

# Glencoe/McGraw-Hill Podcast

## Title: “Starting and Marketing Your Own Business” (Marketing Essentials)

ANNOUNCER

Welcome to Glencoe’s podcast series. You’re listening to Business Basics.

HOST: DAVID

Hello, I’m your host, David Stern. Today we’re talking about something many of us think about at some point in our careers, and that is: starting our own business. Doesn’t the idea of being your own boss sound terrific? Who wouldn’t enjoy that kind of freedom? But with that freedom comes added responsibility and pressure, because if you mess things up, you can’t exactly fire yourself.

To help us all better understand the ins and outs of starting your own business, I’m joined by an illustrious panel. First, from Gardena, California, the owner of Fanciful Flowers, please welcome Sabrina Gonzalez. Sabrina opened her own flower shop just three years out of high school. And from Denver, Colorado, the owner of Trek Happy—a retail store devoted exclusively to hiking boots and walking shoes, Kale McManus. And finally Laura Selenger, who teaches entrepreneurial skills at Tri-Borough Vocational School. Thank you all for being here.

GROUP

(Hellos)

DAVID

Let’s begin with you, Sabrina. So, just three years out of high school and you opened your own business. That’s pretty impressive. Tell us how that came about.

SABRINA

Well, I had this idea all through high school. I love flowers, and my mom and I grew flowers throughout my childhood. My mom also taught me to make beautiful flower arrangements, which we would give as gifts. Sometimes we’d be hired by family friends to do flowers for weddings or birthdays, and we used the flowers right from our own garden. I realized early that I could make a living doing something I loved. Anyway, at the end of our street there was this cute little coffee shop, and my mom and I used to always say it would make the perfect flower shop. Great location, on a busy street corner, lots of parking, and right next to a supermarket. Then one day I found out the coffee shop was going out of business, and the store was going up for lease. That’s when I put my plan into action.

DAVID

Kale, you bought a store that was already in business, correct?

KALE

I did. It was a discount shoe store that had been in business ten years and still had pretty decent foot traffic, no pun intended. But as Sabrina mentioned about her store, my decision to buy this store was all about the location. The store was just off the highway on the way to Rocky Mountain National Park. My idea was that I could devote my inventory exclusively to the needs of hikers and backpackers in the summer, and then to skiers and snowboarders in the winter, then I could sell to a year-round niche market. And I could target buyers who were more inclined to buy, since

they were either headed into the mountains and needed boots, or they were just leaving the mountains and realized they needed better boots for the next trip. Sort of catch them coming and going.

DAVID

Perfect time to read this first e-mail from Justin, because it happens to be the question I was about to ask next. Justin writes: “Is it better to try to start your own business from the ground up or to buy an existing business?” Laura, do you want to take this?

LAURA

Oh, sure. Well the answer is: There is no formula for entrepreneurial success. There are many ways to plan and strategize and prepare—all of which will increase your odds for success—but whether your business works or not is ultimately up to the market. So in the cases of Sabrina and Kale, it sounds as though they each made decisions that were best for their business models and to accomplish what they set out to achieve. I will say this, though: Generally speaking, buying an existing business is less risky than building one from the ground up.

DAVID

Why is that?

LAURA

Well, for one thing, you already have customers. And there is something called customer goodwill. Goodwill is a loyal customer base that will always turn to your business for their needs, so long as you maintain the same level of customer care. You also will likely have trained employees in place, another big advantage, and you may well have inventory, which I’m guessing was an advantage for Kale.

KALE

True. The store already had a large inventory of boots and hiking shoes, which I purchased with the business. The former owner then had a closeout sale on the stock I didn’t buy. Meanwhile, I ordered new lines of shoes and hikers and some additional inventory of backpacking gear. I changed the name of the store, kept all five clerks who already worked there and gave them some additional training, and I was in business. Well, the bank and I were in business. But for me it was, and is, a dream come true. I grew up in a very big city, and living in the Rocky Mountains has been my dream since I first visited with my family when I was a kid. Granted, I work a lot, but even when I’m working, I’m still exactly where I want to be. I can see the mountains from my front store window. I also love talking with other hikers, backpackers, and skiers.

DAVID

And how’s business?

KALE

I’ve been open two years now, and sales have risen steadily every month.

LAURA

Sounds like a very efficient start-up. Well done. David, I’d like to hear from Sabrina about how she started out.

DAVID

Sabrina?

SABRINA

Well, my parents co-signed a loan for me, and that, combined with my savings, and an investment loan from my grandparents, allowed me to secure the lease for two years and pay to do some renovation. Thankfully, my brothers and my dad are very handy that way, so they did most of the work. I just paid for supplies. My mom and I handled the design and then the painting. We also wanted to supply as many of our own flowers as we could, so we tripled the garden capacity at my parents' house down the street, and we had everybody in the family growing flowers in their yards at home too. Just one of the advantages of living in Southern California. In our first year, we bought two-thirds of the flowers we sold from wholesalers, and the remaining third we raised ourselves. Next year we plan to purchase some land, build a greenhouse, and my brothers are going to grow orchids, which are big sellers. The following year we'd like to add a new store across town. And we just bought our second delivery van.

LAURA

My goodness! Very impressive! You have the whole family involved! That's great. Sounds like business is booming. Or blooming. (all laugh)

SABRINA

Totally! Business is great. And yes, it is a family affair. My mom and I run the store. We do all the flower arrangements and handle the retail flow. My dad—who recently retired—and my two brothers keep it stocked, and my nephews deliver. It is absolutely the best thing that has ever happened to our family.

DAVID

Gosh, what a great story. You should be very proud, Sabrina. So, Laura, it looks like both Sabrina and Kale made some good decisions about how to launch their new ventures.

LAURA

They did indeed, and I'd like to say this, because they both are examples of this very important point: Owning a business, whatever business that is, your business should reflect your personal goals and values.

DAVID

Explain what you mean by that.

LAURA

Well, core values do not change according to conditions. So for instance, if you are somebody who places a very high value on family time, then you don't want to enter into a business that's going to require that you work away from home 100 hours a week. In Sabrina's case, family is obviously very important, but she found a way to devote as much time as she needs to her business and spend time with her family—the best of both worlds. Kale is an avid outdoorsman who saw a need, not only in his own life, but also within his community of outdoor enthusiasts—and then he filled it. Their businesses are in no way at odds with their core values. Both perfect fits.

DAVID

Sounds as though staying true to your core values is the best way to ensure business success as well as personal success.

LAURA

Exactly. Because, at least in my opinion, to be truly happy in your work, you have to be true to yourself.

DAVID

What other factors should you take into consideration in starting your own business?

LAURA

Your personality, for one. If you are not a “people person,” I would suggest avoiding retail. Look at your abilities, your skills, hobbies, interests, experience, and, of course, your resources. That’s a big one.

DAVID

That’s great advice. Let’s take a call from Courtney. Courtney, are you there?

COURTNEY

Hi, David. I was actually just going to ask about market research. How important is it when you’re considering opening your own business, and how do you go about doing it?

LAURA

Well, the answer is, very important. It is imperative to know what the chances are for success before you start, and the best way to know that is to identify your customers—what they want—and figure out their buying patterns. Marketing research allows you to determine potential markets, analyze demands, and forecast sales. It’s critical. And it’s the same whether you’re buying an existing business or beginning a new venture. There are many ways to research your market.

DAVID

Let’s see what our guests did in that regard. Sabrina, what kind of market research did you conduct?

SABRINA

Well, the first thing I did was talk to wholesalers about what types of flowers they were selling to shops in my part of the city so I could be sure to incorporate them into my store, along with some of my favorite flowers. So what I found out was that while roses are not my personal favorite, they are the favorite for a lot of customers in my area, so I always make sure to have a variety in stock. We do try to offer a slightly more inventive arrangement, though. No baby’s breath is allowed in our store! I also discovered, by talking to my nephews and other high school kids, that they were interested in prom flowers that were a bit less traditional, so during formal season, we offer some really cool and sophisticated corsages and boutonnieres. That’s been a huge seasonal business!

LAURA

Sabrina just described great techniques for market research. Descriptive research is used to determine consumer buying habits, among other things, and the use of a focus group. Sabrina

reached out to, in this case, high school students, specifically, about their needs and desires for their formal school affairs. So, by talking to a small group of potential customers, you can make decisions about that target market—a very smart approach. Historical research is also useful—that is, studying buying patterns and customer behavior from the past. Trade publications are a good resource, and talking to similar business owners can also provide great historical data.

DAVID

Thank you for your call, Courtney. We have to take a quick break. Keep listening. We'll be right back with more Business Basics.

DAVID

We're back. Now before the break we talked about market research. I have an e-mail from Robert on the subject of marketing plans. Robert writes: "I started my own landscape design business, and although business is good, it could be better. What advice can you share about various marketing strategies and their effectiveness?" Laura?

LAURA

Well, marketing strategies are part of an overall marketing plan, and this is a very involved process. I'll give you some basics here, and then encourage anybody considering starting their own businesses to delve much deeper in their own research. OK, let's look at the four Ps of marketing:

*Product:* You must make sure that the products you plan to sell are the products people want to buy.

*Place:* How will you get your goods or service to the customer, and how will you do that most efficiently?

*Price:* Price strategy is important because it is a financial decision that ensures costs are covered and that a profit is made. Price strategy is also important because it affects a customer's motivation to buy.

And *Promotion:* How you create the image of your business. Promotion also informs potential customers, as far as what your product or service actually is, its availability, and its benefits.

Add to those four Ps one more: *people*. Hire the best people. Some people believe this may be the most important aspect of marketing.

DAVID

Kale, what kind of marketing plan did you put together?

KALE

In this way: *Product:* As somebody who loves to be in the wilderness and in the mountains, I know that a certain kind of footwear is safer and more enjoyable. You can't hike in flip-flops. So I knew I was offering a product that customers wanted and needed.

*Place:* As I mentioned earlier, my store is located at the gateway to the Rocky Mountains. Not only that, but I have a Web site that's doing great business too, and I offer overnight delivery for a minimal charge. So my product is very available.

*Pricing:* Good hiking shoes and boots are not cheap, even for me. I don't increase prices so high to price myself out of the market. I'd rather have many customers and good prices than few customers who will pay high prices. And I truly believe that customers who buy from me will have a better hiking experience.

*Promotion:* I decided to distribute flyers with coupons and place ads all over Colorado. What I lose in sales price I easily make up for in volume.

*People:* I thought it best to keep the same people so that the customers would still feel comfortable, and because they are all excellent salespeople who also love the outdoors. I got very lucky there.

LAURA

David, I have to say you invited two shining examples of entrepreneurial spirit. I can teach the skills to succeed, but I can't teach the instincts these two were born with. Many of us possess these instincts, but it's up to us to see the promise in ourselves. Throw in plenty of hard work, commitment, research, diligence, and a lot of heart, and you have a recipe for entrepreneurial success.

DAVID

A great end note, and a great show. I hope this has been helpful for you budding entrepreneurs out there. Laura Selenger, thank you so much for being with us. And Sabrina and Kale, thank you both, and we wish you continued success in your business ventures. That's all the time we have for today, but please join us next time for another edition of Business Basics. I'm David Stern.