

3. Quantity of links: Increase the number of internal links within your site’s content. The more you link to your own content, the higher search engines will rank you. Also vital is to link to external sites and, ideally, to get them to link back to you. This makes the search engines see you as an authority. Try to form reciprocal linking agreements with suppliers and clients.

4. Quality of links: Content on your site

MANAGEMENT

should be valuable to your audience and, to the greatest degree possible, editorial in nature. If it's just marketing fodder, search engines won't deem your website to be authoritative—and won't refer people to your site. —MBS

ONE WAY TO A MORE PROFITABLE EXIT

HARRY CHANA, BDO CANADA LLP

MANY ENTREPRENEURS—ESPECIALLY the founders of growth companies—will recall fondly the simplicity of the early days of their firms. But one simple vestige of the typical startup can unnecessarily expose the wealth that business creates to creditors and the taxman.

As Harry Chana, a senior tax manager at BDO Canada, explained during a workshop at the 2012 PROFIT 200 CEO Summit, most businesses are formed as operating companies owned or co-owned by founding shareholders. This structure is easy and inexpensive to set up. However, says Chana, "It doesn't maximize the owner's after-tax cash flow, and it doesn't take advantage of the exemption limit on capital gains, which can entitle business

owners to up to \$750,000 tax-free."

These considerations might be the least of your worries in the heat of launching a business, but they become magnified as your company grows, generates rising profits and starts to accumulate earnings.

For most entrepreneurs in this situation, Chana recommends an estate freeze, which typically involves the use of a holding company, a discretionary family trust and a multiple-class share structure in a specific way that can reduce taxes on personal income, maximize capital-gains exemptions and protect wealth from the operating company's creditors.

It sounds complicated and, yes, you'll need accounting and legal professionals to help you do it. But here, in a nutshell, is how it would work for a two-spouse, two-child family. All four family members are made beneficiaries of a discretionary family trust that owns, say, 100 common shares of the operating company (Opco) and, as such, receive commensurate dividends and proceeds from the eventual sale of the business. Since the trust is a discretionary one, those dollars can be distributed to the beneficiaries in amounts that will maximize the tax efficiency of income-splitting

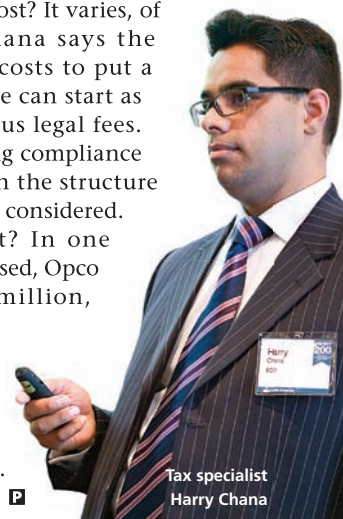
and lifetime capital-gains exemptions.

On the other side of the equation, the spouses would co-own the holding company, which in turn would own, say, 100 "special" shares in Opco. The value of those shares is fixed by way of an estate freeze—giving the spouses, via the holding company, first dibs on proceeds from the sale of Opco shares, up to the value of those shares. (Whereas the common shares held by the trust can grow in value.)

What does it cost? It varies, of course, but Chana says the reorganization costs to put a structure in place can start as low as \$7,000 plus legal fees. There are ongoing compliance costs to maintain the structure that also must be considered.

Is it worth it? In one example Chana used, Opco is sold for \$10 million, which yields \$520,000 in combined tax savings for the family of Opco's founder.

—IAN PORTSMOUTH



Tax specialist
Harry Chana



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MARKETING GOLF FACILITIES: THE PGA PROFESSIONAL'S ROLE

A MARKETING PLAN CAN HELP GOLF FACILITIES SURVIVE AND THRIVE THROUGH DEMOGRAPHIC AND ECONOMIC SHIFTS, AND PGA PROFESSIONALS SHOULD BE HEAVILY INVOLVED IN THE PROCESS

By Don Jozwiak, Senior Editor

A N IRRIGATION SYSTEM. TELEPHONE LINES. GOLF CARS. COMPUTERS. AIR CONDITIONING. Televisions. Riding mowers. Internet access. Inventory systems. Clubfitting carts. These are all things that, at some point over the past century, golf facilities didn't have. Over time, each of these items moved from cutting edge to mainstream. Now it's hard to imagine running a golf facility without them. Here's another one for the list: A marketing plan.

Sure, marketing plans have been around at companies of all types and sizes for decades. But despite the many business best practices that have made their way into the golf business, the vast

majority of golf facilities in the United States still don't have a formal marketing plan.

The good news is that, just like each of the items listed above, a marketing plan can be acquired,



implemented and maintained. Better yet, a good marketing plan can increase the value of each of your existing investments and help your facility increase its bottom line. And best of all, PGA Professionals are uniquely qualified to help drive the success of a golf facility's marketing plan.

"PGA Professionals are the people who are most involved with the customer at any facility: public, private or resort," says Rob Yanovitch, PGA director of golf at Shangri-La Golf Club in Monkey Island, Okla. "We may not be marketing experts, but we bring a lot to the table from the marketing perspective because we direct what the golf experience is, and we hear directly from the people who use the facility – we build the relationships with golfers."

"The PGA Professional is the key to running a golf business, so even if your strength isn't marketing, you still need to be involved in the marketing effort at your facility."

As a second-generation PGA Professional, Yanovitch remembers when golf facilities didn't need to worry about marketing. But demographic and economic shifts have changed the landscape of the game: Public facilities face increased competition from the many daily fee courses built in the 1990s and early 2000s; private clubs are struggling with

younger generations who don't see membership in the same light as Baby Boomers; and resorts find fewer travelers booking pure golf trips in favor of family vacations, while corporate clients have cut back on their once-lucrative travel plans. And all facilities find themselves trying to overcome the perception that golf is a challenging, expensive game that takes too long to play. Facilities are not only competing with other golf facilities, but with all kinds of other entertainment options.

"For a lot of us who grew up in the golf business, we didn't have to fight the battles we do today," says Robbie Wooten, president of Impact Golf Marketing in High Point, N.C. "Nobody needed to market 20 years ago, but everyone's being forced to adapt – and it happened quickly. The business has evolved, just like the role of the PGA Professional has evolved. And marketing is moving up the ladder of necessities for a successful golf business."

Wooten and other experts agree that PGA Professionals don't have to suddenly become marketing specialists. As golf facilities adjust to this new era of competition for golfers' time and money, however, PGA Professionals do need to make sure they play a key role in making sure their facility's marketing plans succeed. That starts with being

Creating a marketing plan

It's a new world for golf in terms of marketing. As you well know, the days of massive waiting lists at private facilities and new golf courses sprouting up left and right are in the rearview mirror. So in order to succeed in today's business climate, golf facilities have to market!

One of the many ways you are unique as a PGA Professional is that you're the one person at your facility who can actually be considered a component in the marketing model. PGA Professionals are the relationship builders who have day-to-day access to the customer/member. The charts below identify the key roles that PGA Professionals play in marketing their facility.

Key Steps in the Marketing Process

Knowledge & Insights Gathering

Mine internal and external resources for key data points



Brand Vision

Develop long and short-term objectives and positioning of brand



Initiative Development & Prioritization

Identify key initiatives to deliver on brand objectives



Communications Plan

Develop short-term creative messaging and customer connections/media



Set Resource Plan

Set budgets and staff needs and associated work plan



Execution & Tracking

Ongoing execution, measurement and adjustments based on results



Ways the PGA Professional Can Get Involved

- Perform polling with customers onsite
- Provide feedback into what customers are saying

- Provide previous results of program participation, customers, purchases and membership

- Inform your employer of programs offered by The PGA that can be leveraged

- Act as the "lens of the core golfer" – make sure the creative messaging does not alienate the core customer
- Ensure you understand key message points

- Make sure your employer understands the resources required and timelines to implement programs

- Deliver on the experience
- Promote initiatives through your touch points
- Provide real-time feedback to organization

Source: The PGA of America

Seven keys to successful marketing

Smart Advantage CEO Jaynie L. Smith lists the following marketing “musts” that companies across a spectrum of industries, including golf, have to do in order to be successful:

1. Base your plan on unbiased and accurate feedback.

Smith says many small businesses, including golf facilities, fall prey to thinking they know their customers better than they do. That includes basing marketing plans on anecdotal feedback from a small group of satisfied customers instead of gathering information from a variety of customers and non-customers.

2. Have everyone on the same page.

Relevant marketing depends on internal agreement. It’s difficult to deliver a consistent message or product when



different employees or departments don’t share a common vision. Create a mission statement and marketing plan, so your staff members are all waving the same flag.

3. Have a different plan for potential customers than you do for existing customers.

Prospects make decisions for different reasons than people who are already customers. Market your facility differently to new golfers or potential new members than you do to avid golfers or existing members.

4. Treat different target markets differently. Just as prospects and existing customers need distinct messages, so do different target markets. Your message needs to be different when you’re marketing to a group of working women vs.

a group of retired men, for example.

5. Base investments on what your customer values, not what you value.

Again, this is where research into customer opinion is key. A clubhouse renovation may not be a good investment if what your golfers really want is a pool for family activities.

6. Fill operational gaps. What are you not offering that your customers value? Providing daycare may get more young women on the course, or a short game practice area may bring avid golfers out more often.

7. Think about tomorrow more than you think about today. Much of golf marketing is reactive to a month of bad weather or a short-term downturn in memberships. Having a marketing plan will help you keep sight of long-term goals for the bottom line and the identity of your facility.

mission statement

part of the planning process, then using your expertise as a golf professional – playing, teaching, merchandising, running events – to build the relationships with new and existing golfers that will allow your facility to reach its goals.

What Marketing Really Means

The first step in having a successful marketing strategy at your golf facility is understanding what marketing actually entails. The word “marketing” is often thrown around to mean any number of things, including advertising, discounting, promotional programs and personal selling. These elements can all be part of the puzzle, but marketing is the art and science of getting all the pieces to fit together.

“Creating a basic marketing plan is generally a top-down exercise in figuring out how much you want to invest in the overall plan and how to allocate that money across the various tools you can use in marketing,” says Jim Koppenhaver, founder and president of Pellucid Corp., a company devoted to providing business expertise to golf facilities. “Key things a marketing plan *isn’t* include a series of email templates, or ‘hot deals’ or generic communications.”

Instead, Koppenhaver says marketing is a strategy that defines your identity as a golf facility, involves your entire staff, involves long-term planning and short-term creativity, and can encompass every communication tool from word of mouth to social media.

“Marketing is creating a meaningful dialogue with your customers and the people you want to make your customers,” Koppenhaver says. “Marketing isn’t generic; it can’t be vanilla to all customers all the time. Customization sends a signal to the customer that you’re paying attention and know something about their involvement with your facility.”

Another important thing to know about marketing is that it is data-driven, both in terms of making a plan and in determining how well the plan is working. Before becoming chief marketing officer of Billy Casper Golf, Kyle Ragsdale learned about the

importance of making marketing decisions based on metrics from working in digital media and sports marketing. Now that he’s part of a company that works with more than 140 golf facilities across 28 states, he sees that golf facilities need to follow the same data-centric marketing rules as other businesses.

“You can’t execute what you don’t plan. And if you don’t plan, you’re relying on your gut,” says Ragsdale. “If you don’t know who your markets are and what their behaviors are, how can you really market to them? It starts with basic information and then gets to a more complex understanding of your existing customer, and then goes one level beyond that to your potential customers. Without data, you don’t know what you’re aiming at, or if you’re hitting the target.”

Ragsdale says PGA Professionals are a key part of the information-gathering process, since they have direct communication with golfers on a daily basis. That makes the PGA Professional an important player in the ongoing quest for consumer data.

“From a marketing strategy standpoint, every interaction is a chance to gather data,” he says. “The more we know, the better we can please the golfer. There’s no silver bullet technology out there – it’s hard, it takes strategy, time and money to do it right.”

Why Marketing Matters Now

Daily fee and private golf facilities largely received business for much of the last century. That’s to say golfers sought out golf facilities: Public players decided they wanted to play and asked their friends, or used the *Yellow Pages*, to find a nearby course at the price they wanted to pay. Meanwhile, private clubs could often rely upon a steady stream of potential members seeking to join based on proximity, prestige or other factors that often led to waiting lists and healthy initiation fees.

The first golf facilities to go headlong into marketing were resort facilities, due to the inherently competitive nature of tourism. Golf resorts learned

that the basics of marketing – creating an identity for their destination, finding the target market that would be interested in traveling there, then crafting promotions and programs for those customers – was essential for building steady business, especially when that business was dependent upon rounds of golf joined to hotel nights, spa visits and onsite dining. Some destinations accomplished these goals by hosting tour events; how many golf vacations were planned while watching broadcasts from Pebble Beach, Doral or Harbour Town? Other destinations created marketing consortiums to get the word out about their golf offerings, such as the Myrtle Beach, S.C., area or Alabama's Robert Trent Jones Golf Trail.

PGA Professional Dana Garmany sees marketing as a must for all types of golf facilities – public, private and resort. As chairman and CEO of Troon Golf, Garmany has more than 30 years of experience developing and operating golf facilities. He founded Troon Golf in 1990. "In the mid-'90s, we used to kiddingly say that marketing was putting your feet up on the desk and waiting for the phone to ring," Garmany says. "It's a different world today."

Today, Troon Golf manages the golf experience at more than 80 courses around the U.S. and another

10 in Mexico and the Caribbean, plus many others across Europe, the Middle East and Asia. The company emphasizes data-driven marketing as a way to position facilities to adapt to the generational and economic changes being felt throughout golf.

Garmany agrees with RetailTribe CEO Ian James – who points out that most daily fee and private courses were able to avoid spending time and resources on marketing until recently – that Baby Boomers drove golf's growth in the mid-1990s. It was tempting to think that Generation X golfers and the younger Gen Y and Millennial groups would pick up where the Boomers left off. Instead, younger generations are proving to be less competitive, more social and more value-oriented than their parents.

And when the Boomers were driving growth, Garmany says the growth was more about spending habits than an actual expansion of the golf market.

"The golf boom of the '90s wasn't really about people playing more golf. It was about people spending more on golf," Garmany says. "They spent more on their vacations, their equipment and their club memberships. Now that demographic, the Boomers, only has 5–10 more years before they're not golf's dominant customer. And we know that spending patterns of golfers in their 30s and 40s are not the

PGA Professionals can enhance their job security by marketing themselves

For PGA Professionals, marketing doesn't end with promoting their facility to potential members and customers. PGA Professionals also should perpetually market themselves and their staffs to employers and facility decision-makers, calling out personal and staff accomplishments to ensure employers understand the vital role PGA Professionals play in day-to-day golf operations.

It's a matter of job security.

"It's not necessarily a matter of self-promoting, but a matter of ongoing communication between PGA Professional and employer, or those in charge of evaluating the job performance of the PGA Professional," says PGA Certified Professional Jeff Beaudry, a PGA of America Employment Consultant for the Rocky Mountain region.

No One Likes Surprises

"No one likes surprises on either end of the employment spectrum," says Beaudry (right). "I feel sorry for golf professionals who do what they believe employers want done, and then one day the employer says, 'Things aren't working out and we have to let you go.' Those situations are usually the result of miscommunication, or holes in the communication process, between employer and golf professional."

Beaudry says PGA Professionals who are constantly communicating with their employer, and keeping that employer apprised of what is going on in golf operations, are less likely to be the subject



of unpleasant employment surprises.

Beaudry, along with the other 11 PGA Employment Consultants who serve members throughout the 41 PGA Sections, recommend that PGA Professionals provide a monthly executive summary to their employers. That summary can include financial details, goals and objectives met, as well as business plan checkpoints. But that monthly summary should also include staff accomplishments to show the employer that PGA Professionals and other staffers are proactive in facility, local, regional and national affairs.

"The monthly executive summary is a simple statement of facts that give employers a snapshot of what transpired at the facility," says Beaudry. "It only needs to be one page, and it's a great communications vehicle. It's not like you're tooting your own horn. It's a business document, a progress report that shows your employer what you are doing. For example, if Mr. Smith is conducting Get Golf Ready programs and is increasing rounds and revenue at his facility, shouldn't he make sure his employer is aware that he is doing Get Golf Ready and increasing rounds?"

Beaudry adds that most PGA Professionals are too humble to brag on their accomplishments, but they should still make the effort to keep employers in the loop.

"At most facilities, that employer isn't at the golf facility every day, so he doesn't know everything you do. It is your responsibility to provide that information – to market yourself and your staff to your employer, whoever that may be."

The Wichita Model

At Wichita (Kan.) Country Club, Cary Cozby is the PGA head professional and CEO of the private club. He works in tandem with a general manager and a COO to draft annual budgets and a business plan, and Cozby's team provides the club membership – who are stockholders – with a comprehensive, 10-to-12 page *Year In Review* annually.

But Cozby (pictured) wants every member at Wichita Country Club to know whenever he or a staff member becomes certified in a specific golf discipline. He wants club members to know when he or another PGA Professional win or finish prominently in a PGA Section event. He wants his members to know how much was raised at a charity tournament it hosted, or why the club is expanding its teaching-hitting bays, or adding a launch monitor to its clubfitting and teaching area on the driving range. He wants the decision-makers at the club to understand that Cozby and his staff are always working on ways to increase revenue and enhance the golf and social experience at the club.

"It's very important to be out in front and market yourself and your staff to every member at a private club such as ours," notes Cozby. "When PGA Professionals are promoting and marketing their staff, they are also promoting themselves because our staffs are a reflection of what we do every day. When board members and every member at a private club knows all the little things you are doing to make that club



"IF YOU'VE BEEN IGNORING THESE TRENDS AND RELYING ON BOOMERS, YOU HAVE A FEW MORE YEARS. BUT GOLF COULD HAVE AN UGLY FUTURE IF WE DON'T FIND A WAY TO GET THE NEXT GENERATIONS INTO THE GAME."

—TROON GOLF'S DANA GARMANY, PGA

same – they're much less willing to spend more for something that's just a little better.

"If you've been ignoring these trends and relying on Boomers, you have a few more years. But golf could have an ugly future if we don't find a way to get the next generations into the game."

Beyond finding and facilitating the next genera-

tions of golfers, having a marketing plan simply makes good business sense. According to Impact Golf's Wooten, having a marketing plan serves as a way for golf facilities to make sure they're spending an appropriate amount on promotions, sales programs, media buys and other budget line items – and not squandering time, money and other resources.

"You have to spend money to make money, which some people hate to hear, but you really shouldn't be spending that money in the first place if you don't have a plan," Wooten says. "You can't buy every sales pitch that comes in the door, and you can't just react to a slow week by throwing money into a strategy that doesn't fit your facility's goals. Not having a marketing plan can lead to wasted effort and wasted money.

"Think about it: McDonald's doesn't open new doors without a marketing plan. Coca-Cola doesn't decide what ads to buy on a week-to-week basis. Every business needs a roadmap to follow."

Creating Your Facility's Identity

Developing a marketing roadmap can be an involved project, especially for those without a background in the field. Creating a full-blown plan involves in-

better, they develop a real appreciation for the job you and your staff are doing. And it does translate into job security. If everyone sees the many hats you are wearing and all that you do to make the club better, you will always have a job."

For PGA Professionals who don't like to toot their own horn, Cozby discovered an ingenious way to market and promote him and his staff at Wichita Country Club. He suggested that the club's colorful, magazine-style newsletter "ForeCast" carry updates on what's happening at the club each month. Then a prominent club member had an even better idea. He wrote an article entitled "WCC's Fab Five" that detailed every major accomplishment for Cozby and PGA Professionals Josh Cook, Brian Ward and Trent Rommann, as well as PGA apprentice Corey Weber. Instead of Cozby singing the praises of his talented staff, the article communicated a shag bag of accomplishments and milestones for the golf staff from a neutral source. Cozby also writes an introductory, overview page in each issue of the ForeCast.

"It is a real high-quality newsletter, and it's a great way to communicate with everyone at Wichita Country Club," explains Cozby. "The magazine runs different features on various staff members and programs at the club, so it's a great way for everyone to stay informed. The article on the 'Fab Five' was a tremendous way for our members to learn everything about our golf staff, and it was done in a professional way so that it didn't look like I was just bragging everybody up. We have received a lot of favorable comments on that."

Barber is Always Promoting

Jack Barber has had a simple philosophy for his 23-years at Meridian Hills Country Club in Indianapolis, Ind.

"Every day I come to work, I focus on three things," says Barber (pictured), the 2009 PGA Golf Professional of the Year. "First, I promote myself humbly. I want people to know who Jack Barber is. Everything we do in the golf world is in networking and building relationships. I need people to know who I am because I am the face of Meridian Hills Country Club, and I take great pride in that. No. 2, I always promote my club. In my eyes, Meridian Hills is the finest facility in the country, and I will tell anyone I come in contact with why that is true. Third, I promote the game of golf every day. I promote golf at the club, at the grocery store, at home or on the road. I'm always promoting golf."

Barber previously worked closely with a nine-member board of directors and the golf chair at Meridian Hills. Now, the club has a general manager to whom Barber answers. But the veteran PGA Professional remains a big believer that PGA Professionals can best promote and market themselves to decision-makers at public, private or resort facilities by simply playing the game with any and all potential decision-makers.

He spends 90 minutes with every new member at Meridian Hills and tries to play at least one round of golf with every member. He uses that on-course time to find out more about his members, but also to communicate. He tells members all about



new programs at Meridian Hills and never fails to mention when a staff member just won a tournament or achieved any type of certification through the PGA or a prominent company education program. He prepares an annual Year in Review for golf operations, and also provides each assistant with an annual evaluation and review.

"I'm one of those guys who likes to keep everyone informed 365 days a year, but we also provide the formal reviews and put it in writing every year," says Barber. "I don't feel like I'm tooting my own horn when I promote Jack Barber, because when I promote Jack Barber I'm really promoting and marketing Meridian Hills."

Barber also advises other PGA Professionals to make use of the best marketing tool they have: Playing golf with their customers.

"In my members' eyes, I'm like a touring professional and they love to play golf with me. I can use that golf time to discuss everything about the club with them," Barber says. "I find out what they like and don't like, and then we can make changes and improve. Playing golf with your members is an important part of staying in touch and a great way to maintain close communication with your members. It also shows your members how much you care about them, and about the facility."

So next time you're putting together a marketing plan for your facility, take the advice of Beaudry, Cozby and Barber. Don't forget to market yourself as a PGA Professional to decision-makers at your facility. It's a matter of job security – and a matter of good business.

—Roger Graves

depth research to discover your target markets, what your current customers like and dislike about your facility, what your competition is offering to your potential customers, and creating a list of concrete objectives that can be acted upon (see page 58 for an example of how to create a marketing plan).

Instead of trying to undertake this process yourself, marketing experts suggest PGA Professionals work with other decision-makers at their facilities – owners, boards, committees – to find someone with marketing experience internally or outside of the facility to lead the process. By initiating the process and remaining involved in it from creation to execution, you’re showing your commitment to the facility and the facility’s future success.

“Don’t feel like you have to take on marketing all by yourself. I suggest going to management and saying, ‘We don’t do this, but can we start? Can we do this ourselves, or can we get some help?’” Wooten explains. “Being proactive speaks volumes to an owner or a board. And people respect someone who says I don’t know everything, but I’m ready to learn.”

PGA Professionals can and should play a key role in answering an important question that guides the entire marketing plan: What is the identity of your facility?

According to Ft. Lauderdale, Fla.-based sales and marketing consultant Jaynie L. Smith, many businesses don’t understand what their customers find most important. As president and CEO of Smart Advantage, Smith has worked with companies as large as Kraft Foods and Blue Cross Blue Shield, as well as small startup entrepreneurs. She says discovering what really brings customers in is a solid – but tricky – first step toward building a marketing strategy.

“We ask every client what defines them, and who are their markets,” Smith says. “What’s the market that you can realistically expand at a decent margin? What’s your image with this target market,

“PGA PROFESSIONALS ARE POSITIONED CLOSEST TO NEW MEMBERS, AND THAT’S THE MARKET THAT SURFACES MOST OF YOUR LEADS FOR THE NEXT PROSPECTIVE MEMBERS.”

—FRANK VAIN, PRESIDENT,
McMAHON GROUP

and how can we change it – and do you need to reposition or rebrand yourself? Once you know these things, you can really get started.”

Smith points to a quiz she gives new clients. She asks them to list the reasons they believe their customers do business with them. Invariably, research – in Smart Advantage’s case, double-blind “voice of the customer” surveys – shows that the business doesn’t know its best customers nearly as well as it thinks. For example, a golf facility may believe people play its course because it was designed by a well-known architect, based on anecdotal feedback. But research might show that what really brings golfers back to the facility is how well the greens roll or the pace of play.

The PGA Professional can help a marketing expert zero in on a facility’s competitive advantages and disadvantages, and help train the rest of the golf staff to provide consistent communications with customers.

“As we like to say, you don’t know what you don’t know,” Smith says. “But once you do know it, you

Examples of marketing solutions for growing the game

PGA Professionals have a responsibility to grow the bottom line at their respective facilities, but also to grow the game of golf as a whole. The charts below provide a few examples for how PGA members can market the game of golf.

EXAMPLES

Identify Problem or Opportunity	Customer Retention	Raising Revenues Per Golfer	Attracting New Golfers
Analyze Tactical Solutions	<ul style="list-style-type: none"> Build and message database through compelling offers Enhance the on-course experience through TEE IT FORWARD program 	<ul style="list-style-type: none"> Look at ways to cross-sell or bundle offerings (e.g., rounds + food) Upsell customers through multi-player offers – bring family/friend 	<ul style="list-style-type: none"> Promote Get Golf Ready through non-golf media Promotions and offers for parents to sign up kids for Youth programs (Sports Academy and Jr. League)
Opportunities for the PGA Professional Involvement	<ul style="list-style-type: none"> Capture names and info of customers Create and educate customers on TEE IT FORWARD option 	<ul style="list-style-type: none"> Promote and educate customers in shop and on course of offers 	<ul style="list-style-type: none"> Set-up programs Register programs using ACTIVE.com tool

Source: The PGA of America

need to consistently reinforce the message. Once you find what your competitive advantages are, every customer-facing person in the organization must know them and use them. Instead of saying, 'How'd you play today?' you train your employees to say: 'How were the greens today? You know, we just made a significant investment in new equipment to make sure they're always in great shape.' It doesn't do any good to know this information if you're not shouting it from the rooftop to reinforce that advantage."

A PGA Professional's regular interaction with golfers is especially important for marketing efforts at private clubs, where the best marketing approach to gaining new members is often through existing members. Frank Vain has plenty of experience advising private clubs in 30-plus years of working with hospitality properties and in his current position as president of the McMahon Group, a private club planning and consulting firm based in St. Louis, Mo. Vain says PGA Professionals are ideally suited to play a very important role in marketing efforts.

"The PGA Professionals connect the dots between the membership committee and the members themselves," says Vain, himself a past president at a private golf club. "PGA Professionals are positioned closest to new members, and that's the market that surfaces most of your leads for the next

prospective members."

According to Vain, PGA Professionals can help close the deal with potential new members by playing golf with them, offering a lesson and providing feedback to the membership committee about any concerns a prospective member has. But the most important role he feels PGA Professionals can play in the marketing process at a private club is getting new members acclimated and activated.

"Our research shows that 75–80 percent of new membership referrals come from new members, people who've been with a club less than five years,"

"I THINK ALL PGA PROFESSIONALS SHOULD SEE THAT **EVEN IF YOUR STRENGTH ISN'T MARKETING, YOU STILL NEED TO BE INVOLVED."**

—ROB YANOVITCH, PGA, SHANGRI-LA GOLF CLUB, MONKEY ISLAND, OKLA.

Eighteen ways PGA Professionals help market their facilities

PGA Professionals often contribute greatly to the marketing efforts at their facilities, and *PGA Magazine* chronicles many of them in the pages of the magazine and in our weekly series of PGA Best Practices emails. Here's a full round of 18 great ideas we've collected from PGA Professionals at a variety of facility types, all of which have had a positive impact in marketing their facilities.

1

Harry Hammond, PGA director of golf, Penn Oaks Golf Club, West Chester, Pa.: Reinvigorated his private facility by shifting the focus to family and junior play, which brought in many new, young members to the club.



2

Brian Crowell, PGA head professional, Glen Arbor Golf Club, Bedford Hills, N.Y.: Hosts a weekly radio show called "The Clubhouse" that covers golf in the Metropolitan PGA Section, and draws attention to his home club throughout the listening area.



3

Phil Owenby, PGA general manager, Kinloch Golf Club, Manakin Sabot, Va.: Helped create a world-class practice facility where members can recreate any on-course scenario, giving golfers a chance to get more enjoyment out of the game.



4

Susan Bond, PGA head professional, Weekapaug Golf Club, Westerly, R.I.: Encourages junior girls to invite an older female relative to join them for group instruction, which helps get more juniors and women involved in golf at the club.



5

Kevin McKinley, PGA director of golf, Treetops Resort, Gaylord, Mich.: Offers resort group golf packages with a portion of the proceeds going to the Folds of Honor Foundation, creating goodwill with golfers and military families.



6

Larry Dornisch, PGA head professional, Muirfield Village Golf Club, Dublin, Ohio: Spends less time in his office and more time interacting with golfers, leading to more member retention and valuable leads for potential new members.



7

Jay Overton, PGA director of golf, Corales Golf Club, PUNTACANA Resort and Club, Punta Cana, Dominican Republic: Networks with PGA Professionals to increase awareness of his resort course in key target markets.



8

Lisa Miller, PGA golf operations manager, City of Cedar Rapids, Iowa: Offers a variety of Get Golf Ready programs at her municipal courses, creating an inviting atmosphere for new golfers and increasing lesson revenues by 142 percent in 2012.



9

Steve Cutler, PGA head professional, Wynlakes Golf and Country Club, Montgomery, Ala.: Took a class in Korean culture to make new members and guests from South Korea feel more comfortable and at home while at the club.



Vain says. "After five years, a member is pretty ingrained at a club, and they've usually made friends and developed new relationships. But when someone's new at a club, that's when they're interested at getting their friends to join the same club."

Vain says PGA Professionals can jump-start the process by getting new members immediately involved through orientation sessions, introductory rounds of golf, lessons, arranging games with existing members and encouraging new members to bring their friends to the club as guests.

"The faster you get those new members assimilated into the club system, the better. Then they call their buddies and have them out to the club, and the PGA Professional can identify them as prospects for the membership committee or director to follow up on," Vain says. "New members can have a lot of enthusiasm, and PGA Professionals can do a lot to put them in position to do a lot of the marketing themselves.

"Overall, the PGA Professional is the chief ambassador of the golf facility. They're on the front line, and that's where you find the nuggets of gold."

Marketing Through Player Development

Tron Golf's Garmany says looking for new members and customers is one of two important market-

Download the "Know Your Customer Playbook"

The Golf 2.0 "Know Your Customer Playbook" details five key processes PGA Professionals and golf facilities can use to build relationships and communicate with their customers, including case studies and sample customer surveys for private and public facilities. Essential marketing advice concerning database development and marketing plan execution are also included. The "Know Your Customer Playbook" can be found online at PGALinks.com and Golf20.net.



ing functions that fit well with the expertise of PGA Professionals. The second function is the timely topic of player development. With the industry-wide Golf 2.0 initiative at the forefront of helping golf facilities create new players, bring back lapsed golfers and keep avid players in the game, player development is becoming a larger part of the marketing plan for many facilities.

According to Garmany, PGA Professionals can assist in this effort both by making the game more appealing to new and younger players, and by creat-

email

10

Ken Morton, PGA director of golf, Haggin Oaks Golf Complex, Sacramento, Calif.: Leads a staff that consistently comes up with some of the best promotional events in the game, such as the three-day Haggin Oaks Golf Expo – which combines demo days with food and music.



11

Jane Broderick, PGA director of golf, PGA National Resort & Spa, Palm Beach Gardens, Fla.: Introduced TEE IT FORWARD to her 2,000-plus golf members and saw pace of play improve dramatically, while men's association play has nearly doubled.



12

Nick Wolfe, PGA director of golf, Waynesborough Country Club, Paoli, Pa.: Hosts 90-minute orientations for new members and their families to introduce them to the facility and get juniors started in the club's golf program.



13

Karl Bubnitz, PGA director of golf, Grey Oaks Country Club, Naples, Fla.: Identified women as a target market for growth and started a women's demo day that brought in \$25,000.



14

Mark Lammi, PGA vice president of golf operations, Reynolds Plantation, Greensboro, Ga.: Created a travel program for his 3,000-plus members, which has led to more member loyalty, sales activity in the golf shop and increased networking opportunities with travel vendors.



15

Ken Schall, PGA director of golf, Glen Oaks Country Club, West Des Moines, Iowa: Fills Thursday tee times by encouraging members to bring guests to a monthly men's stag tournament, which increases golf shop sales and brings potential new members to the club.



16

Greg Flannagan, PGA head professional, Old Waverly Golf Club, West Point, Miss.: Sends out surveys to members to get feedback on club events, implement new ideas and increase member satisfaction, while solidifying relationships with the club's best customers.



17

Shawn Cox, PGA director of golf, The Grand Del Mar, San Diego, Calif.: Is introducing PGA Junior League Golf to his upscale private club membership to create fun golf opportunities for juniors and get them excited about the game.



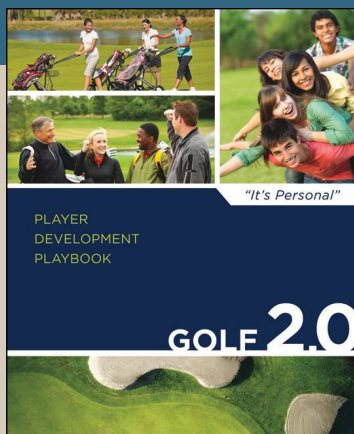
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Amy Pendergast, PGA head professional, Bandon Dunes Golf Resort, Bandon, Ore.: Educates her staff on proper retailing techniques and product information, which contributes to a consistent message from the resort's staff, and increases customer satisfaction and retail sales.



Download the "Player Development Playbook"

The Golf 2.0 "Player Development Playbook" details six action steps PGA Professionals and golf facilities can take to make the most out of PGA Player Development programs, including real-life examples of innovative ways golf facilities are growing their business through Player Development programming. The publication also details how to make a Player Development Business Plan. The "Player Development Playbook" can be found online at PGALinks.com and Golf20.net.



development

ing new ways for existing golfers to enjoy the game that are fun, less time-intensive, or both.

"As an industry, we're lacking some creativity out there, and PGA Professionals are great at coming up with solutions that keep people involved in the game," says Garmany, whose company employs more than 400 PGA Professionals around the country. "The data is strong that when you lose a player, they don't come back – whether they just didn't enjoy their golf experience, or that they didn't have time to play because they had two kids in soccer. We've got to keep them in the game somehow."

Garmany points to national programs, such as TEE IT FORWARD, and local efforts as paying off. He says Troon Golf's marketing plans encourage PGA Professionals to come up with "one-hour solutions" to golf, including encouraging golf facilities to turn nine holes into all par 3s to allow players to get in a very quick nine holes after work or dinner. He also says PGA Professionals are exceptional at taking the pulse of members or regular customers and making suggestions, such as relaxing dress codes or allowing use of smartphones on the course. One recent initiative: Troon introduced a dramatic new dress code policy at all facilities; a direct result of marketing plans that sought to better under-

stand what younger potential customers were looking for and then finding a way to deliver on it.

"There are still some traditional, conservative clubs and areas. But for most facilities, you can't be stubborn, and you can't afford to say, 'We've always done it this way,'" Garmany says. "Whether it's liberal guest rules at a private club or moving the tees up at a public course, PGA Professionals can make sure golf is fun for golfers. Right now, we simply can't write off any potential customer. You don't want to lose someone forever because they like to wear their hat backward."

RetailTribe's James agrees that new marketing solutions are needed to help golf transition to its next generation of players. He says PGA Professionals can use their skills and passion for the game to keep existing players in the game while lighting a fire under newer players.

"There are a lot of lapsed golfers, a lot of people who tried it and didn't come back," James says. "Those are people who want to play. The PGA Professional can get them into the theater of golf. Remember, they're not buying a membership, or a driver – they're buying hope, they're being aspirational. That's the why. Once you have the why, then you can put together the how and deal with the what. That's marketing."

James gives an example of how PGA Professionals can assist the player development and retention part of marketing by making the game fun. A client of his at a working-class course in the United Kingdom was hit hard by the recession and, despite heavy discounts on green fees, was thinking about letting its golf professional go in the face of a decline in rounds played. James convinced the course to free the professional from some of his office duties, and the professional used the time to interact with customers – and created a fun program that increased return business. The professional called it his 10/10/10 Challenge, during which he would have golfers attempt 10 10-foot putts, then give them a 10-minute putting lesson with the guaran-

Using your tools to bolster your marketing message

Once a facility has a mission statement and marketing plan in place, PGA Professionals can use their many skills to amplify the marketing message throughout the property:

■ **Golf activities** – From giving lessons or walking the range to playing rounds or performing clubfittings, PGA Professionals have the chance to interact directly with their customers while showing their golf expertise. Simply spending time with golfers creates a positive experience, and that can be even more beneficial if you use these interactions to build relationships and reinforce the marketing message of the facility.

■ **Visual merchandising** – What you carry in the golf shop and how you display it can be a powerful way to convey the identity of your golf facility. For example, a

family-oriented facility can carry and display junior golf clubs and apparel alongside adult merchandise. Or if you're trying to promote golf as a game of fitness, a display of push/pull carts and athletic golf apparel strengthens the message.

■ **Building a database** – Look for software tools that let you keep track of golfer behavior and preferences. This can help you provide more personalized customer service, which helps retain members and customers.

■ **Reach out to local media** – Build relationships with local newspapers, TV/radio stations and other media outlets. Invite them to use your facility as the backdrop for stories, or provide them with story ideas of your own that reinforce your facility's marketing message and that will appeal to your target markets. For

example, invite a media member to your course to experience TEE IT FORWARD if you're trying to attract older players, or promote a faster, more fun way for younger players to play the game.

■ **Use social media** – From Facebook and Twitter to personal blogs and YouTube videos, you can use these low-cost methods to seek out your target markets. A good tip for reaching older, more affluent golfers online: Use LinkedIn to connect with them. (See related story on page 110.)

■ **Get involved in the community** – Joining local organizations, such as the chamber of commerce or Optimist Club, will help you network with other business leaders. And supporting local charities helps show your facility as more than "just a golf course."

“FOCUSING ON MARKETING AND HAVING A PLAN HAS HAD A REAL IMPACT ON OUR MEMBERSHIP AND OUR BUSINESS. THIS JANUARY WAS OUR FIRST MONTH IN 13 MONTHS THAT OUR ROUNDS AND LINE ITEMS HAVE BEEN UP OVER THE PREVIOUS YEAR. IT’S NICE TO SEE THE WORK WE’VE DONE PAY OFF.”

—KARL BUBLITZ, PGA,
GREY OAKS COUNTRY CLUB,
NAPLES, FLA.

organization

tee that they’d make more 10-foot putts at the end of the lesson than they did at the outset.

When word got out about the 10/10/10 Challenge, the course was swamped with golfers – and the professional booked two solid days of putting lessons. Better yet, the course was busy with golfers who hadn’t been there for months or years, and the course saw an immediate uptick in rounds played. The professional soon had a new contract and job security.

“What managers in the golf business sometimes forget is that people want to be engaged by the experts,” James says. “That professional got out from behind the counter, got people excited about the game and turned them into fans of that course, without discounting the golf. Coupons might work for a while, but you can do a lot more by tapping into golfers’ aspiration.

“There are so many ways a PGA Professional can get somebody excited about golf without needing to take five hours or 18 holes. When a golf club sees a PGA Professional doing things for golfers that golfers value, it’s a virtuous circle.”

Marketing Success Stories

Over the last few years at Grey Oaks Country Club in Naples, Fla., PGA Director of Golf Karl Bublitz has had to find new ways to get his members excited about golf. Like many clubs, Grey Oaks’ membership numbers started moving in the wrong direction, leading the 54-hole club to craft its first marketing plan two seasons ago. This season, Grey Oaks is net positive in membership for the first time in four years with a focus on service.

“All our departments have input into the marketing plan, and our general manager, Jim Butler, is the driver of the process,” says Bublitz, the 2012 South Florida PGA Golf Professional of the Year. “We work on it during the summer so it is fully developed before our season starts in the fall. We do still have to make some game-time decisions here and there, but now we have a good idea what we’re going to do to market the club to new members and to retain the members we have.”

According to Bublitz, the biggest change was running a TV commercial locally to increase recognition of Grey Oaks – and let prospective members know that new membership plans were available. The commercial was cost-effective, and successfully generated new members.

Meanwhile, Bublitz worked with his staff of 23 PGA Professionals to get a feel for which Grey Oaks members have friends in other areas of the country who might be interested in spending their winters at the club. During the summer, Bublitz hits the road to play golf with his members at their summer residences, making sure to invite potential new members along for the round and a subtle sales pitch.

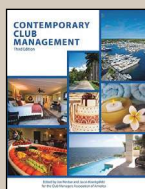
“We have a very experienced staff, and they’re able to talk to our members and make them into recruiters for us,” Bublitz says. “When I travel to play with our members out of season, we have potential prospects lined up and we can start to create relationships before they move south. Once we create that relationship, we have a great chance of creating a new member.”

“Contemporary Club Management” has insight into marketing plans

The Club Managers Association of America (CMAA) has published the third edition of its hardcover reference book, “Contemporary Club Management.” Among the book’s 17 chapters is an in-depth chapter on membership marketing that includes information on how clubs can create a marketing plan. There is also a sample marketing strategy that shows how a club might structure a plan for pursuing a specific goal – such as increasing the number of members at the club.

Some of the highlights of the chapter on membership marketing include:

- **The Four P’s of Marketing:** These are listed as Product, Price, Place and



Promotion. These are the elements that will guide the process of creating a marketing strategy.

- **Steps in Developing a Membership Marketing Plan:** These include conducting an internal analysis, conducting an external analysis, positioning the club, developing an action plan and evaluating a plan.
- **Steps for Attracting New Club Members:** From creating new membership products and marketing materials to encouraging referrals or relaxing membership requirements, several strategies are described in detail.
- **Using Technology for Membership Marketing:** How the Internet and databases can be used to do a better job of marketing for new members.

“Because actively pursuing candidates for membership in private clubs is relatively new, clubs need to use new strategies,” the chapter concludes. “By understanding the concepts of supply and demand and recognizing that much of a club’s market is determined by demographics of the population surrounding its location, a club can set realistic goals for its membership size and develop the best membership marketing plan possible.”

To purchase the third edition of “Contemporary Club Management,” log on to cmaa.org/marketplace and look under the Marketing and Membership section of the Bookmart Offerings area. Or you can enter this link in your web browser: <https://www.cmaa.org/marketplace/p/148/contemporaryclubmanagement>

Grey Oaks has also used its newfound marketing prowess to go after a new target market: Women. Bublitz analyzed the club's tee sheets and saw that 48 percent of Grey Oaks' play from January to April is women. The club increased its ladies' instruction offerings, group golf opportunities and even held women-only demo days. The result was a solid uptick in golf shop spending and ancillary spending throughout the club, while the club's first women-only demo day did \$25,000 in sales.

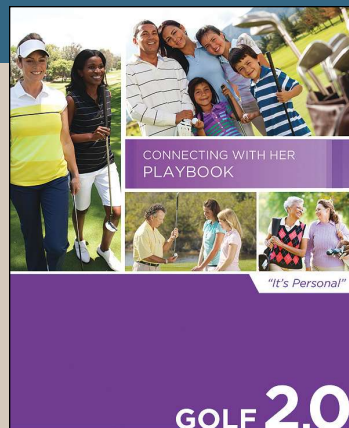
"Focusing on marketing and having a plan has had a real impact on our membership and our business," Bublitz says. "This January was our first month in 13 months that our rounds and line items have been up over the previous year. It's nice to see the work we've done pay off."

At Muirfield Village Golf Club in Dublin, Ohio, PGA Professional Larry Dornisch focuses on the current membership as a key part of the facility's marketing strategy. Dornisch has been at the renowned club for 17 years, but over the past two seasons the head professional's job description looks like it's been rewritten by a marketing guru.

After years of spending most of his day in his office, Dornisch found his daily routine turned inside-out when Nicholas LaRocca was promoted to general manager in 2011. LaRocca and club management decided that Dornisch could have more impact on member retention – Muirfield Village's highest marketing priority – by getting out of the office to spend more time with golfers. The result

Download the "Connecting With Her Playbook"

The Golf 2.0 "Connecting With Her Playbook" explains the influence women have in the game of golf, and important information about understanding a woman's perspective on the sport. To help tap into the women's market, the publication includes several action items for golf facilities, including goal-setting, changing attitudes and culture, communication, performing a facility audit, and planning programming and experiences. The "Connecting With Her Playbook" can be found online at PGALinks.com and Golf20.net.



has been strong retention of existing members and an influx of new, younger members.

"Nicholas says the last place he should look for the golf staff is in our offices; he wants us out teaching, playing, walking the range, in the golf shop or in the grille room talking to members and guests," says Dornisch, a two-time PGA Merchandiser of the Year in the Southern Ohio PGA Section. "It seems we used to spend a lot of time doing the work of the job instead of the important part of the job, which is taking care of members and making sure they have that 'Wow!' experience every time they're out to the club."

Dornisch says a more managerial role probably suited him and Muirfield Village in a previous era

goals

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What goes into creating a marketing plan for golf facilities

As founder and president of Pellucid Corp, Jim Koppenhaver has helped numerous golf facilities create marketing plans. *PGA Magazine* asked him to outline the broad strokes of what goes into creating a golf facility-specific marketing plan.



"The easiest way to think about marketing is that it's a sequence of events that the golf facility is trying to influence in order to make consumers choose their facility over any other competitor more often," says Koppenhaver (pictured). That sequence includes the following elements: Awareness, trial, repeat, loyalty, value maximization, advocacy and retention.

Those seven components of marketing enable golf facilities to reach out to customers in different ways and for different reasons:

- **Awareness** is using general media – TV, radio, print, a newsletter or website – to let people know about your facility and what it offers.
- **Trial** refers to programs that are geared to drive people to the facility, such as player development, instruction clinics, promotions or coupons.
- **Loyalty** programs include initiatives such as preferred pricing or other perks for frequent customers.
- **Value maximization** is geared toward increasing the spending of each guest to the golf facility, such as bundling food or range balls with green fees, offering replay programs or offering a discount in the golf shop for members.
- **Advocacy** is getting your customers to become ambassadors of your facility and creating positive buzz around it.
- **Retention** is identifying the customers whose frequency or spending are declining, then attempting to rekindle their enthusiasm in your facility.

According to Koppenhaver, deciding how to allocate resources and funding across these core marketing areas requires data, planning, discipline and follow-up.

"You have to start with some basic information and understanding of who your customer base is, where you're strong and where you're weak in your local marketplace," Koppenhaver says. "That requires either talking to a lot of customers and local golfers, or using tools and technology to get that understanding. It's there, but it's not the most readily accessible information via the current technology most golf facilities possess."

For more on Koppenhaver's marketing philosophies, go to PGAmagazine.com.

resources

when there was a perennial waiting list to join the prestigious club, known as Jack Nicklaus' home course and the host of the annual Memorial Tournament and this year's Presidents Cup. Overseeing a staff of three assistants, up to six Professional Golf Management University Program interns and up to 30 outside service staffers was a full-time job in itself.

As noted, that job has since been refocused on member retention, and Dornisch now looks at his day in three phases. In the morning, he checks in on overnight guests, touches base with staff in the golf car barn and caddie shack, then he visits with members and guests on the practice range – filling out a foursome or arranging a game with new members when the opportunity arises. He'll make a second loop of the same areas in the early afternoon, starting in the grille to talk with groups that are headed out to play after lunch. And he'll touch all the bases one more time in the late afternoon, what he calls the "third shift," when local members come out to play and have dinner with their families after work.

Even if it's only two minutes with the caddies or a quick swing tip or story with a guest on the range, Dornisch is able to pass news along to his staff, get feedback from staffers and members, and spend quality time with nearly every golfer who passes through the gate at Muirfield Village.

"I tell every one of our staff members that every day is Sunday when our members and their guests are on the property," Dornisch says. "The national member who plays at 8 a.m. and the local member who plays at 8 p.m. both deserve the same experience."

Dornisch may not be in his office much anymore, but when he is there's an open-door policy for any staff member to share feedback and constructive criticism from golfers and their guests.

"Our caddies will alert us to problems, and in the same way our valet driver who takes people to the airport is one of our most important people for

feedback – members will tell them things the rest of us might not hear: the steak was tough last night, a couple of the caddies were on their cellphones in the middle of the round, play was slow on the back nine," Dornisch says. "I always tell them that I enjoy hearing the good, but I really need to hear the bad. We can always fix things, and make sure that a member who's not happy knows that we're making sure it won't happen again."

Making a Statement

And that brings us back to Yanovitch, the PGA director of golf at Oklahoma's Shangri-La Golf Club. Shangri-La is a unique facility – a lakeside club with a marina that has a membership, daily fee play and resort guests – with a unique story.

Most of Shangri-La's members also belong to clubs in Tulsa, utilizing the marina at Shangri-La during the hot summer months. When the boats come out of the water, play drops to 20 percent of summer levels. Over the years, membership had

"DON'T FEEL LIKE YOU HAVE TO TAKE ON MARKETING ALL BY YOURSELF. I SUGGEST GOING TO MANAGEMENT AND SAYING, 'WE DON'T DO THIS, BUT CAN WE START? CAN WE DO THIS OURSELVES, OR CAN WE GET SOME HELP?'"

—ROBBIE WOOTEN, PRESIDENT, IMPACT GOLF MARKETING

started to dwindle from above 600 to a low point of 82, and many assumed the club would close or be sold.

In a stroke of good fortune, a wealthy member invested in the club, allowing for a renovation of the clubhouse and the club's 27 holes of golf. But for Yanovitch, who had just joined the staff, the challenge was just beginning. Because of the club's steady decline, many people assumed it was already closed.

Yanovitch and Shangri-La's general manager, Jason Sheffield, worked together to create a marketing plan that would spread the word about the club's revival while plotting a long-term course. Both men have marketing experience from working outside of golf, and they knew what to do.

"We started with a mission statement that was and is our guiding principle, and we use that to make sure all our efforts go into meeting the needs of our customers and what we want the club to become," Yanovitch says. "Our model is eventually to be like Firestone Country Club (in Akron, Ohio), and that's a goal that has to be accomplished over years, not by making decisions a week or a month at a time."

Having a mission statement helps Yanovitch make short-term decisions in the view of the long term. If he's tempted to crowd the tee sheet on a busy weekend, for example, he knows he could jeopardize the condition of the course and the no-pressure vibe the club cultivates on the first tee.

"Regardless of what type of facility you're at, you

need to find out who you are and represent yourself as such," Yanovitch says. "Are you the best value, or the best conditions, or the best family club? Whatever it is, stand by it and promote it."

After establishing a mission statement, Yanovitch and Sheffield asked the rest of the management team to come up with 10 items that distinguish Shangri-La from other facilities. They settled on the areas they wanted to emphasize in the club's marketing – having a marina, outstanding greens and a complete renovation – and promoted those features to potential members.

Two years later, Shangri-La's turnaround is stunning. The new clubhouse is open, as are the 27 holes of golf. And the membership roll that was down to 82? It now stands at 650 and counting.

"It's quite a revival, and a lot of it is that there were former members who wanted us to succeed and wanted to come back when they saw what was happening," Yanovitch says. "But having a marketing plan was a big part of it. We know who we are, and we plan for what we have. Shangri-La means public play on Monday and Tuesday afternoons, and a place for members and guests the rest of the week, and we promote the property as such."

"I think all PGA Professionals should see that even if your strength isn't marketing, you still need to be involved. You're the one who's going to market golf to your customer, and you need to be a strong leader. Being involved with marketing makes us well-rounded, and that's how we maintain our value as PGA Professionals." ■

Marketing resources from The PGA of America

The PGA of America makes many different resources available to PGA members who are active in the marketing of their facilities. According to Arjun Chowdri, Director of Marketing for The PGA, this is a key priority for the Association.

"At the national level one of our key marketing goals is to provide members with the tools to market themselves and their own facilities," Chowdri says. "We have already made considerable strides in this area with tools such as the ACTIVE.com registration tool and the new creative resources section on Golf20.net. We encourage PGA Professionals to take advantage of these tools through PGALinks.com and be sure to look out for more of these types of tools to come online in the near future."

Here are some of the marketing tools that can be accessed by PGA Professionals through PGALinks.com and Golf20.net:

ACTIVE.com Registration Tool: The PGA of America has teamed up with ACTIVE Network to provide PGA Professionals with an easy-to-use online registration system for golf-related events. Using ACTIVE.com to attract and register golfers for events can create a new stream of potential customers. By registering your upcoming events with

ACTIVE.com, golfers can use the website to quickly and easily register from a computer, smartphone or tablet device. Even better, the online registration tool includes a credit card payment option.

Golf 2.0 Playbooks: There are three Golf 2.0 Playbooks that have been developed with input from experts throughout the golf industry to help PGA Professionals attract new golfers, maintain avid golfers and bring lapsed golfers back into the game using strategies from the industry-wide Golf 2.0



PGA

initiative. The "Player Development," "Know Your Customer" and "Connecting With Her" Playbooks all have a wealth of ideas for all facility types.

PGA PerformanceTrak: PGA PerformanceTrak in Cooperation with NGCOA is the largest single source of rounds played data in the industry. In addition to rounds played monthly data, PGA Professionals, employers and other registered users of PerformanceTrak also provide revenue data for four key performance indicators (KPIs). These

include golf fee revenue, merchandising revenue, food and beverage revenue and total revenue. Comparative reports are generated for revenue per round with drill-down segmentation by facility size and by state, local markets and for The PGA of America, by PGA Section. This is valuable data for creating and maintaining a marketing plan at your facility.

Golf 2.0 Creative Tool Kit: Available on Golf20.net, the Golf 2.0 Creative Tool Kit is a great destination for marketing collateral on programs such as Get Golf Ready. Some of the materials even allow for local customization by facility.

Education Seminars: The PGA of America and its 41 Sections all host education seminars on a variety of topics, including golf business and marketing. Many of these seminars are held in conjunction with the PGA Merchandise Show and PGA Expo.

PGA Magazine: In print and online, *PGA Magazine* shares numerous best practices and success stories for golf facilities throughout the year. Many of these best practices are about the various elements of marketing. *PGA Magazine* also has timely information on PGA PerformanceTrak numbers and other industry trends that can help shape ongoing marketing plans.

Amazon Makes Its Move

What the new AmazonSupply.com means for independent distributors

Amazon.com recently launched AmazonSupply.com, a B-to-B website with more than 500,000 products across 14 categories in industrial and lab supplies. This article, with input from distributors, manufacturers, service providers and industry consultants, examines the potential impact of Amazon's move into industrial markets. MDM also outlines the next steps for distributors looking to compete more effectively in an increasingly crowded market.

With a broad product offering, name recognition and years of e-commerce best practices under its belt, Amazon and its new industrial marketplace – AmazonSupply.com – should not be discounted as a competitor to independent distributors.

That's what many industry consultants, distributors and manufacturers say about Amazon's recent announcement that it would serve the B-to-B market in a formal and more aggressive way by selling more than 500,000 industrial and lab supply products across 14 categories at AmazonSupply.com.

While Amazon has been growing its sales of these products over the past few years, AmazonSupply.com signals a much more serious intent to compete in industrial and commercial markets.

The Details

Amazon is capitalizing on what Grainger, MSC and other large MRO distributors call "unplanned spend" for MRO supplies. Grainger in the past has put the percentage of unplanned spend for MRO as high as 75 percent of all purchases in the category. That's a huge opportunity.

It's also homing in on the convenience factor. Product breadth and fast shipping has always been Amazon's niche. Services or expertise do not seem to be the focus, though Amazon does have a dedicated customer service center and technical help

for the new platform. Industry observers say that AmazonSupply.com prices – while transparent – are not necessarily the lowest.

In addition to broad product selection, AmazonSupply.com also offers free 365-day returns and corporate lines of credit, two pieces noted by industry observers as smart moves in this market. Offering a corporate line of credit indicates that Amazon understands that trade credit is an important piece of the puzzle if it wants to compete in B-to-B markets, says Mike Marks of distribution-focused Indian River Consulting Group. He notes that it's important not to change how customers want to buy.

Will an Amazon.com experience work on a large scale in B-to-B?

Amazon has mastered the customer interface online and an efficient delivery system. "Once you have the infrastructure in place, it doesn't matter what you sell," Marks says.

"They have such a phenomenal brand name – but it may take some time to transfer the consumer image to appeal to industrial purchasers," Evergreen Consulting's Brent Grover says.

"Without physical presence, personal relationships, technical capabilities and vendor cost support, I don't expect AmazonSupply.com to compete effectively for planned purchases or larger unplanned purchases."

Raising the Bar

What does the entrance of another large competitor mean for small distributors? Larry Goode of Goode Advisors, formerly the owner and CEO of a fluid sealing distributor, says that as the Web has risen as an online selling platform, distributors have been worried about "disintermediation."

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PERSPECTIVE ■ Commentary by Lindsay Konzak**Get Past Price: Learn & Capitalize On What Matters to Customers**

We often hear distributors complain that no matter how many times they communicate to customers that they are the better partner, lowering costs and improving productivity for the end-user, the selling decision always comes down to price. These claims have grown louder in the wake of Amazon's launch of its online industrial platform AmazonSupply.com.

But there's a problem. Too often, companies' sales and marketing pitches sound like everyone else's: We offer the best customer service, the highest quality, technical expertise and innovative solutions. And many companies – at least according to some – aren't focusing on the attributes their customers actually care about in the buying decision. I'm not talking about what we *think* they care about.

As Jaynie Smith, author of the books *Creating Competitive Advantage* and *Relevant Selling*, put it recently at last month's Association for Hose and Accessories Distribution annual convention, a well-articulated and measured differentiator may be a competitive advantage – but *only* if it's relevant to the customer.

Smith says oftentimes company perception about what matters to the customer does not align with what the customer would say was important. In fact, research has shown that to be the case with up to 90 percent of companies.

That's a pretty strong statement.

Her firm – Smart Advantage – specializes in customer research for companies in all industries. One of her favorite tools is double-blind customer surveys. Customers don't know which company is asking them the questions, and the company that initiated the research doesn't know which customers (existing or potential) are being asked.

She asks customers which factors are most important to them when buying a particular type of product (no brand names mentioned). In double-blind studies, price often doesn't break the top 10. And relationships are often part of the picture, but usually not the full picture.

She provided an example of a supplier of surgical gloves, which might be described as a commodity item by many. The company that supplied them claimed they were losing share because they couldn't compete on price.

After a double-blind survey, the company learned that the customers' top concern was safety, not price. That was good news, because the company's gloves actually had technology built in that would identify holes in the gloves. As soon as the company knew that customers would value that feature, salespeople started focusing on that in their sales pitches and turned

continued on the next page

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the business around. "The company had everything that was wanted, but they weren't articulating it," Smith says.

Arming salespeople with the knowledge about what is relevant to customers gives them the confidence to sell on those attributes, rather than reverting straight to price. It's easier said than done perhaps, but this challenges the notion that we're often stuck with price as the main differentiator. "It's not what you sell so much as how you sell it," Smith says.

This isn't just about an attribute you may offer that someone else doesn't. Smith says that you and your competitor may actually offer the same thing – but if your competitor isn't highlighting that attribute in its sales and marketing efforts, you will have the edge if you do.

She offered up the example of Volvo. When you think of Volvo, what do you think? Safety. That's because even though Volvo does not actually hold the highest safety ratings in the industry, it has focused on safety in its sales and marketing message. So it retains a competitive edge for customers that care about safety in their purchasing decisions.

When you do determine what is important to the customer in the buying decision, Smith offers these tips on how to communicate what makes you different. Differentiators should be:

Objective, not subjective. Understand that

the word "quality" may mean different things to different people.

Quantifiable, not arbitrary. Rather than saying "on time," provide statistics that prove that you have an on-time record. If you want to say that you are dependable, tell customers that over the past four years you have shipped 98.9 percent of orders without errors.

Unclaimed by the competition. If you're both saying it, it loses its power.

True – or provable. Focus on past tense. Say you have done something, and provide the data that proves it, Smith says. "Past performance is the best indicator of future performance." Avoid language that sounds like a promise.

There's no doubt that independent distributors have a strong value proposition; but if you find the customers' buying decision is increasingly coming down to price, there's an opportunity to dig deeper and better understand what matters most to your existing and potential customers.

Then don't be shy about using those attributes to sell better. For one, remove the clutter from your website that doesn't differentiate your company from the competition and highlight what does.

The results, according to Smith, may surprise you. ■

Notice to Subscribers on Print Subscription Rates

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Amazon

Continued from page 1

But small distributors are still here, and the smart ones continue to hone their value proposition relative to changing markets. "I think small distributors need to evolve their strategy based on their universe and time and place, but I doubt Amazon will be their downfall," Goode says.

AmazonSupply.com's broad product selection alone puts it up alongside the largest MRO distributors in the country, among them Grainger, MSC Industrial Supply, McMaster-Carr and Fastenal, all of whom have been growing their product selections over the past decade.

AmazonSupply.com is designed to go after a B-to-B market worth tens of billions if not hundreds of billions of dollars, depending on the products included in the market basket.

It's not easy to make a dent in a market the size of this one, as Grover said on MDM's LinkedIn Group forum shortly after the news broke. Still, there is room for significant volume with the right strategy. "The newly branded AmazonSupply.com will undoubtedly get their share of small, unplanned purchases," Grover says.

Larry Davis, president of industrial products master distributor ORS Nasco, says with AmazonSupply.com, Amazon is joining the national player arena with a broad product offering, transparent pricing and an "easy-to-do-business-with platform," which gives Amazon access to the transactional professional market, as well as the Do-It-Yourselfer.

The value proposition that the independent industrial distributor brings to a professional end-user – application knowledge and improved productivity in challenging operating environments – is still strong, Davis says.

"That does not suggest that the independent industrial distributors should ignore the success the nationals have achieved with vast product selection and availability, strong supply chain performance and integrated systems for easy product access and transaction management," he says.

Local and regional distributors have an opportunity to leverage partners, including wholesale and redistribution resources, as well as buying and marketing groups, to extend their SKU capabilities and transactional efficiencies and services.

While many have said they are concerned AmazonSupply.com will only heighten the focus on price in the market, Davis says that each player in the channel can "perform well if they

maintain focus on their value chain contributions and work to enhance their capabilities."

Any time a shift takes place, it forces companies to take stock of their strengths – and weaknesses. "This may raise the bar for distributors' trying to compete," Goode says.

"The entry of someone as big and as powerful, with their own gravitational field, as Amazon into the B-to-B supply world means that distributors that are currently in the marketplace need to start thinking that simply being the lowest cost distributor is not a defensible position," says Roman Bukary, general manager of manufacturing and wholesale distribution for software provider NetSuite.

"Distributors need to balance their margins, order size and cost to serve," Grover says. "Many distributors have too many sales reps and many of the ones they do have are not productive enough. ... Distributors who specialize in small orders but are not streamlined enough to do so profitably will struggle against Grainger, MSC, Fastenal and now AmazonSupply.com."

The Online Opportunity

Many of the largest MRO distributors say that their online sales have grown at a rapid clip over the past few years; what's more online customers tend to have a larger average order size than other customers. Because of this perhaps it's no surprise that Amazon chose now to launch AmazonSupply.com.

Amazon benefits from having a lot of experience online, with a less steep learning curve than many distributors who are currently upgrading their websites to offer more functionality including online sales. AmazonSupply.com includes common consumer website features such as customer reviews and a section highlighting what other customers also viewed in addition to the product on that page. It also allows customers to track their orders.

"Clearly Amazon has the reputation, clearly it has the user experience down, but in this industry it's the details that really matter," says Ranga Bodla, director of manufacturing and wholesale distribution for NetSuite. "It's going to be interesting to see if they have the domain expertise that goes around that."

So is this a wakeup call for distributors who have been considering upgrading their online platforms to capitalize on this growth? A recent NetSuite survey of distributors found that e-commerce is the No. 1 technology being consid-

ered for upgrade in the next 12 to 18 months.

Some say that AmazonSupply.com still ratchets up the pressure for a stronger presence online.

On MDM's LinkedIn Group, SVM E-Marketing Solutions' Bob DeStefano wrote an online presence goes beyond just product sales: "Turn your website into an idea resource center that showcases your specialized knowledge through best practice articles, videos, 'how to' guides, etc. Demonstrate you are problem solvers in all your communications. You're not just in the business of industrial distribution; you are also in the business of 'knowledge.'"

While some say that Amazon is likely to chip away at the largest distributors' sales – especially online – Erik Gershwind, president and COO of MSC Industrial Supply, tells MDM that the distributor's role in the market means more than just having online sales.

"The ability to purchase MRO supplies over the Web is very important to our customers and the reason MSC has been investing heavily in our own e-commerce capabilities," Gershwind says.

"However, being a successful MRO supplier is really more about being a trusted partner. ... We focus on adding value beyond an electronic purchase transaction by offering the industry's best metalworking technical network and extensive MRO inventory solutions, such as vending, that create high-value relationships with our customers."

Grainger would not comment on AmazonSupply.com, but Grainger spokeswoman Stephanie Kneisler did comment via email to MDM about how Grainger balances online and off-line services to meet customer needs in a changing market.

"The B-to-B market tends to be very complex because of the need for high levels of service, same-day local availability and technical support," she says, "all competencies that Grainger has honed across channels and continues to invest in."

"In this industry, the customer base is very diverse and our customers have told us they want a model that addresses their individual needs across multiple channels, which includes on-site support, same-day local availability at branches, e-commerce and catalog/phone."

Grainger, known as an e-commerce pioneer in industrial markets, knows well the opportunity available online. Grainger has reported in the past that orders through grainger.com make up more than a quarter of its annual sales.

Speaker: Channel Partnerships Are Key to Sustaining Advantage Against Competitors with Scale

Bart Schwartz, president of Industrial Channel Research, believes consolidation will continue, but on a much greater scale than we are seeing now: "Distributors that don't respond – and respond with thoughtful strategy and great execution – aren't just going to be relegated to second place or bad profitability, they're going to be gone." Schwartz spoke at the Industrial Supply Association's 2012 Product Show & Conference in San Antonio, TX.

There will still be room for niche players, "but they have to be really good, they have to offer something different, and they have to constantly evolve to stay ahead of the players of scale," he says. Schwartz presented 10 measures of channel success:

Strategy: Your partners care about where you're going, but you have to be open with them. Share your strategy with them.

Branding: Invest in your brand and build on it. Don't expect partners to do it for you.

Product: Expanding product lines is a great strategy, but make sure new lines make sense. Include end-users – or people who talk to end-users – in the process.

Channel alignment and management: If you have completely different strategies and goals, reconsider who you partner with.

Technical support: Make sure the people who know the product best are the ones providing the customer support.

Commercial arrangements that benefit both sides: Make sure your targets are the same targets as your partners', and that your agreements reflect this unity of purpose.

Ease of doing business: Availability is a big concern for partners. If it's difficult to get what you need when you need it, your business can't really be called successful.

Partnering: Make sure you're approaching your partners as partners. Allow for and encourage two-way feedback to make sure everyone is on the same page.

Tactical planning, communication, execution: If your channel partners don't know your plans or how you want to execute them, they can't help you succeed.

Training: If they don't know how to sell your product, they won't sell your product. Focus on the big picture and make sure that the people who need the information and training are getting it.

Next Steps

For most, the impact of AmazonSupply.com will be minimal, at least initially. But this announcement has sparked a conversation about the value independent distributors bring to the market – and what needs to be done to reinforce that value. That type of conversation is never wasted.

In a blog at mdm.com, MDM Publisher Tom Gale outlined four things distributors should consider in response to AmazonSupply.com:

Migrate core branding online. Don't throw big money at a gold-plated e-commerce solution. But, as DeStefano noted, strengthen your knowledge base online to reinforce the difference your company offers. Make it easy for customers to think about going to your website to find out what they need to know, including higher level product and application information, without having to leave a voicemail.

Leverage partners to extend your catalog and SKU capabilities as well as technical resources. The strategy is not to compete head to head, but to offer a bigger basket more efficiently. The spot buy will never go away, so make it easier to capture as much wallet share as possible on items customers aren't price-sensitive

about.

Manage your inventory for profitability. Consider supplier alignment and consolidation. You can't afford to carry boatloads of commodity B and C items on shelves or maintain those relationships when there are excellent redistribution options available. Independent distributors have to get more sophisticated about serving markets, customer niches and knowing their cost-to-serve.

Be clear about why you are better. Most distributors can do better at communicating value, productivity improvement and total cost versus price.

NetSuite's Bukary says independent distributors have an opportunity to step up and differentiate in response to AmazonSupply.com.

"The entry of someone as important as Amazon into the marketplace means you'd better think about value, how do you become tightly coupled with your customers, how do you make sure that you serve their needs and how do you provide services above and beyond simply distribution?"

- Lindsay Konzak and Jenel Stelton-Holtmeier

Uncovering Cross-Selling Opportunities

Tap transaction data to find counterintuitive opportunities to sell more

Customers segment distributors much like distributors segment customers. Because of this, customers don't typically think beyond the products they already buy from you. This article examines how distributors can expand what they sell to existing customers by uncovering unexpected cross-selling opportunities in their transaction data.

By Jonathan Bein, Ph.D. and Robert Kelley

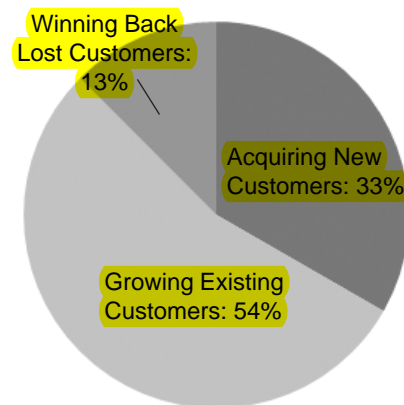
As consumers, we routinely experience cross-selling by retailers. It can be as simple as "Do you want fries with that shake?" or in more complex e-tail environments: "Customers who bought X also bought Y."

Companies who do this well include Amazon and Netflix. In fact, Netflix thought the problem was so important that they setup a contest with a \$1 million reward for anyone in industry or academia who could create and demonstrate a better recommendation engine for movies.

For distributors, growing existing customers

Customer Lifecycle Priorities

According to a survey of MDM readers in April 2011, selling more to existing customers was more important than gaining new customers or winning back old ones.



is the overwhelming priority relative to customer acquisition and winning back lost customers, as identified in a 2011 survey conducted by Modern Distribution Management (See graph above.). Up-selling and cross-selling are the two

primary means of growing an account. Among these, cross-selling is paramount. Here's why: Many distributors have regular customers who buy the same set of 10 to 20 SKUs over and over, yet they have thousands of other products that could be sold to those same customers.

However, customers segment the distributors from which they buy much in the same way that distributors segment customers, according to Jim Tenzillo, a former vice president of marketing at Grainger. For example, they know that supply company A is where they buy abrasives. And they don't think of supply company A for anything besides abrasives.

Distributors that are routinely successful at expanding the product categories sold to customers recognize that once a customer has been acquired, there is nominal incremental cost to sell other products.

They go beyond selling the associated products recommended by the supplier and actually cross-sell other suppliers' products. In addition to increasing the revenue per customer with each additional product category sold, they also increase the cost to the customer to switch to another distributor.

Barriers to Cross-Selling

The best salespeople generally know what to cross-sell based on their own experiences. While they are much better than average salespeople at cross-selling, they are far from perfect. And since even small distributors have several thousand SKUs, determining the best cross-selling relationships requires a more analytical approach than "eyeballing" the stock on hand.

The necessity of an analytic approach to discover cross-selling potential is best illustrated in a well-known and colorful cross-selling relationship now commonly used in retail settings.

Using point-of-sale data, a large retailer found that diapers and beer are sold together frequently. In fact, this relationship was so strong that they decided to place diapers near beer in the store to maximize the cross-selling relationship.

One common explanation for this cross-selling rule is that a husband has been sent to buy diapers and decides to also pick up beer while at the market.

In the database marketing seminars that we give, when we ask the audience to explain this phenomenon, we hear other much more piquant explanations.

The relationship makes sense. Yet because it's not intuitive, no retailer figured this out before the use of analytic techniques.

Sell More to Customers by Asking the Right Questions

Selling more product to existing customers is a common goal for many distributors. The challenge is figuring out how to achieve that goal. And according to Paul Cherry, president of Performance Based Systems, the answer may be in the questions salespeople are asking. Cherry spoke at the Industrial Supply Association's 2012 Product Show & Conference in San Antonio, TX.

"There are still a lot of customer relationships that seem to holding back a bit," Cherry says. "We want to get them to share that money, and share that money with us."

But by the time your salesperson arrives in the customer's office, chances are they've heard the basic questions from every one of your competitors: Do you have any big projects coming up? What's your budget? Is there anything I can do for you? "When you ask these types of questions, chances are you'll get a canned and/or superficial results."

According to a survey by the Dartnell's Institute, your established customers are not telling you what's truly on their minds 80 percent of the time. And they're only actively listening to you 20 percent of the time.

How can your salespeople overcome these challenges? "Dig deeper with the right questions," Cherry says. "Get them out of their comfort zone." Go beyond the situational questions – those basic questions mentioned above – and introduce a few "power-probing" questions.

When you only use situational questions, he says, you risk turning a sales call into an interrogation. Power-probing questions introduce an opposing idea or concept.

For example, instead of asking "What big projects do you have coming up?" ask the customer: "Can you walk me through some of the projects you have coming up?" But don't stop there, Cherry says. "You have to introduce that comparative element," he says. "Ask how the needs of those projects compare to ones you are already working on."

Keep the focus on the customer. It's not about what you can do, Cherry says. It's about what they need and want.

If you can get your customer to actually think about the answer before they speak, you know you've asked a good question ... and separated yourself from your competitors.

Identifying Good Cross-Selling Opportunities

Given the large number of products at most distributors, there are potentially many cross-selling rules or opportunities that can be identified. The trick is to identify rules that when applied will produce a meaningful sales lift.

There are two attributes you can use to find good cross-selling opportunities:

Support – This defines the percentage of total transactions in which items A and B appear together. If items A and B appear together frequently, then the combination may be a good candidate for cross-selling.

Confidence – This defines the percentage of item A transactions where item B also appears. If item B appears in a high percentage of the transactions where item A appears, then the combination may be a good candidate for cross-selling.

For items A and B to be good candidates for cross-selling, there should be both high support and high confidence. That means that items A and B occur together frequently and that if item A has already been selected for purchase, there is a good chance of selling item B.

For distributors with many SKUs, high support often means that items A and B may appear in the same transaction in as few as half a percent of all transactions. The confidence from A to B should be much higher, typically more than 20 percent, because otherwise there will be an attempt to cross-sell item B when there is a low probability of its being sold with item A.

A simple example for a restaurant will illustrate the concepts of support and confidence using guacamole and chips. By analyzing the sales data, the manager finds:

- 10 percent support for guacamole and chips
- 50 percent confidence from guacamole to chips
- 25 percent confidence from chips to guacamole

This means that 10 percent of all transactions include guacamole and chips. In addition, 50 percent of the time when customers buy guacamole, they also buy chips. However, only 25 percent of the time when they buy chips do they buy guacamole because they might also buy salsa or other condiments.

The requirement for support can be reduced significantly as long as the confidence in the rules is high.

Identifying the products for cross-selling is only the first step in developing cross-selling rules. Distributors must also establish where the rules will be most effective. First, it is important to choose the right level in the product taxonomy as the basis for the cross-selling rule.

The SKU level usually does not work well because no pair of items has sufficient support to be applied. The next level up in the product taxonomy, which is the model, product or product line, is usually the most appropriate level for defining cross-selling rules.

Second, it is important to choose the right unit for analysis. Many cross-selling rules are applied at the level of a transaction. However, other cross-selling rules take a larger unit to analyze, for example all purchases in a one-month period or even over the lifetime of the customer.

The choice of which unit to analyze should be determined based on support for the rules. Analyzing support at the transaction level may not provide enough information to identify the relationship or the cross-selling opportunity.

While there can be many different possible cross-selling rules, it is often the case that as few as 20 to 30 rules will be sufficient to provide significant lift in sales. But it is important to consider who will be using the set of rules and in what setting. For field sales, it is important to have a small set of rules that can fit on a single page of paper.

Technology can significantly expand how many rules may be used at any given time. Inside salespeople who are supported by a CRM product can act on more rules effectively because the rules are built into the system. The same is true for e-commerce platforms.

Cross-selling is the most relevant technique for growing revenue with existing customers. Analytic techniques are essential for cost-effectively identifying and applying relevant cross-selling rules. The application of even a small number of the right rules can provide sales lift of 1 percent or more.

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Airgas Founder & CEO Peter McCausland to Step Down

Airgas founder and long-time CEO Peter McCausland will retire his position at the top of the gases and hardgoods distributor in August. Airgas, Radnor, PA, announced that COO Michael L. Molinini will succeed him as president and CEO. McCausland will become the Executive Chairman of the Board of Directors.

McCausland founded Airgas in 1982, has been president and CEO since 1987, previously served as chairman of the Board from 1987 to September 2010, and was elected chairman again in August 2011.

The U.S. distributor of industrial, medical, and specialty gases, and related supplies also recently announced sales for its fiscal 2012 were up 12 percent from the prior year to \$4.7 billion. Total same-store sales were up 10 percent, with hardgoods up 14 percent and gas and rent up 7 percent, while acquisitions contributed 2 percent sales growth for the year.

Profit for the year was \$313.4 million.

For the fourth quarter ended March 31, 2012, sales were \$1.24 billion, an increase of 13 percent over the prior year. Same-store sales were up 11 percent in the quarter, with hardgoods up 15 percent and gas and rent up 9 percent. Profit for the fourth quarter was \$87.9 million.

Acquisitions contributed sales growth of 2 percent in the quarter.

McCausland reported that the distributor's acquisition pipeline continues to improve and in fiscal 2012, Airgas acquired eight businesses with aggregate annual revenues of more than \$106 million.

"Our performance was very strong this quarter across most of our core business, with particular strength in manufacturing, petrochemical and energy customers, and noticeable improvement

Distributor News

United Stationers, Deerfield, IL, has named Harry Dochelli as Vice President, Sales, Independent Dealer Channel for its Supply Division. Before United Stationers, Dochelli was COO of **Lawson Products Inc.**

Thomas Neri, president and CEO of **Lawson Products**, will assume the COO responsibilities while the company conducts a search for a replacement for Dochelli.

Lawson Products, Des Plaines, IL, reported sales for the first quarter of \$76 million, down from \$82.6 million in the prior-year period. Net loss of the quarter was \$1.8 million, compared with profit of \$2 million in the prior-year quarter.

United Stationers reported first-quarter sales of \$1.3 billion, up 2.8 percent from the prior-year quarter. Adjusted net income for the quarter was \$19 million.

Roofing Supply Group, LLC, Dallas, TX, announced an agreement under which private equity firm **Clayton, Dubilier & Rice**, LLC, will acquire the distributor of residential and non-residential roofing materials in the U.S. from its current owner, **The Sterling Group**.

Applied Industrial Technologies, Cleveland, OH, reported fiscal third quarter sales of \$605.5 million, up 7 percent from the prior-year period. Profit for the quarter was \$29.4 million. For the nine months ended March 31, 2012, sales increased 8.2 percent to \$1.76 billion. Profit was \$76.7 million.

Applied Industrial Technologies has agreed to acquire **SKF's** company-owned distribution businesses in Australia and New Zealand.

Distribution International has merged with **Thorpe Products**, effective May 1, 2012. Both companies are headquartered in Houston, TX. The merged company will operate under the Distribution International name.

DXP Enterprises, Inc., Houston, TX, reported first-quarter sales of \$252.3 million, an increase of 37.8 percent compared to the same period a year ago. Profit improved 83.3 percent to \$11.6 million.

DXP Enterprises has acquired **Industrial Paramedic Services**. Industrial Paramedic Services is headquartered in Calgary, Alberta.

DXP Enterprises has agreed to acquire **HSE Integrated Ltd.**, Calgary, Alberta, for C\$84 million (US\$85.4 million). HSE Integrated Ltd. is an industrial safety services company with annual revenues of C\$98 million (US\$99.6 million).

Ferguson, Newport News, VA, has acquired **Reese Kitchens Inc.**, Indianapolis, IN.

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**MARKETS
UPDATE
SUPPLEMENT
P. 2**

News Digest

Continued from p. 1 of this section

Kaman Corp., Bloomfield, CT, reported first quarter sales of \$388.7 million, a year-over-year increase of 2.9 percent. Profit declined 3.4 percent to \$9.4 million. Industrial Distribution segment sales increased 7.9 percent to \$257.6 million.

Kaman Aerospace Group, Inc., a subsidiary of **Kaman Corp.**, and **Kineco Private Limited** have agreed to form a manufacturing company in India. The venture will manufacture advanced composite structures for aerospace, medical and other industries.

Redistributor **Bunzl plc** has completed acquisitions in the U.S., Israel and Australia. The company acquired **FoodHandler Inc.**, Chicago, IL. Revenue in 2011 was \$99.4 million. Bunzl also acquired **Meichaleh Zahav Limited** in Israel. Revenue in 2011 was ILS66.3 million. Finally, the company has purchased the Queensland-based redistribution operations of **Star Services International Pty Limited** in Australia. Revenue for the year ending June 30, 2012, is expected to be A\$12 million.

Barnes Group Inc., Bristol, CT, reported sales for the first quarter 2012 were up 5 percent to \$303.1 million. Income from continuing operations was \$23 million.

Miami-based **Watsco, Inc.** reported first-quarter sales were up 19 percent to \$634 million and up 7 percent on a same-store basis. Profit increased 13 percent to \$8.5 million.

Anixter International, Glenview, IL, reported sales for the first quarter 2012 were up 4 percent to \$1.52 billion. Profit was \$55.6 million.

Builders FirstSource, Inc., Dallas, TX, reported first-quarter sales of \$219.4 million, up 34.7 percent over the same period a year ago. The company recorded a net loss of \$19.2 million, compared to a year-ago loss of \$21.2 million.

WESCO International, Inc., Pittsburgh, PA, reported first-quarter sales of \$1.6 billion, up 12.2 percent from the same period a year ago. Organic sales increased 8.2 percent. Profit increased 41.9 percent to \$52.9 million.

Rexel, Paris, France, reported first-quarter sales of €3.2 billion (US\$4.2 billion), up 7.4 percent over the same period a year ago. On an organic

same-day basis, sales were up 1.7 percent. Profit increased 4 percent to €89.9 million (US\$118.2 million).

BlueLinx Holdings Inc., Atlanta, GA, reported revenues were up 16.2 percent to \$453.7 million in the first quarter. The company incurred a net loss of \$11 million.

Arrow Electronics, Inc., Englewood, CO, reported first-quarter 2012 profit of \$113.6 million on sales of \$4.89 billion, compared with profit of \$136.3 million on sales of \$5.22 billion in the first quarter of 2011.

Avnet, Inc., Phoenix, AZ, reported sales for the third quarter ended March 31, 2012, were \$6.28 billion, down 5.9 percent from the same period a year ago. Profit declined 2.2 percent to \$147.6 million. For the first nine months of the fiscal year, sales were \$19.4 billion, down 1 percent year over year. Profit increased slightly to \$433.6 million.

RG Group, distributor of hydraulic, pneumatic, industrial connectors, instrumentation and electromechanical products, has opened a new Instrumentation Solution Center (ISC) branch location in Chantilly, VA.

Economic News

The **Chicago Fed Midwest Manufacturing Index (CFMMI)** was unchanged in March, at a seasonally adjusted level of 92.2 (2007 = 100). The Federal Reserve Board's **industrial production index for manufacturing (IPMFG)** decreased 0.2 percent in March.

The **Chicago Fed National Activity Index (CFNAI)** decreased to -0.29 in March from +0.07 in February. The index's three-month moving average, **CFNAI-MA3**, decreased to +0.05 in March from +0.37 in February.

Construction spending in March 2012 was estimated at a seasonally adjusted annual rate of \$808.1 billion, 0.1 percent above February. The March figure is 6 percent above March 2011, according to the U.S. Census Bureau of the Department of Commerce.

Heating, Airconditioning and Refrigeration Distributors International (HARDI) announced **North American HVACR average distributor sales** for March 2012 were up 11.5 percent. HARDI's Monthly Targeted and Regional Economic News for Distribution Strategies

(TRENDS) Report showed growth in six of seven U.S. regions, five in double-digits.

In the latest Institute for Supply Management Manufacturing Report on Business, the **Purchasing Managers Index** registered 54.8 percent, an increase of 1.4 percentage points from March's reading of 53.4 percent, indicating expansion in the manufacturing sector for the 33rd consecutive month.

The **Canadian Industrial Product Price Index** (IPPI) edged up 0.2 percent in March, led by higher prices for petroleum and coal products. The **Raw Materials Price Index** (RMPI) declined 1.6 percent, largely because of mineral fuels.

Manufacturer News

Los Angeles-based **Reliance Steel & Aluminum Co.**, through its subsidiary **Precision Strip Inc.**, has acquired the **Worthington Steel Vonore** plant, a processing facility owned by **Worthington Industries Inc.**

Reliance Steel & Aluminum reported sales for its 2012 first quarter were up 13 percent from the year-ago period to \$2.29 billion. Profit was \$116.2 million.

Brady Corp., Milwaukee, WI, has acquired **Runelandhs Forsäljnings AB**, located in Kalmar, Sweden with annual sales of US\$19 million. Brady also recently made two smaller acquisitions: **Grafo Wiremarkers Africa** (Pty) Ltd. with annual sales of US\$3 million, and **Pervaco AS**, Johannesburg, South Africa.

AMETEK, Inc., Berwyn, PA, has agreed to acquire the parent company of **Dunkermotoren GmbH**, a manufacturer of advanced motion control products. The privately held manufacturer has expected 2012 sales of €155 million (US\$200 million) and is headquartered in Bonndorf, Germany.

Parker Hannifin Corp., Cleveland, OH, has agreed to acquire the **Olaer Group** headquartered in Deeside, United Kingdom. Olaer has annual sales of 150 million Euros (\$200 million)

Parker Hannifin Corp. reported sales for the fiscal 2012 third quarter ended March 31, 2012, were \$3.4 billion up 4.7 percent from the prior-year period. Profit was \$312.7 million.

Eaton Corp., Cleveland, OH, has agreed to acquire substantially all of the shares of **Jeil**

Hydraulics Co., Ltd., headquartered in South Korea. Terms were not disclosed.

Eaton announced sales in the first quarter 2012 were \$4 billion, 4 percent ahead of the same period in 2011. Profit was \$311 million, up 8 percent.

3M, St. Paul, MN, reported first-quarter sales of \$7.5 billion, up 2.4 percent year-on-year. First-quarter organic local-currency sales grew 1.8 percent, acquisitions added 1.5 percent to sales and foreign exchange impacts reduced sales by 0.9 percent. First-quarter profit rose 4 percent year-on-year to over \$1.1 billion.

Air Products, Lehigh Valley, PA, will open a new office in Xi'an High Tech Zone, Shaanxi Province, Western China. The new office is part of Air Products' strategy to accelerate its growth in the China market.

Air Products reported sales of \$2.3 billion in the second quarter ended March 31, 2012, down 2 percent from the prior year. Underlying sales were up 2 percent. Profit was \$281 million.

Praxair, Inc., Danbury, CT, reported first quarter sales of \$2.84 billion, up 5 percent in a year-over-year comparison. Profit increased 5 percent to \$419 million.

The Manitowoc Company, Inc., Manitowoc, WI, reported first-quarter sales of \$860.1 million, up 17.5 percent over the same period a year ago. The manufacturer recorded a profit of \$100,000 versus a year-ago loss of \$52.4 million.

Swedish manufacturer **Sandvik** reported first-quarter invoiced sales were SEK 24.8 billion (US\$3.7 billion), up 12.7 percent over the same period a year ago. Organically, sales increased 10 percent year over year. Profit grew 18 percent to SEK 2.5 billion (US\$369.6 million).

Carlisle Companies Inc., Charlotte, NC, reported from continuing operations grew 28 percent to \$889.3 million in the first quarter of 2012 versus the prior year. Profit increased 80 percent to \$60 million.

Stanley Black & Decker, New Britain, CT, reported sales for the first quarter were \$2.7 billion, up 12 percent over the same period a year ago. Organic sales increased 3 percent. Profit was \$121.8 million, down 23 percent.

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**MARKETS
UPDATE
SUPPLEMENT
P. 4****Airgas**

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in our construction customer base, despite a weak new project market," McCausland said. "Our product line adjacency businesses also performed well relative to our expectations, highlighted by strong pre-season demand in our refrigerants business that contributed nicely to our earnings this quarter."

Molinini said: "The strength of our hard-goods same-store sales growth relative to gas and rent, and the sales mix shift within hard-goods to welding and automation equipment, reflect the continued modest expansion and reinvestment we're seeing by larger customers in the manufacturing-intensive regions of the U.S."

News Digest

Continued from p. 3 of this section

Snap-on Inc., Kenosha, WI, reported sales for the first quarter were \$735.2 million, a year-over-year increase of 6 percent. Organic sales increased 7 percent. Profit for the tool manufacturer increased 26.3 percent to \$71 million.

Danaher Corp., Washington, D.C., reported sales for the first quarter of 2012 were \$4.3 billion, a year-over-year increase of 31 percent. Core sales increased 1.5 percent. Profit grew 19.7 percent to \$520.1 million.

Encore Wire Corp., McKinney, TX, reported first-quarter sales of \$280.5 million, down 7.5 percent from the same period a year ago. Profit fell 37.4 percent to \$6.7 million.

European building materials supplier **Saint-Gobain** reported first-quarter sales of €10.2 billion (US\$13.4 billion), a year-over-year increase of 3.7 percent. Organic sales edged up 0.9 percent.

Atlas Copco, Stockholm, Sweden, reported first-quarter sales of SEK 22.3 billion (US\$3.3 billion), up 22 percent over the same period a year ago. Organically, sales increased 17 percent. Profit for the period increased 12.3 percent to SEK 3.4 billion (US\$504.2 million).

Rockwell Automation, Inc., Milwaukee, WI, reported fiscal 2012 second quarter sales of \$1.6 billion, up 7 percent from the second quarter of fiscal 2011. Acquisitions contributed 1 percentage point to the increase and currency translation reduced sales by 1 percentage point. Profit was \$167.8 million compared to \$166.4 million last year.

Swedish manufacturer **Alfa Laval AB** reported sales for the first quarter were SEK 6.8 billion

(US\$1 billion), a year-over-year increase of 16 percent. At a constant exchange rate, sales were up 15 percent. Profit increased 1.2 percent to SEK 735 million (US\$109 million).

Kennametal Inc., Latrobe, PA, reported fiscal 2012 third quarter sales of \$696 million, up 8 percent on an organic basis. Year-to-date, sales were \$2 billion, compared with \$1.7 billion in the same period last year.

General Bearing Corp., West Nyack, NY, reported sales for the first quarter of \$39.8 million, up 9.6 percent over the same period a year ago. Profit attributable to General Bearing declined 9 percent to \$3 million.

Emerson, St. Louis, MO, reported sales for the second quarter ended March 31, 2012, were \$5.9 billion, up 1 percent over the same period a year ago. Underlying sales increased 2 percent. Profit declined 2 percent to \$556 million.

The Timken Company, Canton, OH, reported sales of \$1.4 billion in the first quarter of 2012, an increase of 13 percent over the same period a year ago. The company generated profit of \$155.7 million.

Ingersoll-Rand plc, Swords, Ireland, reported first-quarter sales of \$3.2 billion, down 4 percent from the same period a year ago. Profit was \$95.6 million, compared with a year-ago loss of \$77.6 million.

Swedish manufacturer **SKF** reported sales for the first quarter were SEK 16.9 billion (US\$2.5 billion), up 1.1 percent over the same period a year ago. Profit declined 18.8 percent to SEK 1.3 billion (US\$194.4 million).