



AGENCY POSITION



MARKETING TO SMALL BUSINESSES



**PRESENTED BY STRATEGIC DIRECT MARKETING, INC.
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MARKETING TO SMALL BUSINESSES

The small business market is growing across America. More and more entrepreneurs are striking out on their own, and they are providing many of our nation's core products and services. In addition, many of these entrepreneurs are selling worldwide, bringing even more dollars into our economy.

Every financial institution would like to capture this business, but how do you separate the legitimate businesses from the fly-by-nights? How do you capture the business owner's attention, when everyone else is in competition for the same loan activity?

SDMI recommends that you keep six key items in mind when marketing loans to small business:

🌀 **KEEP IT SIMPLE.** We know that most small business managers are overworked and don't have a lot of time to read their mail. It must be eye-catching and easy to read.

🌀 **PRE-APPROVE EVERYONE.** It pays to pre-approve the business for the loan or line of credit. Experian (formerly TRW) offers three different approaches to small business pre-approval:

🌀 **PERSONAL ONLY.** Here, they review the principal/owner's personal credit for the approval; the business financials aren't even considered, even though the mail goes to the company.

🌀 **BUSINESS AND PERSONAL.** In this scenario, both the personal and business financials are reviewed for credit worthiness.

🌀 **BUSINESS ONLY.** In this case, only the business data is reviewed for credit worthiness. It is perhaps the riskiest of all, because your only recourse is to go after the net worth of the business -- often a lost cause with small entrepreneurships.

MARKETING TO SMALL BUSINESSES (CONTINUED)

If you cannot pre-approve due to low risk tolerance at your institution, we recommend using a mini-application. A full application in the mail will greatly deflate response. Why would a business owner fill out a huge form, when he/she receives a pre-approved offer from Wells Fargo, Bank One, Bank of America or one of the other banking giants? These super-banks are pre-approving small business owners from coast-to-coast, and they are going after businesses in your area.

🌀 **PRE-COMplete EVERYTHING YOU CAN.** If you have a lot of data on the account holder or prospect, laser-fill this data on the application or acceptance form. It will save the business owner time, and helps overcome the 'long app' syndrome.

🌀 **MINIMIZE THE PATH TO "YES".** Many financial institutions want to get dozens of items of information before they approve the loan. This is okay, but separate the RESPONSE data from the LOAN data. Make it extremely easy for the respondent to accept your offer, then get the required data on the loan papers. You'll enjoy more response, and once they've mentally committed to the loan, you won't have any problem getting the additional information from them.

🌀 **SELL GROWTH NOT DEBT.** Few businesses want to get into debt, and they don't even want a line of credit -- which can represent the potential for debt. It's important to talk about specific items the prospect may want, i.e. new machines for industrial SIC code businesses, new inventory/supplies for service businesses, improved cash flow for smaller businesses, etc. It's important to 'paint the vista' of success and get them envisioning their new, improved company: this is why entrepreneurs accept the offer.

MARKETING TO SMALL BUSINESSES (CONTINUED)

🎯 **SELL LOCAL SERVICE.** Every business owner wants to think that their financial institution representative knows them personally, and will help them out when times get tough. It is important to use the specific financial institution rep's name, signature and phone number in the mailing. If you can include a business card or Rolodex card for their contact individual, even better. Bear in mind that these people will get calls from the prospects, and they must know to expect and respond favorably to these calls. They must play up to the small business owner and convey a sincere interest in his/her business.

The most important decision you will make is list selection. Here are two approaches to consider:

🎯 **Dun & Bradstreet.** D&B is still the 'Cadillac' of business lists. They will have the most complete data around. The problem is the cost. They can charge as much as \$1.00 per name for this information. We have seen huge variations in cost, depending on which division or sales rep. you talk with. D&B is the only vendor that can provide Paydex scores, and exact sales figures by company. Other list vendors use inferred data, which is largely useless. Because drastic changes can take place in a business from year to year, projections are not always accurate; you may end up targeting businesses that look radically different from what the list is telling you.

🎯 **Other compilers.** There are a number of small business list compilers in the industry. The most basic lists are nothing more than glorified yellow-page lists; the more advanced include year of business establishment, number of employees, SIC codes, etc. We can provide counts if you provide us with your target Zip Codes or Counties.

SMALL BUSINESS MARKETING CONCEPTS

Here are some generic ideas for marketing to small business:

Free Business Review.

Offer a free review of the business, including:

- a. National ranking among similar companies
- b. Major competitors & their sales amounts
- c. Current customer base analysis: most profitable/least profitable customers
- d. Prospect review: other potential customers, and how much they are likely to spend on the services offered by the business
- e. Current financial status: equity vs. debt; recommendations for capital, resources, growth
- f. Business plan review & recommendations

Money Utilization Review

Offer to review the company's current banking package from every angle: bank products & fees, available credit, current debt load, etc. Then, present a game plan for reducing costs and obtaining additional growth capital.

Free Industry Newsletter

In exchange for switching the company's DDA to your institution, offer to buy the company an annual subscription to a selected industry publication, (\$XXX ceiling on cost of subscription.)

Free Marketing Consultation

Hire a professional consultant to work with the business in building their sales. In exchange for moving their DDA to your institution, business gets 2 free hours of marketing consultation from a professional.

Free Web Site

In exchange for moving their DDA to your institution, you agree to set up a simple web page for the business. Work with a local web designer to establish the home site for the business, (\$XXX ceiling on time / cost of site design.)

SMALL BUSINESS MARKETING CONCEPTS (CONTINUED)

Free Participation in Business Roundtable

Set up a business roundtable of all businesses that bank with you. Offer free monthly or quarterly meetings / seminars. Guest speakers can present topics of concern to all businesses. Presentations by area businesses can be a highlight. Also, roundtable discussions on key topics; change the topics each meeting. Present handout material showing how your institution's resources can help the business owners.

Free Account Conversion

Offer to handle every aspect of switching the company's DDA to your institution, including:

- a. Transfer of all automatic payments
- b. Printing of first order of checks free
- c. Setting up a free safe deposit box
- d. Providing CPA consultation on improving cash flow & profitability of the business

Free Accounting Software

Provide the businesses' choice of three popular PC-based accounting systems free if they move their DDA to your institution. Allow them to borrow training materials from your institution on a short-term basis. OR -- if you have a good amount of participants, offer free classes at your site on using the software. (Hire a software consultant to teach the classes.)

Free Business Plan

In exchange for switching the DDA to your institution, you will provide complete business plan development for the business. Hire a consultant, who will interview the business and determine what new area they want to grow into. The consultant will do the research, and provide a rough draft of the business plan, complete with financing numbers provided by your institution.

SMALL BUSINESS MARKETING CONCEPTS *(CONTINUED)*

Free Conference

In exchange for switching their DDA AND activating a new \$50,000+ line of credit for \$25,000 or more at closing, you agree to send up to 2 owners of the business to an industry convention of their choice, (\$XXX maximum.)

TACTILE IMPLEMENTATION CONCEPTS

Here are some tactile implementation ideas:

☉ **Coffee Cup in a Box.** Here we design an elegant coffee cup in your institution's colors. We produce a fancy gloss-enamel gift box that features a message on the outside. Inside is a two-piece foam block that holds the cup snugly in place. When the recipient opens the box, the mug is revealed. The message on the lid of the gift box and the mug itself is the same:

**Your Bright New Financial Future
Is At Acme.**

☉ **Your Business And Home Life Already Blends Together; Now Your Checking Account Can, Too!** The idea here is to send a cordless mini-mixer in a box. The design and graphics on the box and the promotional materials inside will all be 1950's retro: Betty Crocker, bouffant hairdos, bold & bright retro colors. The mixer itself can be obtained for about \$2.00; with box, printing & premium, this can be an affordable yet very impactful mailing kit.

☉ **A Bright New Idea in Business & Personal Checking.** Here we enclose a pocket-size slide light into a clear plastic tube. The light is visible inside of the tube, and the message is printed in bold type on a bright yellow label that wraps around the top of the tube. The light itself is in the \$1.50 range; the cost of this kit will be low, yet the overall attention-grabbing impact will be high.

TACTILE IMPLEMENTATION CONCEPTS (CONTINUED)


New Combo Checking at Acme Saves You Time At Work AND At Home:


- **More Time to Cut Red Tape at Work**
- **More Time to Prune Roses at Home.**

This is a box mailing that features a pair of garden shears AND a pair of office scissors, side by side in an oversized mailing box. The weight and size of the box will get it opened; the premium items will be kept and used. This kit will be remembered, and the premium items call up a vision of the benefit of the account you are selling.


Use This Data Bank To Keep Home & Work Numbers Handy. Use Combo Checking at Acme To Make Life at Home & Work Easier.


Here, we give the prospect an actual electronic data bank. The cost of these items has come way down, so this is actually an inexpensive mailing. We recommend placing the data bank in a bubble pack along with the promotional literature; it will be bulky and look more like merchandise they ordered rather than a solicitation; they'll be into it before they know it's a sales message.


 **If Your Home & Work Time is Becoming One, Maybe Your Checking Account Should As Well...** This kit features a swivel clock with an elegant look. It looks and feels like a much more expensive item than it actually is; it is oversized and heavy, and will capture a lot of attention in the mail. Besides, who ever throws out a clock? You always need one somewhere. This kit will be remembered for a long time.

 **Bring Your Business and Personal Finances Into The Same Focus.** Here we send out a pair of high-quality binoculars along with the marketing message. A nice visual tie-in will be a montage of sharp vs. blurry photos; it draws home the point that the Acme product will bring your varied financial needs into clarity.

TACTILE IMPLEMENTATION CONCEPTS *(CONTINUED)*

 **Let Us Make A Case for Combining Your Business & Personal Accounts Into One.** Here we provide a high-quality full-size leather-look attaché case. It's large enough to hold a laptop computer, which is probably what many executives will use it for. The shipping container is large enough to command real interest, yet this premium sells for less than \$5.00.

 **The Picture Of Efficiency.** Here we send a real Vivitar 35mm flash camera to the prospect. The premium is tied into a contest: send us a photo of the most clever way to link your personal life with your business life. The winner gets a family trip for 4 to Disney World. Obviously, the theme is that Combo Checking from Acme is the ideal way to merge all of your financial needs into one.

 **How Much Time Could You Save With Combo Checking at Acme?** In this mailing we send a bright yellow and black chronograph (watch) in a clever long box mailer. The premise is that the recipient should monitor how much time they spend on personal banking and small business banking; they can save X number of hours per week by using Acme's product.

To find out what SDMI can do for you and your marketing efforts to Small Businesses in your area, call us at 1-800-843-8861, or complete and fax back the attached Information Request Form.



SMALL BUSINESS MARKETING INFORMATION REQUEST FORM

Administrator Name _____

Administrator Title _____

Administrator Phone # (_____) _____

Administrator Email Address _____ @ _____

Institution Name _____

Total Assets (estimated) _____

Total Number of Households Served (estimated) _____

PROGRAM TYPE

Small Business Marketing

Other: _____

PROGRAM OVERVIEW

Number of Small Business Accounts Currently _____

What products do you offer for Small Business? _____

What geography do you server? _____

Please complete and FAX to (615) 834-6698, or mail to:
SDMI, 447 Metroplex Drive, Nashville, TN 37211-3109.
For more information call 1-800-843-8861.