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REPORT

Current Trends and Strategies for Building Business Equity

A Special
Monthly Report
From Gene Marks

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Gene Marks' Business Outlook, May 2011

It's The Budget, Stupid

April ended with a whimper. First quarter GDP was down to 1.8% annualized, which is still far off the 3.4-3.5% projected by the Fed for 2011. Unemployment still hovered near 9%. Inflation stayed low. Most confidence indexes were mixed – some saying that consumers and businesses were optimistic while others saying almost the exact opposite.

For now there's uncertainty in the air. Most of the business community is waiting for a clearer direction from both the government and the overall economy.

The big issue is the budget. And the outcome will affect us all significantly.

In early April, the government almost shut down. Soon after that crisis passed Rep. Ryan proposed the House Republicans' deficit reduction plan. Significant items included a reduction of both personal and corporate taxes to a 25% rate, the freezing of spending to 2008 levels, the repeal of healthcare reform legislation and...the big one.... the shifting of the Medicare burden

from the Federal government to the States in the form of "block" grants.

As you can imagine, the Democrat opposition were not happy. Within a week, the President offered his own deficit reduction plan, which I'm

Lower ratings on our debt will cause interest rates to shoot up. In the end that increases our costs. And of course diminishes our reputation around the world. Next will come a hit to the value of the dollar making the costs of goods purchased overseas that much more expensive.

guessing is sort of an addendum to the budget he proposed back in February. In this plan, the President said he would raise taxes by repealing the Bush tax cuts and continue funding invest-

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ments that he feels are very important (a regional rail project, wireless access for all, energy, education). He would also keep healthcare and Medicare the same. In fact, no changes were proposed to the existing level of entitlements.

It's going to be a battle this summer. And election year is start-

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TECHNOLOGY TREND TO CONSIDER: MOBILE PAYMENTS

Mobile payment technology has changed. And many business owners are benefiting.

New products are now available from well known vendors. Both Intuit (the makers of QuickBooks) and Sage (the makers of Peachtree and MAS 90/200/500) have recently introduced new mobile payment products that work on most popular smartphone de-

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SERVICES TO CONSIDER

1 TED (www.ted.com)

It began in 1984 as Technology, Education and Design and today ranks among the top 900 sites visited in the U.S. TED holds conferences around the world where leaders in their field gather to discuss the interesting topics of the day. Trust me, none of us are going to be invited to speak at TED anytime soon (and if you are then my hat's off to you). And it's doubtful that we'll even be able to attend their biggest events, which draws people like Al Gore, Tony Robbins and Steve Jobs. But all the talks are on the website, categorized by topic, "most jaw dropping" and most emailed among others. TED is worth an hour of your time at least once a month. Browse and find some of your favorite topics. Watch one of those speakers that you almost went to see live. Check out someone you've never heard before and plan to never miss again. It's one of those educational sites about business and life that every smart business owner should go to as often as possible.

2 VISTAGE (www.vistage.com)

This is a service I've been meaning to use but haven't yet. But I know hundreds of business owners who are huge fans. When you join Vistage you're paired up with about 10–15 other business owners/Presidents/CEOs of companies in your general area (but none in your industry or who you would consider to be a competitor). You're required to meet frequently as a group — maybe monthly in the region and quarterly somewhere else. You hear guest speakers. You share ideas. You kvetch. You moan. You complain about your business. And you realize that you've got the same problems that everyone else in the group has. Together you can help get answers to that day's issue. You've got people, of like minded interests and background to share your thoughts give you their input. People have told me that Vistage is not only helpful from a business perspective but extremely therapeutic from a personal side. It's not cheap though. You would have to check

directly with the company but I believe fees could be \$10–\$20K per year. That's meant to weed out the half hearted among the bunch. But, like anything else in life, Vistage returns what you put into it.

3 RETAILMENOT (www.retailmenot.com)

Here's a site ranked way higher than TED above (it's one of the top 250 sites in the country)...and for obvious reasons. RetailMeNot should be used by any business owner looking to make a purchase online. You know that little "promotion code" field on the order when you're about to make a purchase of something? Know how you always think to yourself "wonder what that's for?" Now you know. Most sites offer promotional codes to special customers or for special sales. RetailMeNot's user community posts these codes here. Sometimes online web retailers do the same. So before giving your credit card, stop, open up another browser and go to RetailMeNot. Enter in the site's address and see what promotion codes or coupons are available. Maybe you'll get free shipping or 5% off. Whatever. Just copy and paste the code back to the order form and take advantage of the discount. Bear in mind that sometimes the codes work...and sometimes they don't. But it's always worth a shot. ■

Getting Butts in Mike's Chair



I wouldn't know the first thing about giving some guy a haircut. But I do know if I were running Mike's barbershop I'd be doing things differently.

A very unusual thing happened to me the other week. I went to the barbershop. Take a look at my photo and you'll realize why that kind of thing is so unusual.

The barbershop I go to (usually around the winter and summer solstice) is owned by Mike. It's in a strip mall near where I live. Mike's shop has been there for a thousand years. I think he inherited it from his dad who had it a thousand years before that. Walking in there, I almost feel like I'm in a scene from *The Godfather*. Hopefully I won't be there when any family business needs to be settled.

Mike always complains about the economy and how he struggles. He always struggles. But you know what? He really doesn't have to be struggling. He could be making more money at his barbershop. And he could be retiring early if he wanted to. He just needs to hustle more...now. He needs to change his way of thinking. **He needs to take advantage of a little technology. This applies to all penny pinchers who run retail shops. The revenue's there.** I wouldn't know the first thing about giving some guy a haircut. But I do know if I were running Mike's barbershop I'd be doing things differently.

For example, I would be living, eating and breathing billable hours. Mike's no different than other company providing a service. Technicians need to be busy. Accountants need to be busy. Lawyers need to be busy. And Mike's six barbers need to be busy. My main objective would be to make sure there are butts in the chair every minute that the shop is opened.

And the shop would be opened all the time. Maybe not 24 hours. But definitely seven days a week. And super early. And into the evening. Right now Mike opens at 9AM and closes at 6PM. He's closed on Mondays. That's not good enough in 2011. He's got plenty of potential customers who don't go to his shop because...they have jobs. They can't steal away

during the day. Smart penny pinchers accommodate to their customers. Working guys may need to get a haircut at 7AM before work. Or at 8PM after work. Mike's barbershop should be open at those times. I'm not saying Mike has to be there all the time. Or even that it has to be fully staffed. He'll have to invest in a few people to be there to handle those off-hours customers. The overhead won't change. But that investment should return itself with more revenues from the extra hours and days.

Mike needs to accommodate his customers' busy (and sometimes not so busy) schedules. Sometimes I plan to get a haircut, and arrive at Mike's shop at exactly the moment of penultimate chaos. (Hey. I just used penultimate in a sentence!). Well, you know what I mean — lots of screaming kids and whining old men. People are sitting and standing all over the place waiting for a haircut. And then sometimes I go and the place is empty.

Mike should setup an online scheduling service. There are plenty of inexpensive ones available. This way I can go and reserve my spot online. Maybe I get a discount for doing so. This way I don't have to be inconvenienced. I can zip in, get my few hairs cut (which are mostly from my nose), and zip out. Customers can get emailed reminders of their appointment. Or their appointments can be automatically added to their Outlook calendars. The barbers themselves can record when the work is done too. This way Mike's accountant can match up the cash with the work just to make sure no free services were being performed. Mike can use these tools to forecast busy and quiet periods and maybe cut back on the barbers in the shop when things are forecasted to be slower.

But hopefully things won't get slower. Because Mike won't let that happen. I wouldn't. Obviously the middle of the weekdays are going to be slower than a Saturday. But can't that be remedied? **I would offer special discounts to seniors, retired people, moms with little boys and any tutor who can promise**

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