

Medium Business Alliance™

Information | Education | Resources | Networking

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Letter From The Editor



Spring is in the air! We've all heard the saying "March goes in like a lion, and out like a lamb." For the states that have been hardest hit this season with the terrible snow storms, I can only imagine that they are hoping the "lamb" comes sooner rather than later. The recent storms definitely did not help medium businesses as many had to close their doors for days and others, who were fortunate enough to open, had less foot traffic than normal.

I tend to see the glass as half-full. While so many experienced loss of business while the snow continued to fall, many folks, like those who sell snow blowers, shovels and salt, saw a greater demand for their products.

Economists say that the storms will not have a long-term effect on economic recovery; however that remains to be seen. Regardless, I know we are all hoping that spring comes quickly and business will return to normal.

This month, we have an article that focuses on the elements required in a good advertisement. When planning your ad campaign for this spring, there are some great tips to keep in mind. Finding a successful way to market your business is imperative to boost sales at any-time.

Sales & Marketing: Outsourcing vs. Do-It-Yourself Sales and Customer Service

Outsourcing has proven, over the years, to be a cost-effective way to increase revenue for medium businesses. If you are considering outsourcing certain aspects of your business, there are a few things that you should keep in mind.

Outsourcing sales and customer service is an inexpensive way for a company to build a customer base or handle customer issues. Businesses do not have to pay wages or benefits to the staff making the sales, just a negotiated price to the outsourcing company. Some outsourcing companies are "pay-per-sale" meaning that you only have to pay for sales that are closed. You can also set

up a "pay-per-lead" project where the outsourcing company will find you interested leads, send you the potential customer's information, and you can close the deal yourself. While other companies are "pay-per-hour" meaning that you are charged for the accumulated number of hours they have people on the phones. You can determine how many people are put on your project, so how much you plan to spend is decided by you.

Before you begin negotiating with a company, it is best to determine what your goals are first. Finding the most cost-effective way to outsource business is the number one priority. Many companies find themselves stuck in a

Special Points of Interest:

- Improving Employee Retention Before and After Downsizing
- Invoice Factoring
- Phones become payment tools

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contract that does not benefit their overall business, and end up with a larger bill that they initially intended. Establish if the company offers a trial period. Before jumping into a contract, you may want to ask about a trial period where you can hire the outsourcing company for a few months which will allow you to review the results and revise the contract as needed.

One question you have to ask yourself is “Is my project going to be sent outside the country?” This can be a deal-breaker for many businesses. Most customers get extremely irritated when being solicited by a non-native-English speaking person. This is especially true when it comes to customer service. Calling in for help with your product and speaking with a person in which English is not their first language will normally cause customers to become frustrated. Customers want to speak with someone who can clearly articulate and who can also understand them as well. By outsourcing your business outside of the U.S. you risk losing customers. Remember, customer service is what keeps customers coming back.

Do site visits with companies in which you are interested in contracting. Ask to go to the actual call center that will be assigned to do your project, not the corporate office. By visiting with the actual people that will be in charge of your project, you can get a better feel of how it will be handled.

Be sure to be knowledgeable about laws and best practices in the outsourcing industry. Whatever company you hire to take on your business must follow all state and federal laws. The outsourcing company may acquire sensitive data from your customers. You need to know how this data will be protected in the transfer to you. Your business can be held liable for any leak of information such as credit card and social security numbers. Even though they are doing the work, you still may be held ultimately responsible for any laws that an outsourcing company breaks.

Not all businesses need to outsource. By having an inter-

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nal sales force, you have a closer perspective on your potential customer’s needs and wants. You get direct feedback from your sales people and can change processes immediately rather than waiting for script changes and training at the outsourcing company. Also, by keeping customer service in-house, you can provide a personal touch to your customers. If a customer has problem, instead of speaking with a supervisor on the floor of a call center, they have the ability to speak with whoever is in charge of the department with which they have the issue.

Outsourcing may be cheaper than hiring a sales force, however, you can save money by bringing in commissioned-based sales people who are paid only for sales that they close. The downside to this is that these types of positions tend to have high turnover, so keeping good, qualified individuals is difficult.

When deciding whether or not to outsource sales and customer service, it is important to take into consideration many different aspects. Not every outsourcing company is the same and sometimes the benefits of keeping sales and customer service in-house outweigh those of saving money by outsourcing. However, outsourcing could make a difference in revenues, if done correctly.





Legal: What is a Trademark....Really?

By Melissa Gordon

Every one of us is familiar with trademarks, even if that is not the name by which we know them. As often as not these days, when someone refers to a trademark the words they use are along the lines of “branding” and “logo”. The trademark is the recognizable impression, or symbol, of a private enterprise (whether a company or an individual) which identifies them for whom they are, and allows their products to be easily recognizable. Most people will be familiar with the basic concept of a trademark, having seen the letters TM appearing above a logo on a product, or the ® symbol which appears next to a registered trademark.

Although the basic use of a trademark is something which is taken as read in everyday consumer circles, there is a need to have it registered legally for the purposes of intellectual property protection. Everybody recognizes some of the more familiar trademarks – we will not mention any by name here as they are familiar enough. But if someone were to attempt to copy the product or the service of a trademarked company while using logo similar or identical to theirs, then the company with the registered trade mark would be legally entitled to pursue their rival in court with a cease and desist order, as well as potentially being able to claim some of the proceeds of the offending business.

Trademark infringement need not necessarily be deliberate in order to be pursued successfully through the courts. A reasonable example of this may be where a company which has its name a familiar surname or Christian name. The company which has registered this as a trademark may successfully sue for infringement someone who has that surname or Christian name and is trading under it in the same business area. Although the offence may be entirely accidental and innocent, the company which holds the registered trademark has a case to say that their business could be negatively affected by any arising confusion, and as they were the first to register the name as a trademark, they hold the rights to it as a commercial entity.

It is fair to say, though, that in a case of accidental infringement, the damages in any lawsuit will be lower than if there was a specific intention to deceive customers. The overarching importance of trademarks is that they prevent someone from deciding to go into a certain field of business using an already familiar name. If one were to open a restaurant and give it the name of an established, well reputed chain of restaurants (or even one particularly well-known one), then it could potentially benefit from the association that will result in people’s minds. Trading on someone else’s reputation could be seen as a form of identity theft, and will naturally be subject to appropriate penalties. The harshness or otherwise of that penalty will vary depending on the circumstances.

[Legalbuffet.com](http://legalbuffet.com) is a complete online resource that compares the legal services offered by various online companies. If you need help with your trademark registration, find the best company for you at <http://legalbuffet.com/trademark-services/>.

Human Resources: Improving Employee Retention Before and After Downsizing



In a down economy organizations sometimes forget that retaining employees is an important issue. When organizations go through the difficult process of downsizing it's natural to overlook the need to develop retention programs meant to keep the remaining people happy and productive.

Shouldn't the employees who survived a downsizing be thankful their jobs were saved? Perhaps, but employees who see their friends and colleagues let go will be fearful and disconcerted. They will wonder if the company is still the best place for them to pursue their careers. Given a chance to go someplace they think is more secure, employees may begin to be disengaged and jump ship.

As always, the employees most likely to have the opportunity to get a job elsewhere are precisely the ones you least want to see go. Working to improve employee retention after downsizing is a wise tactical move. In this article we'll show how it's done.

Getting off on the Right Foot

Companies that do the right things pre-downsizing will have the fewest problems with retention post-downsizing. The key is to engage employees in the downsizing process; they need to feel that downsizing was done *with them* not *to them*.

Involving employees in downsizing is counterintuitive; the natural tendency of managers is to shut themselves behind closed doors and call all the shots. At a minimum, very open and honest communication before, during and after the downsizing process helps maintain employee morale. Even better is to ask employees for their ideas on saving money and generate new revenue—not only do you get good ideas, you prove to employees that downsizing is only being used as a last resort.

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Keeping employees engaged not only improves retention, it improves productivity at a time when reduced headcount makes productivity more important than ever.

Information and Engagement

Another way to improve retention is to survey your employees to find what their likes/dislikes, ideas for improvement, etc. Employers often are hesitant to do a survey after downsizing fearing they will get bad news, but it is a powerful way to engage and retain those who remain. In addition to the usual survey questions, you can ask questions aimed specifically at finding out how people are feeling about the downsizing process and life in the organization after downsizing. The survey process needs to include not just asking the right questions, but also analyzing and publishing the results then working with your people to implement change.

For example Drake's HR consulting team performed an overarching HR audit for a chain of restaurants and that audit included an employee survey. The company suspected that people were not happy with their compensation. However, the survey

showed that people were not unhappy, they were just confused. Employees didn't know if they would get a bonus or not and what it would be based on. The company didn't need to increase the compensation, just do a better job of communicating how it worked—which is exactly what they did.

Digging for More Insights

Another basic but underutilized tool is exit interviewing. When anyone leaves after a downsizing event, HR should be doing exit interviews to get as much intelligence from the employee as possible.

However, just as with surveys, it is not enough simply to collect information. It is important that every six months or every year you gather up the data, summarize the results and communicate to employees what you are learning from the exit interviews. Then, explain what you are doing in response to what you've learned. If you fail to summarize and communicate or don't make positive changes employees will suspect that you may be hiding the results and all your good intentions will be undone. By doing these things, not only do you make the changes needed to improve retention, the simple fact of listening to employees drives engagement making it less likely they will leave.

One client asked Drake's HR consulting team to conduct online and telephone exit interviews for their call centre business across North America. The client believed the high turnover was caused by poor compensation and poor supervisory skills. But the exit interviews showed that people were actually leaving because they simply didn't like the job. This result showed why the recent investments in training supervisors and increasing compensation were not having an effect. After the HR consulting intervention the client changed their recruiting process to ensure candidates got a realistic sense of the job before they were hired. Listening to employees through exit interviews, and acting on what was learned, enabled the call centres to improve retention.

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A Sense of Belonging

Finally, organizations should look at a variety of culture building activities that create a sense of team. People will stay to support their team members even when times are tough. Being on a team can improve morale and help people focus on bigger goals. You don't need sophisticated or expensive HR consulting interventions to create a sense of team. Meetings to discuss shared objectives, celebrations of successes, and group meals are all simple ways to create a sense of belonging.

All the actions we have discussed are good HR processes at any time. What companies overlook is how these processes are particularly valuable after a downsizing event when morale is fragile and the organization absolutely needs the best from every employee.

Drake's Approach

Drake has many decades of experience helping small and mid-sized firms with their HR needs. We've learned how to take off-the-shelf solutions and tailor them to the specific needs of the client's business—because every company truly does have some unique issues. We take a consultative approach focused on generating Exponential Impact (tm) for your business, through a long-term relationship. Our focus is on helping you engineer an improved bottom line through the efficiency and effectiveness of your people. If we can't do that...then you shouldn't work with us!

HR Consulting is one of the temp agencies providing and recruiting services to assist organizations with their efforts to improve performance, productivity and profitability. Please visit them at www.drakeintl.com/ca/.

Financial:

Invoice Factoring Gains Popularity As A Short-term Working Capital Source



Up until the 1970's, invoice factoring (the sale of accounts receivable for cash) was a little known source of small business financing. Since then, however, accounts receivable factoring has grown steadily in the United States; accounting for \$130 billion in business in 2008. As a pioneering factoring company with a history that spans five decades, Riviera Finance has been at the forefront into the mainstream as an alternative to traditional small business loans and an effective way for businesses to increase working capital.

Because barriers to entry are low and industry information is readily available, hundreds of small factoring companies have been formed in recent years and factoring no longer has the mystique it once had. Articles, websites, associations, and other sources of information are prevalent, and the industry has a heavy advertising presence. And while factoring is a risky business and

capital isn't quite as easy to come by these days, it is still very profitable for experienced factoring companies.

More importantly, invoice factoring is a cost effective way for small businesses to secure cash on hand.

There are a number of factors that make factoring cost effective rather than costly. For one, rates have come down considerably due to the sheer number of factoring companies on the market today. In addition, non-recourse factors are likely to guarantee credit thereby eliminating bad debt. Full service factors also offer helpful services within their rates; serving as a back office of sorts by pulling and approving credit, making collections, processing invoices, and more. Such services allow for a significant reduction in administrative expenses.

Factoring has become an even more attractive financing alternative in the wake of today's credit environment. The simple truth is that standard bank financing is much harder to come by these days, and it's likely that, given the current financial climate, banks will be tightening the reins even more for the foreseeable future. As large companies default and file for Chapter 11 protection, it's become clear that bad debt protection is an increasingly valuable asset. These days businesses who've done their due diligence have come to realize that they can use factoring as a bridge to permanent bank financing.

Riviera Finance invites you to learn more about how factoring can help your small business in uncertain economic times by using your accounts receivable to increase cash flow.

“These days businesses who've done their due diligence have come to realize that they can use factoring as a bridge to permanent bank financing.”

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Technology: Phones become payment tools

This may be the year the cell phone becomes a pay phone

By Jay MacDonald

Ten years hence, we may look back on 2010 as the year our cell phone became a pay phone.

"What we're going to see in 2010 is a lot of phone apps become payment-enabled," predicts George Peabody, director of emerging technology advisory service for Mercator Advisory Group.

The "it" app for 2010 is PayPal X, which enables software developers to embed payments via PayPal into new applications for Web-enabled cell phones. PayPal X is the payment app behind Twitter's TwitPay. Other players in online payment development are Amazon Payments and Google Checkout.

PayPal X is not a card transaction, but it's getting there. It allows users to make person-to-person (P2P) payments, split payments among several recipients and aggregate multiple payments into one lump transaction.

Mobile payment via phone apps offers a tantalizing alternative to the near field communications (NFC) platform being tested in the credit card world. NFC allows users to wave their cell phone in front of a reader rather than swipe a card to make a credit card purchase. Visa unveiled its first NFC-enabled cell phone in Malaysia this year.

The obstacle for NFC in the United States is that most merchant card terminals do not even read smart cards,



whether NFC or the European standard EMV; they only read magnetic stripes.

Merchants who have been reluctant to foot the bill for smart terminals like the look of the mobile Web, which may enable them to reap the online harvest without the hardware investment. EBay estimates the value of goods sold via its eBay iPhone app topped \$400 million this year alone.

"The original image of tap-and-go NFC has been leapfrogged by the mobile Web," says Peabody. "We've got a much more interesting and capable and programmatic platform now with these smart-phone devices."

Peabody says many platforms and players are competing to move e-commerce into the physical world of cell phone handsets and terminals, as well as to tap into the lucrative account-to-account (A2A) and P2P markets.

Which will gain traction and be anointed by the card companies remains to be seen. But by this time next year, your handheld device of choice may finally become a pay phone.

"As far as pilot programs, we're past that. I think it's going to be more of a deployment year for these software-oriented approaches," says Peabody.

This article was reprinted with permission from Creditcards.com.

How To: The Elements of a Good Advertisement

By Art Gib

Advertisements are all around us. Whether we're watching television, driving down the freeway, flipping through a magazine or listening to the radio, we are bombarded on every side by messages trying to get us to buy a product or service. And although there have been countless debates over whether or not advertising is effective and whether it really does influence people to purchase products, the fact is many companies will spend billions of dollars on a single advertisement in the hopes that it will increase their profits.

“Advertising creates awareness of the product and can convey messages, attitudes, and emotions to entice and intrigue audiences.”

Good advertisements have the power to make people stop and take notice. You have to have been living under a rock not to notice the success of Geico's caveman series or the iPod's silhouette series of commercials and advertisements. And as a result of those advertisements, sales went up significantly for those two companies.

Advertising creates awareness of the product and can convey messages, attitudes, and emotions to entice and intrigue audiences. At least those are the desired efforts of an advertisement. Needless to say, some advertisements fail miserably in their purpose. So, what makes the difference between a successful advertisement and an unsuccessful one? It's all in design. Typically, larger organizations produce more effective advertisements, while newer and smaller companies are the ones that produce the duds. This is largely because bigger organizations have the money to hire professionals while smaller companies do not.

The advantage of hiring an in-house advertising developer or hiring an advertising agency is that you get the skills of people who have been trained in creating effective advertisements. Many have spent years and years going to school, studying past effective advertisements, looking at elements of design, and learning how to create their own effective advertising campaigns.

Learning how to create effective advertisements does not happen overnight, but there are a few simple rules that many workers for professional advertising agencies follow to create effective advertisements that will appeal to audiences and hopefully increase the company's revenue. The following paragraphs list a few advertising principles that companies and advertisers follow when creating their own advertising campaigns.



Perhaps the most important quality of an advertisement is its uniqueness. In a world where people often see hundreds of advertisements a day, an advertisement must be unique and different in order to capture audiences' attention. Going back to the iPod example, the single block of color with an image of a black silhouette was extremely effective at the time because it was unlike anything else around it. The simplicity of the advertisement stood out against posters and billboards that had busier images and much more text. Also, the use of bright, bold colors made people stop and look at the image. Even though the advertisement had little

text on it, people got the message that this product was new, fun and bold.

Of course, there are a variety of ways to make your advertisement stand out. Look around your area and write down descriptions of advertisements you see. What are the trends? Are they text-heavy? Do they use similar colors? What kinds of images are on the advertisements? Once you start noticing trends, try to think of ways your advertisement can go against those trends and be something different—something that will make people stop and look.

One word of caution: Once you've made people stop and look at your advertisement, they need to be able to understand what you're selling. You may have the most eye-catching image on your advertisement, but if it is completely unrelated to your product or service, then viewers won't understand what you want them to buy. So, be sure that when you are selecting your images and text for your advertisement, people will understand what you're trying to sell.

A well-designed advertisement will also communicate well to audiences. In order to figure out how to make your advertisement effective, you need to identify your audience. Who are you trying to target? Teenagers? The Elderly? Business people? Parents? There are a variety of different audiences, and the more specifically you can identify the audience for your product, the better chance you have of designing an ad that will effectively influence your audience. For instance, if your audience consists of young teenage girls, you might choose to use bright and bold colors, but for business people you may want to create an advertisement that uses more professional blues and blacks (but don't be afraid to be a little bolder if you're trying to stand out).

“You may have the most eye-catching image on your advertisement, but if it is completely unrelated to your product or service, then viewers won't understand what you want them to buy.”

The key is to think of the general traits of your specific audience and try to reflect those traits in your advertisement. What do they value? What do they fear? What motivates them? Once you've answered those questions, it should be easier to come up with a few solid ideas for an advertising campaign.

Once you've developed some ideas for an eye-catching advertisement and identified how you want to communicate with your specific audience, some good, solid design principles need to come into play. The advertisement needs to be legible. Viewers shouldn't have to work to get what you're trying to say. The advertisement needs balance. One side shouldn't feel heavier than the other. The advertisement should also make good use of contrast, repetition, color and pattern. When these design elements are implemented well into an advertisement, the result is a fabulous ad that will appeal aesthetically to viewers.

The above is just a brief overview of what advertisers have to think about when designing an ad. You can see why many people find it helpful to hire an advertising agency to help them develop ideas and create effective advertisements. And whether you're looking for a Seattle or a Miami advertising agency, you shouldn't have a problem finding an organization in your area to help you create the perfect advertisement campaign for your company.

So, if you're thinking of creating a new ad or ad campaign for your company, by following the above guidelines and suggestions, you can create the most effective advertisements as possible, convey the message you want to convey, and be on your way to increasing revenue.



Green Frog Advertising (www.greenfrogadvertising.com) is a Miami advertising agency. Art Gib is a freelance writer.

Comic Corner

All Is Fair In Business

A shopkeeper was dismayed when a brand new business much like his own opened up next door and erected a huge sign which read 'BEST DEALS.'

He was horrified when another competitor opened up on his right, and announced its arrival with an even larger sign, reading 'LOWEST PRICES.'

The shopkeeper panicked, until he got an idea. He put the biggest sign of all over his own shop. It read: 'MAIN ENTRANCE'

EMPLOYEE NOTICE

Due to increased competition, cost escalation and our keen desire to stay in business, management has deemed necessary a change to the terms of your employment.

It will not be compulsory to do something called work in between coffee breaks, tea breaks, smoking breaks, lunch breaks, toilet breaks, etc.

Management intends to call this
THE WORK BREAK

Honest Applicant

An applicant was filling out a job application. When he came to the question, "Have you ever been arrested?" he wrote, "No."

The next question, intended for people who had answered in the affirmative to the previous question, was "Why?" The applicant answered it anyway: "Never got caught"



New Member Listings

Merchant Gateway



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