

Diversify your Marketing

Many small business people tend to look at marketing as an expense that takes profit away from the business, as a luxury item to "splurge" on when they have the money, but not a necessity. This approach is short-sighted. Marketing is an investment that increases profit and improves business value over time.

Smart stock pickers' portfolios generally outperform the overall market. Similarly, smart marketers outperform the overall competition. Marketers and stock pickers are both able to see how strategic investments create opportunities for growth and profit. In fact, many principles of investing can also apply to marketing.

Strategy is Crucial

Overall strategy and goals drive your picks, whether they are stocks or marketing programs. A retired 65-year-old, for example, will want to conserve income and avoid risk of losing her nest egg. So, you are not likely to find speculative biotech companies - no matter how attractive the potential growth - in her portfolio. The 25-year-old, however, may load his portfolio with those and other risky stocks with potential for high long-term gains. Both investors are right, because they are using strategies that will help them achieve their individual goals.

Diversify to Reduce your risk of failure

We've all heard the advice "don't put all your eggs in one basket" and "diversify your portfolio." This applies equally to investing and marketing. Put all of your money in one stock and -- if some unforeseen event decreases the stock value -- then your investment tanks.

The same thing can happen if you put all of your marketing budget into one program. If some unforeseen event decreases effectiveness of that marketing program, then your marketing investment shrivels.

Diversify not only by type of program, but also by outlook. A mix of long-term and short-term marketing programs will help your profits both now and in the future. Choose Within Your Budget

If you have a limited budget -- as most of us do -- there will be many more good choices than your budget can cover. In both investing and marketing, you must evaluate your choices and pick those you believe will get the best return given the amount you have to invest. You will take a pass on some excellent opportunities because your marketing will become "lopsided," and you'll find yourself with a non-diversified marketing mix. Know That Business is Cyclical and Recognize Trends

"Buy low sell high" is like saying "get in while the gettin' is still good." Marketing programs -- like stocks -- go in and out of favor and fluctuate in value over time. Solid, new marketing programs tend to be highly effective at first, then become less effective as more marketers "jump on the bandwagon" and consumers/customers become less receptive. Your challenge is to recognize the difference between an "undervalued" program and a "dog."

As you put together your marketing plan or choose marketing programs throughout the year, treat your business' marketing mix as an investment portfolio and you are sure to gain profits.