Business Opportunities

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By

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Authors

Business Management & Consultant Group (BMCG) is a Virginia corporation that assists for profit and not for profit firms to achieve their full potential. We do not promulgate a single approach to all firms and all their issues. Instead, we diagnose where the firm is today, and we jointly explore various avenues by which the firm can achieve success, as the firm defines it. Partners of BMCG instrumental in bringing this book to fruition are listed below.

Francis D. (Doug) Tuggle holds a B.S. from MIT and an M.S. and Ph.D from Carnegie Mellon University. He has written two books and 75 scientific publications. He has been a professor of business, computer science, and psychology at five different universities: University of Kansas, Rice University, American University, Chapman University, and Virginia Tech. He was dean of the business school at Rice University, American University, and Chapman University. He has worked for the Headquarters of the Pacific Missile Test Range, System Development Corporation, RAND Corporation, DuPont, and RWD Technologies. He has held Confidential, Secret, Top Secret, and Q security clearances. He has served on the boards of directors of corporations such as Texas Commerce Bank and Equus Total Return; he has served as chairman of audit committees.

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Lenny Berl is the creator of the concept for this book. Lenny earned his B.S. degrees in Biology and Chemistry from the State University of New York at Albany, Doctor of Dental Surgery (DDS) from New York University College of Dentistry, and Doctor of Jurisprudence (JD) from Albany Law School. Lenny is an entrepreneur who is founder and owner of several businesses and healthcare ventures, including the managing partner of the Business Management and Consultant Group, LLC. He served on various boards of directors, is a published researcher, lecturer, underwriter, and presenter on many professional and industrial topics involving science, law, and business. Lenny uses his brainstorming and lifetime skills to successfully consult and promote his businesses and BMCG clients.

Preface

Overview

We hear the word or term "opportunity" or "lost opportunity" used frequently in business. The dictionary defines the word "opportunity" as,

1. an appropriate or favorable time or occasion.
2. a situation or condition favorable for attainment of a goal.
3. a good position, chance, or prospect, as for advancement or success.

What we have seen in the past, when businesses do not take advantage of opportunity or ignore opportunity, they often are severely hurt economically or go bankrupt. A case in point is Kodak. Kodak ignored the future "digital revolution," while Fuji Film and other companies were getting into the digital camera arena. Kodak felt they could rest on their laurels, betting that no one will abandon film. That was a big mistake. Kodak was a Fortune 50 company with a large patent library and decided to ignore one simple easy opportunity; expand into digital photography.

Business history point to some companies and entrepreneurs successfully find, identify, and exploit opportunities, while others bump into opportunities and don't recognize or choose to ignore them. For example, Western Union failed to recognize the potential of the telephone. Railroads ignored the opportunities offered by the aviation industry. But, Sam Walton correctly saw that consumers would be repeat customers for a business that offered the lowest prices in town. Mark Zuckerberg correctly predicted that facilitating communication with your friends would be highly successful.

So, how do we apply "opportunity" every day in your business? Regardless of the nature of your business, seeing and implementing opportunity means growth, higher revenue, and profit. In order to find, identify, and exploit opportunities, you have to pay attention. The many chapters in this book will help you consider different areas to look for potential opportunities for your firm. The many examples given in this book will help you nail down, flesh out, and implement those opportunities.

The time to act is NOW. Opportunities come, and unless you act on them quickly, those particular opportunities fade away. You need to continuously find time such that you can think and ponder your business, the actions and potential actions of competitors, your customers' current tastes and preferences and how those are likely to evolve, and any governmental or regulatory actions, domestic and internationally, that might affect your business. And of course, you need to ask yourself every day, "what opportunities are open to me today that I should consider acting on?" We have a friend, a very successful friend, who does not own a watch or look at the time. He says he doesn't need to; he says he always knows what time it is—it is NOW, it is always NOW. Don't wait; don't procrastinate, take action NOW. It is always the right time to look for and employ opportunities.

Lost opportunity can be devastating for any business. That lost opportunity might never present itself again. Your job is to find and see opportunity in order for you to take full advantage of all opportunities presented. You don't lose opportunities, you gain opportunities. You just need to know where to look. This is why you want to take this opportunity to read this opportunity guide, with its footnote and reference publications. The worst situation is when YOU don't act on an opportunity, but a close competitor does.

When we consult with clients, we analyze the industry and business of our client, while keeping all of these key questions in mind. We can then discuss a prioritized business plan with opportunities that suits the needs of our client and their personality.

We want to provide an overview of these types of opportunities that you could be taking advantage of as you read this guide. Each chapter addresses, one at a time, a wide variety of these opportunities so you can better understand how each of these opportunities play a needed and essential role for any successful business. Now is your opportunity to realize all of the opportunity around you so that you no longer leave money and opportunity on the table for others to grab.

Quotes

> "Small opportunities are often the beginning of great enterprises."
>
> – Demosthenes (Greek statesman and orator, died 322 BCE)

Wal-Mart did not begin as a multibillion dollar enterprise; it started out as a single store in Rogers, Arkansas. But, from that modest beginning, it grew into the giant it is today. The same is true of all giant enterprises—Bank of America, Facebook, Microsoft, etc. So, don't neglect to consider every opportunity you can think of, no matter how insignificant it may seem at the outset. Per Demosthenes, that tiny seed may grow into a mighty kingdom.

> "Jumping at several small opportunities may get us there more quickly than waiting for one big one to come along."
>
> –Hugh Allen (former professor at Oxford, Director of the Royal Academy of Music, and Conductor of the Royal Philharmonic Orchestra; died 1946))

Aim for singles and doubles; home run hitters strike out 70% of the time, or worse. And, per the Demosthenes quote, who knows when a small opportunity will grow into a giant one? Finally, there are many more small opportunities out there than there are giant ones. Get busy with the available small ones, and over time you will learn how to identify ones that hold greater potential for you.

> "Opportunities are like sunrises. If you wait too long, you miss them."
>
> – William Arthur Ward (American writer and former Assistant to the President, Texas Wesleyan College; died 1994)

"I'll get to it later" is NEVER a good way to treat an intriguing opportunity. Its usefulness may disappear over time; A competitor may exploit it first; costs may rise in the interim. Don't forget: it is always NOW; do it NOW.

> "Business opportunities are like buses; there's always another one coming."
>
> – Richard Branson (English business magnate, investor, author and philanthropist; founder of the Virgin Group; born 1950)

While this quote may seem to contradict the previous one from William Arthur Ward, instead Sir Richard Branson quote holds out hope for you. Especially as you begin to learn to identify opportunities, it is inevitable that you will inadvertently overlook some. You may even miss out on a large one or two. Happily, per the Brandon quote, as you will discover, there is a surfeit of opportunities out there. Don't beat yourself up over missing some—others are on their way.

> "It's through curiosity and looking at opportunities in new ways that we're always mapped out path."
>
> – Michael Dell (American businessman, investor, philanthropist, and author; founder and CEO of Dell Technologies; born 1965)

And there you have it from one of the world's richest individuals. Be curious; ask questions such as, "what if?" "What if we change X?" "What do we have to do differently to achieve Y?" "How would our customer base change if we did Z?" Look for opportunities, and once you find some, ask yourself, "how can I use this in my business?" Would investing in this opportunity likely lead to a positive benefit/cost ratio?

Ruminations About Opportunities

This book is chockablock full of a variety of opportunities (go look again at the Table of Contents). While not all of them will be immediately useful for you and your firm, over time, all of them at one time or another will prove beneficial. The authors of this book each have had opportunities presented to them, and each of us have been successful in life because we had the good sense to take advantage of them. But, you can't just sit there and wait for an opportunity to fall into your lap. If you are a passive individual, it is likely that most opportunities will pass you by. We do have some specific recommendations for you if you wish to be successful.

First, you need time to think, to plan, and in general just to ruminate about your business, your goods and services, your customers, your potential customers, your competitors, your industry, the economy, etc. If you get too tied up in "doing" (such as dealing with an unhappy customer, a quality issue, a key employee resigning, a supply chain issue, etc.) you will never break away from daily concerns to focus on your firm's future. Some managers are able to close their office door for an hour a week, not answer the phone, turn off their computer, and in general disengage from the here and now. Others need to hide in a coffee shop or a park bench. Whatever you do, you need regular time to think about your business—maybe it's an hour a week or every two weeks or once a quarter, but you need time to reflect and to ask yourself, what are the opportunities available to the firm right now that have the biggest payoff? You are not likely to figure out what you should be looking at until you have enough time to take a hands-off, 50,000-foot view of your firm. You need to dispassionately identify what's going right, what the warts are, what could be improved, and what the relevant opportunities are for your firm to advance. You can't do that between interruptions. A periodic corporate retreat of a handful of your most trusted managers and advisors is another way to get bright minds together to think about the future of your firm.

Further, out experience is that opportunities come knocking on your door, but most so with very quiet rapping. Very few opportunities pound loudly on your door. You have to listen very carefully; you need to continually ask yourself, is this an opportunity presenting itself in disguise? For example, many opportunities dress up as problems. When you solve the problem, you may think you're done with it. Sage executives ask themselves, "what can I learn from what just happened?" "How can I keep that from happening again?" Is there a market implication from that problem, or its solution?"

Another reason to take time out to ruminate on what's happening in and to your firm is to take time to look around for opportunities. Some tap so gently on your door that if you are busy attending to the set of daily problems, you're never going to hear it. Get away from the day-to-day concerns periodically and review the past to see if you have inadvertently overlooked an opportunity that was announcing itself quietly.

A Short Story

The story is told of a poor Italian peasant named Giuseppe.

Each day, Giuseppe prayed to his god, “Lord, let me please win the lottery today.” But at the end of each day, Giuseppe did not win the lottery. Each day, Giuseppe prayed, and each day Giuseppe did not win the lottery. Years passed. Ultimately, Giuseppe was on his deathbed, and still prayed, “Lord, please let me win the lottery. My time is short, and I know you are a gracious, loving god.”

Suddenly, the sky darkened. There was a flash of lightening and a loud clap of thunder. A deep voice from on high said, “Hey Giuseppe, meet me halfway here. Buy a ticket."

If you want success in business, you have to buy a ticket. This book is your ticket, but simply buying and holding this book will not let you win the lottery. Your chances will be much better if you take advantage of the opportunities open to you.

Finale

What are you waiting for? Read the book. Pick out two or three opportunities that are most relevant for you and your firm, and get to work. From time to time, read other chapters in the book, and explore other opportunities.

If you require assistance in either fleshing out or implementing any one of the opportunities sketched in this book, we recommend that you contact your business consultant. Please enjoy our guide, and we wish you great success.

Time To Start Your Own Business

Business Start Ups

Today, better than any other time, is a great opportunity to start your business. Why do we say this? Simple, look at all of the opportunities open to you. You can start a business from home. According to the Global Entrepreneurship Monitor Report, more than half of United States entrepreneurs operate their businesses from home.[1] In fact, it can be your home; look at Airbnb. It can be your car; by joining Uber or Lyft. You can work remotely from home as a consultant if you have a special skill that other businesses need. You can work from home, mobile, or remotely on the internet. E-commerce provides an extraordinary opportunity to start a business. Create a website, social media page, enter an e-commerce channel, and you are up and running. It's never been easier and cheaper to start a business.

According to the Webster's Dictionary, the definition of *business* is:

1. An occupation, profession, or trade.
2. The purchase and sale of goods in an attempt to make a profit.
3. A person, partnership, or corporation engaged in commerce, manufacturing, or a service; profit-seeking enterprise or concern.

One of the most asked business questions is, "When is the best time to start a business?" There are several good answers to that question. It is best to start a business when you are:

- Younger
- Unemployed
- Unhappy at your 9 to 5 job
- Free of responsibilities
- Motivated
- Acquiring that entrepreneurial urge
- Desiring to be your own boss

Bottom line, the best time to start your own business is TODAY. Seize the present and don't leave "opportunity" behind.

When considering the *timing* of starting your business, be aware of the economy and economic conditions. Is the economy strong, or is the economy weak? Join your local or regional Chamber

of Commerce, Kiwanis Club, or business network groups to meet like-minded people and make introductions. Either way, you are encouraged to start your business when YOU are ready. Believe it or not, there are advantages to starting a business in a bad economy. First, if you are working at a full-time job, the additional new business income can help if you are laid off. Second, supply and demand will work in your favor with production costs. Because of a slower economy, you should be able to negotiate better production pricing and costs. Additionally, your suppliers won't be as busy and will be able to spend more time with you to create a better product or service. Lastly, a slower economy gives you the chance to have more control of the rollout of your business. You can pay more attention to detail and take the time that you need to do things right, as opposed to feeling overwhelmed and rushed. A slower economy does cause a slower pace. So, if you choose to start your business in a slower economy, be aware that there are advantages.

You also have other options when starting a business. Will it be full-time or part-time? Some of the biggest hesitation to starting a business was the fear and thought they would have to leave their full-time job. Not true. One of the best strategies is to start a home or part-time business while you are still working your full-time job. Stay in your full-time position as long as possible, not only for the salary, but for the benefits. This arrangement will minimize risk and guarantee a pay check. There have never been greater opportunities to earn money and starting a new business.

Let's look at business *start-ups* by the numbers. When looking for opportunity, know your *statistics*. See how other businesses have performed and use these numbers as guidance, risk assessment, and general comparison. In a 2016 study, first time entrepreneurs had an 18% chance of success, second time entrepreneurs after a failure had a 20% success rate, and second time entrepreneurs after a successful venture had a 30% success rate.[2] Bear in mind, these are not discouraging numbers. If we put these numbers into the context of professional sports, a baseball player has a successful career batting average of .250; getting a hit only 25% of the time.[3] Even many major-league baseball pitchers do not have winning records; they fail more than they succeed. Even worse, professional NHL hockey players have a "shots on goal" percentage of a mere 9%. This is only taking into consideration their "shots on goal" that are saved by the goaltender and presumed to go into the goal if the goalie did not make the save. The actual goal per shot percentage is actually much lower at about 4%.[4] Another failure greater than success example is an NBA professional basketball player averaging a made basket percentage of only 46%.[5] Again, the average professional basketball player fails more than he succeeds. Even the average NFL quarterback fails 40% of the time. Only every 6 out of 10 of the quarterback's passes are completed to a receiver.[6] So, think about it, some of these professionals get paid millions for succeeding only between 4% and 30% of the time. Therefore, you can have a good shot at success as well with between 18 and 30%.

Remember, realizing that about 50% of all businesses fail in the first four years, you have a good chance of success.[2] Look at it this way, within four years, you have an equal chance of succeeding versus failing. Those are good odds when you only have to have one successful business to claim success. Moreover, the reasons for business failures are totally preventable. Don't be impulsive when starting a business and only start a business if you are competent to operate one and have enough cash flow. If you keep to these parameters and guidelines, you will have an 87% greater chance of success. Also, research your chosen business sector. Besides a supply and demand driven startup, the industries with the best startup success percentages involve: accounting, management, real estate, automobile rental and leasing, legal, and healthcare services. The startup industries with the highest failure rates are: oil and gas exploration, mining, beverage manufacturing, grocery wholesalers, and lawn and garden equipment supply stores. In other words, minimize your risk of failure by choosing your chosen industry carefully.

The Business Plan

> "Failing to plan is planning to fail."
>
> – Anonymous

Before you start a new business, write down a plan. Start a short 3-5-page *business plan* to get started. Once your plan is written, set a schedule, goals of your business, and execute. First and foremost, on your written plan, make the business legal. Making the business legal has legal and financial advantages. Once a legal entity is formed and filed with the IRS for a Tax Identification Number (TIN), you now have minimized your personal risk and gained tax deductions and potential credits. Filing a legal entity with your state and obtaining a Tax Identification Number (TIN#) can be done right on your computer or phone with your state's Secretary of State's office and IRS. For example, if you are in the state of New York, visit: www.dos.ny.gov. and https://www.irs.gov/businesses/small-businesses-self-employed/apply-for-an-employer-identification-number-ein-online

Most business plans contain at least five interrelated sections about the firm: vision, mission, objectives, strategies, and action plans. A Google search will lead to pointers to several different approaches to a business plan. Besides the aforementioned areas, some business plans look at the industry, the funding, the financial plan, seasonal factors, marketing issues, and a whole host of other topics.

We will just look at the five essential factors to get a feel for what issues you need to think deeply about. A vision looks into the future. What will this firm be like in three years? How big will it. be? How many employees will there be? What will be the size of your revenues and profits? How well will your firm be known? What will the firm be known for? How many of your customers will be repeat customers?

The mission states why your firm exists. What does your firm offer that no other does? Who are your ideal customers? In buying from you, what "promise" are you making to your customers? What are you deeply passionate about that can only be satisfied by building this business?

Your *objectives* indicate what targets you are aiming for. Your targets could be financial (sales, profits, cash flow, etc.), marketing (image, reputation, visibility, etc.), operations (hours of operations, delivery time, customer service, etc.), personal development (learning, creativity, public involvement, etc.), or a large number of other areas. Meaningful objectives must have a date by which they will be accomplished, a specific quantitative target, and their impact on the firm if the objective is realized, or the implications for the firm if the objective is not met.

Strategies are those general practices that will lead to success for your firm. For example, high quality and unique products and services may be essential for your firm. Or, low prices and speedy delivery may be cornerstones for your firm. Or, intellectual property rights to certain products and/or processes may point the way for your success. Or, careful attention to each customer's unique desires and needs may lead your firm to achieve its desired future. In general, each firm will find that a handful of general strategies are the key for it to realize its destiny.

Action plans explain who does what, when, and with what resources. For each objective you have identified, how exactly is that to be realized in practice? Who is accountable? When are results due? Is there a contingent plan? Does the "doer" have sufficient resources (money, time, space, equipment, personnel, etc.) to get the job done?

Note that the five elements to a business plan are quite strongly interconnected. Your *mission statement* should set the tone, the pace, the ultimate destination, and the set of principles by which your firm is to steer. That statement allows you to craft a vision for what the firm is to be like in the near future. Knowing that, you can then establish a set of objectives that the firm is to accomplish in the next few years to start realizing the dreams for and mission of the firm. Those statements inform what general strategies the firm is to employ so as to make progress toward the vision by achieving the objectives while doing so in a manner consistent with the mission of the firm. Finally, the action plans describe what is to be done today to start the ball rolling in the correct direction.

A good way to get started is to set your sights on your *grand opening* date goal. Technology is playing a major role with the ease of starting a new business. It is the true information age; embrace it. What is meant by the information age? With a computer, you can look anything up on your computer or smartphone, and you can accomplish most of your business startup tasks remotely all in one place. This can be done on your computer and without traveling. Register your business, apply for permits and licenses, open bank accounts, start a merchant account with a credit card company for payment, etc. Technology provides cheap storage and analytics with the cloud. Business technology can now outsource HR, making employee payroll and benefits cheaper and easier. Technology allows you to create most prototypes yourself, saving thousands of dollars. Your $25,000 per year assistant is now your $400 smartphone. Technology provides free or low-cost apps to perform many tasks for you. Technology will also better target your buying audience and improve the customer service experience. This is all much simpler today than ever before.

Think before you act. Before you form an entity or make anything official think about your business options. Ask yourself many questions.[7]

- What do you want to do?
- What are your skills?
- What interests you?
- Are you filling a specific need?
- Do you want this to be a full-time or part-time business?
- Do you have enough starting capital?
- Will this be your solo business, or will it involve family, a franchise or others?
- Do you have an accountant, a business consultant, a lawyer?
- Do you have a business idea or do you need to think of one?

If you need to think of one, here are some thoughts on how to come up with business ideas:

- Try to think of the next best "thing" that doesn't exist
- Think of a concept or product that solves a problem
- Try to identify some things that are being done already and you know you can do it better, less expensive, faster, etc.
- Talk to people and let them know you are starting a new business and are looking for ideas, advice, and suggestions.

Finally, do some online research. There is plenty of valuable information on the "web." Once you have settled in on some new business options, perform some market research. If others are already doing what you want to do, how many? If not, why? Investigate what and how your potential competitors are doing.

Learn the business by asking questions, looking for data, put together focus groups, etc. Get as much information about the type of business you want to enter as possible. If you have honed in on a specific business, product, or service; get feedback. Positive and negative feedback are of equal importance. Use the negative feedback to make improvements, and use the positive feedback as future testimonials. Most importantly, look for patterns in the feedback and act accordingly.

Major Takeaway

Our firm represented a startup with a variation of an existing product that would be new to the marketplace. During the business plan phase, we addressed not only the product, but services that can also be provided by the individual and company while the company was going through its startup phase to help support his new company expenses and his family. We did research for our client, showing the likelihood and reasons for success and failure, relative to the existing market research of their industry and their target market demographic. We were able to explain that in the United States, about 50% of businesses fail within the first 4 years and 9% of businesses close each year. In addition, 87% of the start-up business failures are all due to incompetence, inexperience and lack of funds. About 80% of startups invest their own money into the business, 40% are profitable in the first year, and having two owners increase the success rate of a new business. Based on our research, we were also able to share the fields with the best and worst start-up success rates. The best success rates are in the fields of: finance, insurance, and real estate. The highest start-up failure rate was in the field of information.[2]

Our client was not your typical business start-up being an apprehensive artist who previously was employed in the food and beverage industry. We sat down with the client, shared our market research, and urged optimism to seize the opportunity there is now to start the business. We explained that this set of circumstances that allows this educated risk might not arise again, soon. We also pointed out that there will be another income source from the two service ends of the business that will also be starting without the need for additional funds. The client agreed and is happy with the decision to start the business. The client now “enjoys the freedoms of owning my own business more than anything else.”

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Building Customer Loyalty

Overview

According to the Merriam-Webster dictionary, *loyalty* is:

1. The state or quality of being loyal; faithfulness to commitments or obligations.
2. Faithful adherence to a sovereign, government, leader, cause, etc.
3. An example or instance of faithfulness, adherence, or the like.

There is always the opportunity to build customer loyalty. With today's customers, personalization, consistency, and delivering a distinctive and brand-defining customer experience are the keys for achieving lasting and profitable growth. "More than 80% of senior leaders say customer strategy will be one of their largest investment areas over the next three to five years."[1] Are you one of them?

Loyalty programs are useful tools that expand the brand image through increasing the customer base, deepening customer engagement, and preventing the loss of interest in the brand. A customer loyalty program should be put in place from day one; and if it wasn't, do it now. With the internet, social media, and review sites such as Yelp, TripAdvisor, Amazon , etc., customer loyalty is the lifeblood and common core essential for all businesses. Have you been to businesses with those customer loyalty cards? Well-known firms such as Best Buy, Starbucks, Panera Bread, Amazon, Visa, and Shell all have "customer reward" programs. Why? Because customer reward loyalty programs work. It is cheaper to provide services to a repeat customer than trying to acquire a new one.

What is customer loyalty?

> "Customer loyalty can be said to have occurred if people choose to use a particular shop or buy one particular product, rather than use other shops or buy products made by other companies. Customers exhibit customer loyalty when they consistently purchase a certain product or brand over an extended period of time. As an example, many customers stick to a certain travel operator due to the positive experiences they have had with their products and services."[2] "Customer loyalty is the result of consistently positive emotional experience, physical attribute-based satisfaction and perceived value of an experience, which includes the product or services."[3] So, how does a business motivate and induce customer loyalty? There are several methods to promote customer loyalty: "psychological, economic, technical/functional, contractual."[2]

Types of Customer Loyalty Programs

The "personal approach" strategy must be mandatory for any business. A business is at a distinct psychological advantage when customers enjoy returning due to great customer service and experiences and become loyal to your business. You always want people to be loyal to your product

and service because customers will return and refer. It is said that when a customer has a great experience, they will tell seven others, and this cliché was around before the internet. Today, customer experiences could go viral, or are shared on social media as reviews. Your best customers will be your loyal customers. They will sell the product or service for you through reviews and referrals. There are also other types of loyalty. “Economic loyalty” is achieved through pricing. The lower the prices the more loyalty of the customer. “Technical and functional loyalty” exists when it would be too inconvenient for a customer to change from one business to another due to the comfort and convenience factor of staying content with results and outcomes. “Contractual loyalty” binds a customer to a business by a specific agreement that prevents the customer from purchasing elsewhere.

So, where do you start? How does a business implement a customer loyalty program? Realizing that 20% of the “regular” customers of a business provide 80% of its income, it is important to keep those 20% returning and get those 80% to be loyal and return more often. This can be done with inducements implemented in the loyalty program. But, what kind of inducements?

To determine how to achieve the most successful loyalty program, analyze your customers’ buying habits with respect to: annual purchase, type and frequency of purchase, customer longevity, up-sale capabilities, use of competitors, profit per purchase, payment history, customer satisfaction, and relationship improvement possibilities. Paying attention to these factors will help you to tailor your loyalty offers and lead to a more successful program. Based on customer history, now target those frequent customers and other customers who you want to make more frequent shoppers and higher spenders with an inducement that should work within a one-year cycle. If it takes too long for a customer to obtain a reward, the customer might not see the value of the program. The shorter the inducement time, the greater the rewards for the business and consumer. Just don’t make the goal too high, too long, or unrealistic.

There are several customer loyalty reward program options that will induce, encourage, and drive increased: purchase volumes, payment speed, up-sales, profit, and loyalty. Results will depend upon which tactic you implement. Examples of certain tactics for business to business might include: sales representative lunch visits, seminar or event invitations, free premium service plans, emergency phone and website access, annual discounts, and event sponsorships. According to the Bond 2018 Loyalty Report, loyalty programs have continued to heavily influence member retention, spending, and advocacy. With good loyalty programs, 70% say customers are more likely to recommend brands, 77% say these programs make customers more likely to continue doing business with brands, and 63% say they spend to maximize the loyalty benefits, and "programs that establish positive emotional connections with members see 27% more of their membership increasing their spend with the brand."[4] Retail business to customer loyalty plan incentives can include a free item or discount after a certain number of purchases or visits, eligibility for weekly or monthly drawings for a prize with every purchase or visit, portion of purchase proceeds forwarded to charity, or free tickets for special events when reach certain purchase amounts within a month's timeframe.

In addition, according to the Loyalty Report of 2018, the top 5 drivers of member satisfaction include:[4]

- The loyalty program meets needs
- Enjoy participating in their loyalty program
- The benefits and rewards of the loyalty program are appealing
- Consistency with the brand expectations of the loyalty program
- The loyalty program makes the brand experience better

Based on the types of loyalty programs that you create, set a budget. Then, as the program proceeds, calculate the percentage profit increase to see if you met your goals and will need to adjust the program in any way that would further increase your profits. Ask or listen for feedback from customers in order to further modify the loyalty program. Also, assess the staff to see how they are handling the new program and if they are doing a good job of customer awareness. Customer loyalty is widely seen as a key determinant of a firm's profitability. Sometimes, the worst outcomes of programs are due to the inability of the staff to educate the customer about something new. Creating a customer loyalty program, planning, and following the correct steps should prove to be worthwhile and profitable for any business.[5]

> "We can differentiate between behavioral and attitudinal loyalty, also referred to as share-of-wallet and share-of-heart respectively. Behavioral loyalty refers to customers buying exclusively or mostly only one brand; whereas, attitudinal loyalty is all about having an emotional attachment to a brand, liking it more than others, and even loving it. These two types of loyalty are independent; for example, one can give a 100 percent share-of-wallet to a bus company that passes one's home to work but would still be deeply unhappy with that organization's service and be ready to switch as soon as a viable alternative is on offer."[2]

> "True loyalty requires both share-of-wallet and share-of-heart so that customers continue buying even when situational factors may make a repeat purchase difficult, such as stock outage or alternative providers trying to persuade customers to switch using promotional offers. However, attitudinal loyalty in itself is not a guarantee of profitability, and firms need to be efficient in translating these attitudes and loyalty intentions into actual loyalty behaviors."[2]

This includes:

- "Increased share-of-wallet such as encouraging a customer to buy more from a brand and less from its competitors which results in selling more units to a customer
- Up-selling to higher level products; meaning selling more expensive, higher value products, which results in the higher revenue from the customer for a constant number of products sold

- Cross-selling of products the customers currently does not buy. This means in addition to the products a customer already buys and a company that sells different products to that customer
- Referrals such as customers giving positive word-of-mouth and recommendations to buy the firm's products to friends and associates that lead to sales"[2]

> "Many Apple customers show absolute loyalty to Apple and even dislike competing products. Apple fans identify with its trendy brand and love its integrated and smart solutions, sleek design, and excellent product quality. These customers seem to increasingly live in an 'Apple-world' where they tightly integrate the use of several Apple products (MacBook, iPod, iPhone and iPad). They frequently download and buy software, apps, songs, and e-books from Apple's Store and iTunes. These customers have a deeply held commitment to re-buy and re-patronize Apple products and services consistently in the future; against all odds and at all costs despite strong marketing efforts of competitors."[6]

Consider to whom you are loyal. Surely, you will answer family and friends. Why? Because of the emotional bond you have with them. Your family and friends can do things you may not like, but you stay loyal because of that bond. The same applies to customer loyalty. To prompt customer loyalty you must build an emotional bond with your customers. To build loyalty, customer experience management blends the physical, emotional, and value elements of an experience into one cohesive experience. Always remember, retaining customers is less expensive than acquiring new ones; and, customer experience management is the most cost-effective way to drive customer satisfaction, customer retention, and customer loyalty. Not only do loyal customers ensure sales, but they are also more likely to purchase additional, high-margin supplemental products and services from your business.

Loyal customers reduce costs associated with consumer education and marketing, especially when they refer others to your business.

Given the highly burdened competitive landscape today, customer experience programs are the most effective way to differentiate your organization from the competition. Customer loyalty programs engage emotional, intellectual, and spiritual customer attributes that create that loyalty bond. When customers enjoy a product or service before, during, and after its use, they will keep coming back for more. When introducing a customer loyalty program, customer experience management provides an excellent return on investment and the lowest cost customer retention and acquisition costs.

The Customer Experience

A brilliant customer loyalty program is useless if the customer otherwise has a poor experience interacting with the sale of your goods and services. Try to put yourself in the shoes of a customer and try to experience the same set of steps that a customer goes through with your enterprise. Some firms go so far as to employ *mystery shoppers* to get data on how average shoppers are treated.

First and foremost, do your goods and services perform as advertised? Are the warranties clear and concise, and does your firm honor not only the letter of the warranties, but also the spirit of the warranties? Are any known side effects or special characteristics disclosed up front?