

## “You can be successful in Texas.”

Debbie Schmidt Johnson

### DEBBIE SCHMIDT JOHNSON

Austin is a city that celebrates the entrepreneur. Debbie moved to Austin in 2006, and it turns out that it is the perfect place to share her knack for growing a successful business.

Her expertise and style of delivery has gained the confidence of several local clients. Debbie coaches them on how to gain more from business strategies that include marketing, sales and board development.

Debbie accepted an invitation to meet with a group of Canadians participating in SXSWi 2008 – Austin’s annual interactive conference attracting more than 7,000 attendees. I recently spoke with Debbie about the visit and she agreed to share a few thoughts on growing a business in Texas.

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1. Most Canadian technology companies have experience with conducting business in a marketplace across border. You have worked for large corporations and start-up clients in several locations in the USA. How is growing a business in Texas different from your experiences in other places across the country?

Texans share many similarities with citizens from across the U.S. but it might be a good idea to consider a few distinctions:

Most of us are familiar with the classic reputation that Texans are fiercely independent and proud. It is a generalization, but I found these characteristics to be truthful. However, these traits do not make Texans closed-minded to ideas from elsewhere. Texans and Texas companies think and operate globally.

Many Texans speak slowly and with a slight drawl. I think the accent can be effective at lulling the listener into a false sense of security; that the speaker is thinking along with the rhythm of their cadence. Do NOT be fooled! Texans are typically very astute and the charming drawl can be used to their advantage, especially during negotiations.

Texans vary greatly. Geography and distance has led to wide variances between residents. Houston and Dallas are very cosmopolitan and conservative. Austin is seen as an island of liberals in an otherwise very conservative state. West Texas is quite isolated and has a small town feel. East Texas is much more provincial, even genteel. Of course this representation is a mass generalization but suffice it to say that Texans are not the least homogeneous. The good news is that, despite these characteristics, Texans are a friendly bunch, always open to new people and ideas.

**2. You have clients seeking direct sales channels and others searching for partnerships to develop new products or services around proprietary technologies. What key priorities should we remember when developing a strategy to integrate and accomplish both objectives?**

Priorities for developing a strategy for either sales channel partners or development partners are similar for all good partnerships in business. These same principles apply to a consultant you might hire, an outsourced lawyer, or any resource supporting your business.

1) Values: More partnerships come unravelled due to a lack of at least similar, if not shared, values. This fundamental is easily assumed away but at your peril. Businesses do indeed have very different value systems which at a minimum can severely impede productivity and at its worst can grind the relationship to a halt, something I have personally witnessed several times. This due diligence to ensure a reasonable match of values is well worth the effort upfront.

2) Win-win: Creating a win-win scenario where both partners get what they really need from the relationship may seem incredibly elementary. However, many of us are tempted to negotiate with a 'winner take all' mindset. Ultimately, if you get your way and all the concessions you want but at the expense of a bad deal for your partner, the relationship will fail miserably. You will watch your partner circle the drain and, over time, go out of business ... not your intent if this is a partnership you rely on. The priority should be on finding a formula that propels both sides to meet their business goals.

3) Clear goals: It is easy in the heat of 'battle' – negotiating, getting the deal done, communicating the news to employees and clients, etc. – to let goal-setting slip by unnoticed. Clear, time-bound goals, when properly set will not only ensure alignment between the two partners but also focus everyone's efforts in the right direction. Additionally, measuring achievement against these goals provide the yardstick by which to make sure both participants are enjoying their requisite success.

**3. Texas cities like San Antonio, Austin, Dallas and Houston, serve as destinations for national tradeshow and conferences. These events may be great opportunities for business development, but what are the most important things a company should know before jumping on an airplane destined to Texas?**

Texas is a great destination for many reasons not the least of which is its (generally) desirable weather and plethora of great diversions.

However, don't forget your 'business head' before heading south. It's just as critical when coming to Texas as with anywhere else to do your homework to determine whether your target audience, the decision makers you really need to meet, will be where you're going. The potential for meeting new customers is one of the most important factors in driving your desired return on investment.

Assuming the rest of the basics are in place – pre-conference planning and contact, the right presence, the right people, etc. – then enjoy yourself in the friendly atmosphere you'll encounter in Texas. Take full advantage but again don't forget your business sense,

remembering to wrap up conversations with concrete action plans so that your trip is productive.

Texans also love to have fun. Shared fun can foster good relationship building opportunities which you'll need if you end up partnering with a Texas-based company.

**4. Most entrepreneurs have a sense for marketing and those from business school and with business experience certainly have contributed to a marketing campaign. Yet you often refer back to the marketing strategy as if it has been overlooked. Is marketing a subject that gets lost inside other priorities?**

In my experience, marketing is one of the easiest priorities to get lost in the shuffle and jettisoned when times get tough. While understandable for several reasons which I'll explain, neglecting marketing can severely restrict a business' success.

First, marketing is often viewed as a vague activity. Most people don't understand what marketing really is. For me, marketing is stimulating interest in your product or service. I've built my business on these efforts.

Secondly, marketing is frequently confused with sales. Sales efforts are critical for a business because this is where individual deals are closed and ultimately revenue realized. But, if you can get potential customers to contact you, already interested or intrigued by what you have to offer, your productivity as well as your lead time to see the revenue from a sale is greatly enhanced.

Thirdly, marketing is more of an art than a science. As a result, marketing expenditures are hard to measure. We prefer spending money when we can see a direct correlation between a dollar spent and dollars earned. Many businesses, in the urgent quest for revenue, want to see immediate results and become frustrated when they don't see them now. The worst thing that a business can do is cut their marketing investment because this will only further delay the eventual impact of the expenditure. Influencing potential customers and stimulating their interest is tricky business. Generally it takes awhile, sometimes six to twelve months, partly because of the repetition it takes to have enough impact to prompt a potential customer's action.

**5. Many of our clients struggle with the issue of managing a sales force from someplace in Canada or hiring local expertise. Can a foreign-based company find success in Texas without its own sales force?**

Yes. Commonly known as sales channels or indirect sales, using sales resources other than those on your own payroll can be extremely productive and cost effective if carefully chosen and managed. This how I help my clients:

- 1) Choosing wisely: Take great pains in choosing a resource you would be proud to have representing your product or service. The salespeople must be capable of learning enough about your product or service to adequately address customer needs and represent your offering accurately. They need to be professionals at selling ... you should not be paying for them to figure out how to sell on your nickel.

2) Equipping the sales resource very well: You need to develop an effective system to keep them educated and updated on your products and services so that they can be most effective for you. In short, you will need to treat an indirect sales-force as you would a client. This system should include staying in touch with enough regularity to remain at the top of their mind so they are working for you rather than competing priorities (i.e. other firms' offers, their employer's requests, etc.). All communications with this channel should be streamlined. Good salespeople hate anything that takes away from being in front of the customer so make it fast and simple. You want to make it as easy as possible to support you.

3) Initiating appropriate incentives: The most critical factor in producing sales are sales incentives. Salespeople will, without question, sell what they are paid for selling. Therefore, be very careful to design an incentive plan which produces the behaviour you want as you will most assuredly get it. If you decide to pay only for new customer sales, your current customers will be ignored. If you choose to pay for all incremental business from both new and existing customers, you may never get a new customer. Neither of these examples are inherently bad or good – just be sure to craft your incentive plan to drive the desired behaviour. The associated compensation also needs to be lucrative enough to get their attention. All indirect resources have lots of competing priorities --- you want to be the one who captures their mindshare.

#### **6. You probably interview with many potential clients. How do you know when a client is ready to take the steps required to benefit from your help?**

Most of us can tell when someone we're speaking with is truly engaged in the conversation versus checking their blackberry or looking around the room. To that same end, potential buyers exhibit classic signs that they are genuinely interested. We are talking about classic buying signals:

1. Nodding (applicable if face-to-face)
2. Affirmations (“yes”, “um-hum”, “okay”, etc.)
3. Asking questions
4. Confirming statements (“So I take that to mean ...”)

All of these behaviours are buying signals that indicate readiness to move forward. An important fundamental that should proceed all customer interactions is answering the question: what does moving forward look like? In other words, what would constitute a successful meeting or conversation? It could be a signed contract. It could be verbal approval to buy. It could be agreement to accept your formal proposal. It could be an agreement to view a demonstration of your product. It could be an agreement to set up another meeting with the decision makers. It could be any number of other things. You should always know what you want from every interaction with customers so you can guide the conversation to that conclusion and watch for the buying signals that you're arriving there.

Be sure to either: 1) confirm your understanding of what you are both agreeing to (*“I'm hearing you to say that you can have an experienced salesperson ready to be trained by July 1<sup>st</sup>, is that*

*right?”), or 2) overtly ask for what you want (“Can we agree that you’ll help me develop the cost data we need to justify this decision next time we meet on the 20<sup>th</sup>?”)*

This last step will enable you to ensure you’ve read the buying signals right and know for sure that your customer is ready to move forward.

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