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MESSAGES from the Masters

WHAT BUSINESS ARE YOU IN? by John P. Hayes

How do you respond when someone asks you, "What business are you in?"

Like so many business people, I bet you respond by explaining what you sell, or what you do. For example, "I'm in the pizza business," or "I'm in the hardware business." "I'm in the PEOPLE business," says a clever man who sells clothing. He's in the PEOPLE business, he says, because he deals with people all day long.

Notice, however, that no one said what business they're in. Instead, they explained what they sell or do. People sell pizza and hardware, and while they don't sell people, they learn to work with people to try to satisfy their desires.

There are two problems with these answers. First, they're not correct. Second, they beg the question: "So what?"

If you consider that a business has but one purpose, which is to create a customer, then it's quite clear

that there's only one business to be in...the business of capturing and keeping customers.

Regardless of what you sell, you don't have a business until a customer BUYS from you. The emphasis is on capturing and keeping customers. That's really the only business to be in. Successful businesses recognize that fact and focus on capturing and keeping their customers.

The second problem that occurs when you tell people what you sell is lack of differentiation. Ask 15 hardware store owners what business they're in and there's a good chance a dozen of them will say: The hardware business. The other three are likely to say: People, Customer Service, and Profit.

What you sell is not the point! How you differentiate what you sell IS the point! Who cares if you're in the hardware business? Only someone who needs to buy hardware. But if they run into six people who all say they're in the hardware business, which one does the customer choose? Where are they going to shop?

I'll tell you where: at the store or the restaurant or the office that differentiates itself.

Want to differentiate yourself? Get out of the business you think you're in and get in the right business: the business of capturing and keeping customers. Your competitors aren't in THAT business! You've got it all to yourself.



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About Our Firm...

McCormick-Klessig & Assoc., Ltd. provides individuals, families, small and medium sized businesses with complete coverage of personal and business risks in all product lines: Commercial Personal Life Accidental and Health (including group products).

How Can a Forced Business Liquidation Be Avoided in the Event of Your Death?

When business liquidation is the only course of action at an owner's death, *life insurance* can provide the funds that make the difference between a planned liquidation and a financially-disastrous forced liquidation.

Consider the uses to which *life insurance* can be put in the planned liquidation of a business:

Estate Settlement

Life insurance proceeds can be used to pay estate taxes and other estate settlement costs, allowing the liquidation to proceed on an orderly basis.

Family Income

Using life insurance proceeds to provide the surviving family with a continuing income can avoid a forced liquidation of business assets for this purpose.

Working Capital

If the executor needs additional cash to temporarily operate the business, life insurance can serve as the source of that cash.

Offset Shrinkage

Even a planned liquidation will usually result in some shrinkage in value, as compared to what the business was worth as a going concern. Life insurance can be used to replace the value lost in the liquidation.

For "pennies on the dollar," *life insurance* guarantees that the cash needed to avoid a forced liquidation will be available exactly when needed -- at the business owner's death.