Chapter 5
MARKETING STRATEGY FOR SMALL BUSINESS:
A MATTER OF TRUST

“I’d like us to be fast moving, a price leader, an aggressive marketer, but all against the backdrop of trust and respect.”

Lewis E. Platt
CEO
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Watching a recent television interview, I was struck by the simple management philosophy of Mr. Isadore Sharp, President of the very successful Four Seasons Hotels. He said, “With trust you can deal with anything.” What he did not say was the corollary, that without trust an organization cannot deal with anything in a proper fashion, from management to strategy.

Trust is the foundation of an organization, whether it be business, large or small, government, institution, not for profit, and extending even to the family unit. Many sales campaigns have failed because of a lack of trust between the seller and the customer. For example, small software companies with no experience in the forestry industry, who have developed accounting software based on generic models, have generally failed, whereas a company like Progressive Solutions, whose roots are in the forestry industry (the co-founder worked for a large forestry company), has the trust of its clients and has succeeded.

Webster defines trust as “confidence in a person or thing because of the qualities one perceives or seems to perceive in him or it”. Trust is very personal and everyone experiences it. It is part of the structure of every day living. Trust lends meaning to many activities and is at the root of many corporate and personal decisions. Trust can create an effective organization, just as a lack of trust can destroy an organization. Trust, of course, goes far beyond the organizational boundaries and determines the relationships with suppliers, shareholders, customers, government: in short, trust is a prime variable in the relationships with all the organization’s stakeholders.

Since marketing was operationalized as the management of the relationship and the ultimate satisfaction of the organization’s stakeholders, trust becomes a key objective of the marketing thrust. Trust is a competitive advantage more easily built by the smaller organization, and more easily controlled and advanced by the smaller organization. Society as a whole mistrusts large organizations, but feels comfortable with a smaller, human scale organization. There are two sides to trust: internal, within the organization; and external, with all of the organization’s stakeholders. It serves little purpose to develop a campaign to increase trust in the organization and its product if inside the organization is teeming with dissatisfaction and mistrust. This, of course, means that marketing has two directions, internal and external.

John Harvey-Jones, former chairman of Imperial Chemical Industries, in his book, “Making it Happen” talks about the organization which fails to make it happen as being characterized by “a lack of truthfulness and openness”; in other words, a lack of trust. Truth in an organization is not only about telling it like it is, but also about ensuring that the audience understands the reality that is being conveyed. You can make bold statements that nobody understands and feel righteous because you have delivered, but this approach eventually fails.

McDonald’s has an interesting way of bringing the issue of trust to life. They have created the concept of a trust bank, which takes deposits and has withdrawals. You build up a balance in the bank; a positive balance allows you to weather many withdrawals. In effect, an organization has a trust bank with all of its stakeholders, the employees, the customers, the suppliers, etc. Part of what you do as an organization is to ensure positive deposits and a positive balance in the trust bank. A pleasant experience, a good corporate deed, build up balances; an accident, like the Exxon disaster in Alaska, creates a huge withdrawal at the Exxon customers’ trust account. Undoubtedly, Exxon now has a negative balance in their trust account.

You need positive balances in your trust account.
You need to check these balances on occasion, and you need to ensure that decisions and activities are leading to positive balances. Michelin Tires is a good example of a company that works very hard to increase the family trust in its tire products via clever advertising using infants. Steelcase, the furniture manufacturer, is another company that places a large amount of emphasis on the balance in the employee trust account. They track the balance via surveys on an ongoing basis.

Can you run a negative balance in your trust bank with your employees, managers, or customers? It is unlikely that this can be done without some serious decline in productivity, innovation, quality of decision making, and without an increase in the number of employees and customers leaving the company.

Internal Marketing: Treat Your Employers as Customers

The visible and invisible value systems of the organization must support and foster trust. One way of doing this is to think of the employees of the organization as the organization’s customers. Once you think of the employees as customers, a range of behavior becomes acceptable and other types of behavior become unacceptable. Philosophically, the organization does market to its employees “products” such as effectiveness, goals, strategy, vision, image, purpose, behaviour, etc.

The smaller organization must practice internal marketing as well as external marketing. They must plan and execute marketing campaigns targeted to the internal customer. The ultimate goal of internal marketing is to foster a marketing attitude and to create trust. There are many more specific goals, such as:• communicating a value system
• information
• motivation
• creation of loyalty
• retention of employees
• developing and learning
• attracting new employees
• communicating the objectives, the vision, the strategies and the result to the organization
• creating an army of marketing agents for the organization

There are many tactics to reach these goals - for example, an internal newsletter which communicates events that have happened to the organization, and which celebrates individual successes; financial rewards for reaching a specific goal (e.g. low complaints); contests; education support; rewards for bringing in business or new employees; town hall meetings; retreats.

Marketing to Attract Winners

Until recently the smaller organization was not seen as a desirable place to work by many business school graduates. This is changing a little with the advent of the small business or entrepreneurial components in many business school programs.

Smaller organizations, especially those in the service sector, must ensure that the right people are hired. Since there are fewer employees in the smaller organization, each person stands out and is depended upon much more. The organization may only have two sales representatives; they must be good in order for the company to grow. Marketing must help develop a good pool of talent from which to hire. Concepts like target groups apply equally well to the hiring process as they do to the marketing of goods.

In certain geographic areas, the smaller organizations must compete heavily for a share of the job pool. This is especially true for technical skills. Even in times of high unemployment, many highly skilled jobs go unfilled because of a lack of talent or a lack of marketing to attract the right talent. For example, one market segment that is often ignored by the smaller organization is the newly retired. This group can provide invaluable help to the smaller organization and their financial needs may not be as pressing as other employees’. The conservation of capital is especially critical for a start-up organization.

The Vision

The most all encompassing internal marketing effort should be to provide employees with a vision of the organization and its values. Employees need to see the larger context and how their particular work fits in. A vision talks about where the company is headed and what the company is really about. A vision is the starting point of any marketing strategy. A vision brings the diverse functions and individuals together to share the direction of the organization. An organization must have an agreed upon direction in order to have a chance to reach its objective. The vision provides the template and the line of continuity, allowing a single thrust and focus in a turbulent and
chaotic environment. A vision is not a strategy; it precedes a strategy and sets the tone for the strategy. A vision is the prism through which the company’s efforts are viewed and concentrated. An effective vision is a combination of views. It requires a creative understanding and delineation of the kaleidoscope of the organization’s environment, along with a sifting of the past history and experience, and a glimpse of the future. A vision inspires and mobilizes human resources into action. Leaders of the organization need to develop a vision that everyone in the organization can buy into and internalize. The ability to share the vision and the shaping of values is what gives vision power. The vision supports day-to-day activities and provides these activities with meaning and direction.

How do you as chief executive officer and pathfinder set about to create a vision for your organization?

The importance of a shared understanding of the organization is illustrated by the following quotes from leaders in 20 organizations ranging from the small to the large. These quotes are from a research project carried out by Professor G. Morgan on managerial competencies and reported in his book, *Riding the Waves of Change*:

“It’s absolutely crucial to have a good understanding - call it whatever you want - of why you are in business and what you are doing. The rapidity of change makes it all the more important. I think this is what the great successful organizations have in the key places.”

“The world is such a changeable place that you need to have a well-articulated long-term sense of where you’re going, which gives you the base, the confidence, to take on whatever adaptability issues come along without losing your sense of direction. You’ve got to respond to the issues of the moment without losing that long-term sense.”

“You need a sense of corporate purpose and an awareness that the organization has a personality that goes beyond what it is doing right now.”

There are three steps:
1. Creating a vision
2. Communicating the vision
3. Experiencing the vision

**Creating a Vision**

Visions can be created at all levels of the organization. Leaders exist not only at the top, but also on the shop floor. Creating a vision starts with an understanding of the past and present of both the internal organization and the relationship of the organization to its environment and its various stakeholders. To this, you add your own values and experience. Everyone has a set of attitudes developed over time and ideas of how the universe should unfold. Layered on these images are the voices, the ideas, and the thoughts of the stakeholders. Getting a clear picture of this calls for a lot of listening and interaction with stakeholders. This might come from informal chats on a walk through the plant, or more formal structures such as a customer forum. But the leader must read and understand before creating the vision, the direction. The kaleidoscope of these three forces is the genesis of the vision of the future state of the organization (Table 5-1 illustrates this process).

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**Table 5-1**

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<thead>
<tr>
<th>Stakeholders</th>
<th>Organization values, views, attitudes, structure, (real time)</th>
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<tbody>
<tr>
<td>Customers</td>
<td>VISION</td>
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<tr>
<td>Shareholders</td>
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<tr>
<td>Community</td>
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<td>Distribution</td>
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The CEO/Leader’s values, prior experience, view, attitudes (The Visionary)

History (Roots)

The past interaction with the environment, and the internal organization’s growth
“A vision is a target that beckons”, according to Warren Bennis and Burt Nanus. They talk about the empowerment of a vision for employees so that they see themselves as part of a larger whole that they understand. The accompanying sense of importance and control adds a powerful motivational and creative force to the company’s arsenal. Enthusiasm comes from understanding and making a difference. The vision aligns the individual with the company. Everyone plays the same march, but on different instruments, and the CEO leads the parade.

**Communicating the Vision**

Now that the vision exists, it must be communicated—literally delivered to everyone in the organization. It must be explained and the meaning must be clear to everyone. Simplicity, clarity, challenging describe the vision. The vision must be everywhere in the organization, underpinning the behaviour of the organization. It must, in other words, become an institution. Metaphors are great ways of communicating a vision. Politicians, of course, have practiced this for years, to the point of banality. Care should be taken that developing a vision is not just another “going through the motions” exercise. Organizations are quick to spot insincerity. Tom Peters suggests “the stump speech”; that is, take any organizational opportunity to give a small speech embracing and dealing with the vision and its application. Don’t let the vision go stale, pump it up on any occasion, discuss it, glorify it.

**Experiencing the Vision**

A vision can be communicated with clarity, but in order to be powerful and enduring it must be experienced by the organization. It must be seen and felt, and only then will it be internalized. You can theorize about the value of a sextant, but it is only after having to use it to navigate that you truly appreciate and understand its value. The organization must live out the vision; it cannot just exist in a manual or document. Vision is the central spirituality of the organization.

**Characteristics of an Effective Vision in an Organization**

1. Clarity. It must be easy to understand.
2. Stable over time. Yet it must reflect change and the dynamics of the business environment.
3. A transfer of ownership of the direction and vision to the members of the organization must take place. The hearts and minds of those who are going to execute the vision must be captured and must be at one with the vision. There should be a consistency from the receptionist to the president.
5. The vision must be reflected in actions taken by the organization.
6. A vision must empower members of the organization.

**“A Path to the Future”**

An organization operating in today’s tumultuous environment needs a beacon to follow in order to avoid the rocky shoals. A vision will provide such a beacon for the organization. The future is never known and even the best forecasts are filled with uncertainties. A vision guiding the pathfinders will provide a focus, some outside parameters, and the all-important organizational direction. The vision provides a path to the future.

**Research brings Knowledge**

Market research is traditionally used to measure market attitudes, demand, needs, etc. This tool is also invaluable in measuring the internal customer’s needs, attitudes, and satisfaction. You need to understand the internal customer’s needs and wants and to measure the satisfaction of these needs on an ongoing basis. Just as you set up a listening post for your external market, so you must do the same for the internal market. It should be kept in mind that the identification of issues within the internal customer sets up an expectation of action on the findings. If action is not forthcoming, it becomes a sure sign of a lack of concern.

**Checklist**

Berry and Parasuraman have developed the following checklist of internal marketing:

1. Do we compete as hard for employees as we do for end customers?
2. Does our company stand for something worthwhile?
3. Do we allow our employees the freedom to come through for their customers?
4. Do we measure and reward that which is important?
5. Do we prepare our people to perform excellently?
6. Do we stress team play?
7. Do we listen to our customers?
Endnotes