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Chapter 1

Looking Back at Your Business Model and Scaling your Brand

As anyone who has been part of a business team knows, failure and change are part of the business lifecycle. You hear advice about "failing faster" and embracing change. But how do you go about it? This chapter of Book 9 covers the last of the Six Cs: Check-Back Analysis. (See Book 1, Chapter 1 for information on the other *C*s.)

In this chapter, you reassess the efforts you document in Book 1, Chapter 3 about your business model and brand to determine whether you want to make changes. You want to see whether you can take additional steps that will lead to greater success.

If you wonder how often you should make reassessments, you should let no more than two months go by before you reevaluate what you're doing. This amount of time gives you enough data to evaluate your results. The sooner you identify problems, the easier changing course will be. You don't need to do a big overhaul each time you make an assessment. Rather, you should carefully assess your effectiveness on an ongoing basis. Some people prefer six-month intervals, but because things change so quickly on the web, you may fall behind before you realize it's happening.

If you're a solopreneur or small business, you know that speed is one of your greatest allies. If you're a large company, you know that the quicker you call attention to a problem, the more likely you are to make a dent in the bureaucracy that exists. In the end, only you can determine the intervals that make sense for your company.

Validating Business Models

You want to understand your business model because it tells you what value your products have for your customers.

In Book 1, Chapter 3, you look at the dilemma of a fast-food company. The company needed to determine what "job" a customer hires its milkshake to do. The company found that customers buy milkshakes because they want something to do with their free hand during their long commute and that they want a drink that helps them stave off hunger until lunchtime. So this information told the company what it could do to make its milkshake do its job. But what does the information tell the company about its digital marketing?

The customers' responses tell the company that producing content containing questions such as "How can you make your long commute less boring?" and "What can you drink on the way to work to keep yourself satisfied until lunch?" engages its audience. This type of content provides you with insight into the minds of your customers so that the content will be personal to them. These insights are critical to digital marketing success. Rather than take a shot in the dark about what your audience wants to know, you can deliver just what it wants and keep it entertained.

Looking at change

When you begin your business model reassessment, you first need to ask yourself whether you're still in the same business you were several months ago. If you haven't read Book 1, Chapter 3, this might seem like a strange question. But after you look at the issues concerning changes to business models and brand, you know that it's not strange at all. Obviously, if things change, your content marketing strategy must change as well.

So what can signal that a change is needed? You might want to revise your model if any of the following have occurred:

- **New competitors have jumped into the market.** You suddenly have more competitors than you did before. To avoid being a commodity, you need to figure out how to differentiate your products and services.
- **Your company has merged, been sold, or changed some other way.** Such changes inevitably bring internal changes. If a merger is involved, you may need to accommodate new brands or eliminate products.
- **The economy has shifted downward.** Obviously, you have no control over this trend, but you need to understand how it will impact your business model. For example, will people now view your product as a luxury?
- **Some of your products or services have changed or been discontinued.** Obviously, this circumstance requires a rethinking of your model from top to bottom.
- **Your profit margins are shrinking.** Lower profits are a sign that you need to change something. Try to pinpoint what's different in operations.
- **Government regulations have been added.** If your company has new regulations to comply with, your business model may be affected.
- **Barriers to entry have changed.** When you started out, there may have been high barriers to entry in your field. This means that someone starting a business like yours would be faced with high hurdles to get into business. With the advent of new technologies, the barriers to entry may have lowered, making more competition a certainty.

Revising your business model canvas

In Book 1, Chapter 3, you looked at working with the business model canvas by Alex Osterwalder and Strategyzer. You should return to it now and see whether any revisions are necessary. Using this tool should make it very easy for you to determine what's changed since you filled it out. (Find it at `https://strategyzer.com/canvas?_ga=1.164112764.256400004.1437491350`.)

Make sure to ask yourself the following questions:

- Have you added or dropped any customer niches?
- Are some social media channels performing better than others?
- Have you lost or changed any critical vendors?

- Do you require more resources? If so, why?
- Have new expenditures become necessary?

TIP

There may be no major changes to the business model canvas that affect your model. But you will probably have revisions that you want to note so that when you come back the next time, you are up-to-date. Vendor changes and social media channel wins, among other developments, can become very significant down the road.

Reexamining your brand

In Book 1, Chapter 3, you look at the following types of data to track and analyze: (1) general company measures; (2) brand awareness measures; and (3) brand loyalty measures. The good news is that because you pick specific measures to track, you have items to evaluate after several months.

When you look at the data you gather, ask yourself the following types of questions:

- **Have any of the company measures changed significantly from your baseline numbers?** For example, has your gross revenue taken a hit?
- **Has your reach (the number of customers that you reach with your content) diminished for some reason?** Has your publishing schedule changed?
- **Have the number of customer purchases changed?** Have you made changes to current products that would prompt a drop or an increase?

Enhancing your business models

After you reevaluate your business models, you should look at whether you can add or subtract something to enhance what you're already doing. As you know, to grow a business, you can do three things: (1) increase the number of customers you serve; (2) increase the amount paid for a transaction; and (3) increase the frequency of the purchase. Using these three basic categories, here's a look at what you might do to increase growth.

- **Increase the number of customers you serve.** Gaining customers requires that you do some of the following:
  - Actively look for new niches in the marketplace.
  - Look at your current audience to see whether you've attracted new customer niches based on something that has changed in the environment.

- See whether you can expand your reach to new domestic locations or countries.

» **Increase the amount paid for a transaction.** Can you increase the price of your product? This is a tricky one, but can be done depending on how your product is perceived. Can you introduce a premium version?

  Can you bundle more with your product? Try adding such things as training, webinars, and specialized content.

» **Increase the frequency of the purchase.** Can you get people to use more of your product? For commodity products like shampoo and toothpaste, this is a possibility. Increasing the frequency is tougher for online tools that don't have built-in usage amounts, but trying to figure out ways to do it is worthwhile.

Reviewing Your Brand Status

When you look at brand measurement, you should consider aspects such as brand recall and brand recognition. Large corporations have brand managers whose job is to focus exclusively on this area. Smaller companies often find that the marketing team is the de facto group in charge of brands.

As discussed in Chapter 3, your brand is fixed in the mind of your customer. You don't want to make changes if everything is working. You might, however, have to make changes if something in the brand environment has changed. Check to see whether any of the following is true:

» **You're in a rut or stagnant.** If your customers and even your employees don't have much enthusiasm for the brand content you're producing, some kind of boost might be needed. You don't need to do something drastic. Perhaps redesigning your ebook covers and the look of your blog posts will help.

» **Your culture is not in line with your brand.** Many companies understand that if their culture doesn't support their brand, they will be perceived as inauthentic. Authenticity is a critical component of any brand today. For example, when customers buy something from Zappos (`http://zappos.com`), shown in Figure 1-1, they know that customer service is paramount. The company culture tells employees what's important and how they should treat their customers. In turn, this behavior gets identified with the brand. Zappos founder the late Tony Hsieh is famous for saying that "your culture is your brand." If your culture is not aligned with your brand, you need to make changes.

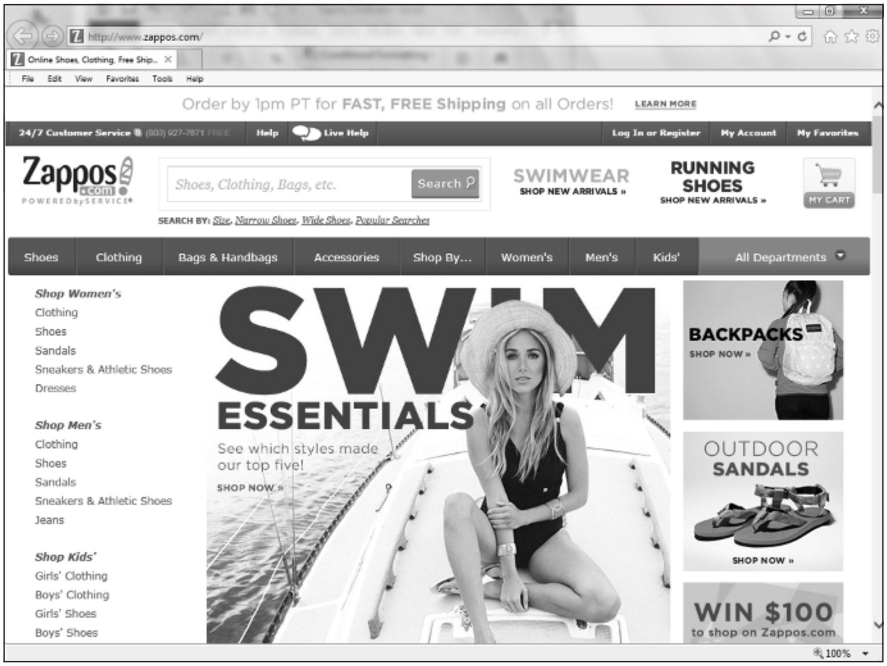

FIGURE 1-1: Zappos.

Surveying Different Approaches to Scaling a Brand

Scaling a brand simply means growing it, and you can scale your brand in a variety of ways:

- **Ramp up your marketing efforts.** Do more of what you're already doing: building community on social media, advertising, blogging, podcasting, pursuing promising partnerships . . . everything I discuss in earlier chapters.
- **Set up an affiliate program.** Recruit people to sell your products or services, and pay them a small commission. An affiliate program is a great way to build a sales force without having to go through the formalities of hiring and managing a dedicated sales team.
- **Pursue new market segments.** Throughout this book, I encourage you to focus on specific markets for maximum impact. Well, now may be the time to add some new market segments to the mix.
- **Add new products or services.** Expand your product/service line to offer customers more. Just make sure that the products and services you add are consistent with your brand.

- **Expand into other businesses or industries.** Follow the lead of Amazon and Virgin by adding new business units. You may not have the bandwidth to start your own airline or music streaming business, but you can branch out into different product or service categories.

WARNING

Don't lose focus. Ramp up your marketing efforts to promote what you already have in place before branching out into new product lines, businesses, or industries.

Conducting a Brand Audit

REMEMBER

Before you invest one iota of effort in scaling your brand, conduct an audit to evaluate your brand's current condition and determine whether it's performing up to your expectations. Scaling a brand makes no sense if it's not already headed in the right direction; you'll just end up going farther in the wrong direction.

A brand audit provides insight into whether your brand's image (in the minds of customers) aligns with the brand identity you envisioned and how well your brand is performing in the market compared with its competitors and your expectations.

Recognizing the benefits of a brand audit

Conducting a brand audit offers the following benefits:

- Enables you to gauge your brand's performance
- Reveals any disparity between what customers think and feel about your brand and what you want them to think and feel

  TIP

  Disparity isn't necessarily bad. It could reveal something about your target market that you overlooked. When you encounter a disparity between what customers think and feel and what you want them to think and feel, ask yourself, "Is that a bad thing or a good thing?" These thoughts and feelings may be things you want to nurture to your brand's advantage.
- Uncovers any inconsistencies in how your brand guidelines are being practiced across your organization (See Book 1, Chapter 3 for more about the look of the brand.)
- Highlights your brand's strengths and weaknesses, along with possible improvements you can make to strengthen your brand
- Identifies any emerging threats and opportunities

Auditing your brand

Take the following steps to conduct your brand audit:

1. **Identify the areas of focus for your brand audit, such as the following:**
   - Your branding goals and whether you're on track to meet those goals
   - The alignment of what your customers think and feel about your brand with what you want them to think and feel
   - Threats to your brand posed by competitors, changes in legislation or regulations, or other marketplace challenges
   - Threats to your brand internally from people who aren't following your brand guidelines or from a toxic work environment that's reflecting poorly on your brand
   - The people you're serving and their needs, desires, and values, which can change over time, creating a disconnect between your brand and the people you're trying to reach
2. **Survey your customers and prospective customers to find out what they think and how they feel about your brand.**

   Ask questions such as the following:
   - What words would you use to describe our brand?
   - How does our brand compare with competing brands?
   - If you were searching online for a brand like ours, what keywords would you use in your search?
   - What could we do to improve our brand?
3. **Survey suppliers, vendors, and any employees to find out what they think and how they feel about your brand.**

   Ask questions such as the following:
   - How would you describe our business culture?
   - What could we do to improve the way we do business?
   - Do we practice what we preach? or Do our business practices align with our stated mission and values? If not, please describe the misalignment.
4. **Review your branding guidelines.**

   Identify anything that needs to be changed to achieve better alignment between what people think and feel about your brand and what you want them to think and feel about it.

5. **Review your website, blog, webstore, and other online properties.**

   Determine whether what you're doing online is strengthening or weakening your brand, and highlight any areas that need improvement.

6. **Review your marketing campaigns, paid advertising, and email marketing.**

   Determine whether they're strengthening or weakening your brand and highlight any areas that need improvement.

7. **Examine your market closely.**

   Your aim is to spot potential threats from competitors, regulations, emerging technologies, and anything else that might disrupt your supply chain or other business operations.

8. **Examine your market closely for potential opportunities that would be a good fit for your brand.**

REMEMBER

Although branding is about consistency, your brand audit is about alignment. You're looking for inconsistencies that cause misalignment between what you're doing and what you're trying to accomplish in terms of strengthening your brand.

Before you start to invest time and effort in scaling your brand, address any issues that your audit reveals.

Creating a Scaling Plan

Scaling a brand is like starting one, in that planning helps ensure success. Every scaling plan is a little different, depending on the nature of the industry, business, and brand and on how you're planning to scale — such as by increasing your marketing efforts or adding a new business to your brand. In most cases, a scaling plan should cover the following areas:

- **Strategy:** Your strategy is how you've decided to scale the brand. Refer to "Surveying Different Approaches to Scaling a Brand," earlier in this chapter.
- **Goal:** your branding goal (what you hope to accomplish by scaling your brand) and how it aligns with your overall branding goals.
- **Management:** Decide who's going to lead the scaling initiative. The person who starts a business often isn't the best candidate to grow the business. If you're currently in charge, be honest: Are you the best person for the job? If you're great at innovation and starting things but not so good at following

through, you may want to hire or partner with someone who's better at managing a growing business.

- **Documented procedures and policies:** Small-business owners often run their businesses without formal, documented procedures and policies in place. Everyone involved just knows what to do or learns through on-the-job training. That approach doesn't work for larger operations. Any scaling plan should include the development of documented procedures and policies so that the business can essentially run itself, without the direct involvement of executive leadership.
- **Capital:** Small-business owners often finance their own operations, but a growing business often needs capital in the form of grants, debt, or equity:
  - *Grants* are free money from government agencies, corporations, people, or not-for-profit organizations that believe in or stand to benefit in some way from what another organization is doing. What's great about grants is that you don't have to pay them back or give up any control of your business.
  - *Debt financing* involves borrowing money, usually from a bank, but also potentially from private lenders.
  - *Equity financing* involves selling a stake in the business, such as selling shares of stock to investors.
- **New technologies:** A new technology can be the driving force behind a business expansion. It may enable you to create better products or lower their cost, improve or automate customer service, or deliver new products or services to the market.

WARNING

As many successful entrepreneurs advise, "Failing to plan is planning to fail." Growth doesn't always lead to success. If scaling isn't planned and managed properly, it can destroy a previously successful company, usually due to cash-flow problems (more cash flowing out than in).

Setting milestones

With plan in hand, establish milestones for all your objectives — everything you need to accomplish to scale your brand, including hiring, documenting procedures and policies, securing financing, and integrating new technologies or methodologies. Milestones enable you to break down large, complex projects into manageable tasks, and they keep you and your team on track and accountable for progress.

REMEMBER

Set a milestone for each step of every objective you must meet, along with a brief description of what must be accomplished (the deliverable) by the specified date. If you're going to hire an assistant to reduce your workload, for example, specify the dates on which you'll start and end the recruiting process, the date by which you'll select candidates to interview, the date by which you'll choose a candidate, and the date by which the person you choose will be in place.

Sourcing products at larger quantities without sacrificing quality

If you're scaling a product brand, one of the biggest hurdles involves increasing production without sacrificing quality or taking a big hit on your profit margin.

If you outsource production to a manufacturer or obtain products from suppliers (who buy them from manufacturers and sell them to you), the first order of business is contacting your manufacturer or supplier to discuss your plans to scale and find out whether they can deliver the quantities you need. In other words, find out whether they can scale along with you.

REMEMBER

You and your manufacturer/supplier have, or should have, a mutually beneficial relationship; their sales and revenue growth is directly dependent on yours. They should be happy and eager to scale along with you. If they're not, you may need to find a new partner or another one to pick up the slack.

You can find manufacturers and suppliers by searching the web for the name or a description of the product followed by "manufacturer" or "supplier." Alibaba (`https://www.alibaba.com`) can connect you with suppliers in China, and other online directories are available to aid you in your search (both in the United States and internationally), including the following:

- Maker's Row (`https://makersrow.com`)
- Kompass (`https://www.kompass.com`)
- IndiaMART (`https://www.indiamart.com`)
- Sourcify (`https://www.sourcify.com`)

As you contact suppliers, gather the following information:

- Whether they can manufacture/supply the product you need in the quantities you need to your specifications
- Lead times (when you can expect to receive products after placing an order)

- Cost per unit
- Any discounts for bulk orders (and what constitutes a bulk order)
- Shipping costs
- Minimum order quantities
- Intellectual-property protections (if the supplier will be manufacturing a product that you invented)
- Setup fees
- Defect/return policy
- Reputation and reliability (check references and sample products)

If you manufacture your products yourself, figure out what you need to ramp up production, such as

- Additional materials and supplies
- Technology or machinery that saves time and effort
- A bigger space
- Hiring personnel or outsourcing work to freelancers (see the later section "Outsourcing Responsibilities to Lighten Your Load")

Scaling a service brand

If yours is a service brand, you basically have two ways to scale: get more clients or provide more service to existing clients. If you're a one-person business (you are the business), scaling up is especially challenging, because you need to increase efficiency to have the time and other resources to fuel your growth. Here are a few suggestions for scaling a service brand:

- **Focus on increasing efficiencies first.** Analyze all your business processes with an eye toward maximizing efficiency.
- **Examine your existing client pool with an eye toward serving them better.** Can you improve existing services to do a better job of meeting your clients' needs? Can you offer any additional services to expand your business by meeting more of their needs?
- **Examine your best clients to find out who they are, which channels they came from, and what they value most about you.** This information gives you insight into where to find more best clients and how to pitch to them most effectively.

- **Delegate and deputize.** Ask yourself whether you're working *in* your business or *on* it. If you're working in it (doing everything), you're not a business owner; you're an employee. You want to create a business that can run on its own, without you, so that you can use your time and resources to improve and grow the business. Your ultimate goal should be to create a business you can sell, whether you decide to sell it or not.

REMEMBER

For a service-based business, keep a close eye on *variable costs* — materials and wages or time you need to deliver the service. Because a service-based business focuses on someone performing the service, your variable costs will rise as you scale up. Just be sure that your profits will increase enough to more than make up for the rise in costs.

Outsourcing Responsibilities to Lighten Your Load

As your brand evolves, especially if it's growing faster than expected, delegating and deputizing to free your time and energy for higher level tasks can be a challenge. You built the brand from the ground up, so you may struggle to trust others to take it to the next level. Keep in mind, however, that you're not doing your brand any favors by trying to do everything yourself. You'll do more good at the top — and there is no top without people below you to handle the daily operations (or at least some of them). You just need to hire the right people and train them well.

REMEMBER

Think in terms of the three Ps: people, positions, and processes. Hire the right people for the right positions, and give them effective processes to follow, and your success is almost guaranteed.

Hiring the right people

Hiring the right people and putting them in the right positions is first and foremost. The most valuable part of any business is its people. Whether you hire contractors or employees, screen them carefully. Pay special attention to the following criteria:

- **Competence:** Does the person have the knowledge, skills, and experience to do the job?

- **Confidence:** Confident people with positive attitudes tend to succeed even in the face of adversity. They're willing to take risks and don't feel threatened or insulted when a superior offers help or guidance.
- **Reliability:** You want people you can count on to show up and do their jobs.
- **Strong values that align with your brand:** Do the person's core values fit with your brand and with the work that needs to be done? Some values are important across your organization, such as honesty, integrity, and a strong work ethic. Other values may be job-specific, such as innovation, creativity, independence, and collaboration.
- **Familiarity with your industry:** This quality may not be essential, but it's good to have people who "get it" — who understand how the industry operates and how your brand fits in that ecosystem.
- **Personality:** Does the person have a personality that's right for the job and that fits with your brand's identity? If your brand is built on creativity and innovation, for example, someone who's more practical and systematic may not be the right fit.
- **Communication and interpersonal skills:** Does the person have the communication and interpersonal skills necessary to play well with others on your team?

Choosing a contractor or employee

You can outsource work and responsibilities to employees or contractors. Which of the two is right for you depends on the situation:

- If you have steady work and need someone who's available onsite and during business hours, hire an employee — someone who's dedicated to serving your business.
- If you have specific jobs or responsibilities that a contractor can handle offsite and outside normal business hours, you're probably better off hiring a contractor.

Hiring a contractor is often a good way to test-drive someone before adding them to your team as an employee. It's also a good approach if your business is seasonal and needs to scale up and down over the course of the year.

REMEMBER

The gig economy is exploding. More and more people are freelancing, so they can pick and choose the work they want to do, the businesses they work for, and the hours they work, all while maximizing their income. Be prepared to make accommodations for gig workers; you may be able to attract better workers for less money by being flexible.

Using your brand style guide for training

Whether you hire employees or contractors, you should have procedures, policies, and standards in place to ensure that the work is performed to your expectations. To ensure consistency for your brand, be sure to include your brand style guide in your training. All members of your team — especially those in marketing, sales, and customer service — need to review the brand style guide so that they have intimate knowledge of the desired look and feel of the brand and how you want customers to perceive the brand.

As you bring employees and contractors up to speed on your brand's look and feel, highlight the following elements in your brand's style guide:

- Mission/vision statement
- Core values
- Brand identity
- Key differentiators (what makes your brand different from and better than the other options on the market)
- Customer avatars
- Your brand's voice and tone

TIP

See Book 1, Chapter 3 for more about mission statements, core values, and more.