

BUSINESS

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Rick Terrien

BUSINESS SOLUTIONS



PHOTO BY THE CAPITAL TIMES

Rick Terrien and some of his banners: "We're doing work nobody else wants."

Duo is building banner business

...
Key is staying in own niche

By Catherine Stover
 I.W. EXAMINATION SERVICE

General Foods: The United Way, IBM, CBS Television, Trinity College, Dublin, Ireland. These are among the 2,000 clients who order banners (with messages such as "Welcome Alumni" or "Our goal is \$400,000") from Banner Graphics, 100 S. Baldwin St., on the east side.

In what may be the ultimate example of a market niche, this razor-edged corporation has only one product and uses only one piece of equipment to make the product. Co-owners Rick Terrien and Mary Walker, a husband and wife team, describe their equipment as "a pre-Gutenberg type of printer that we designed ourselves. It beats computer printing handsily."

In the hands of different entrepreneurs, this business may not have ever become much more than a hobby. But Banner Graphics ships 5,000 banners a

year to a list of Fortune 500 firms that most business owners would envy.

The history of this 15-year-old firm reads like a "How to Be Successful in a Market Niche" manual. They started by identifying a viable market niche.

No other national firm makes the type of banner that Terrien and Walker make. Many companies produce computerized dot-matrix banners that cost about \$20 apiece. Other companies make hand-lettered banners that cost several hundred to several thousand dollars. Banner Graphics is the only national company that offers a middle choice — customized banners made on a press for about \$50.

"We're doing work nobody else wants," Terrien says. "The computerized firms don't want to make just one banner — but we will. The hand-lettered banner firms do not have the equipment we have that cuts our production time and makes us more efficient. They don't want to sell at our prices."

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Firm doing banners

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After identifying their opportunity to fill a market niche, Banner Graphics' owners look the next step. They marketed their product effectively. From the start, they recognized that a local market could not support their business, so they designed a national campaign.

"We have four methods of marketing," Terrien says. "Catalogues, direct mail, trade shows and telemarketing. And they overlap and reinforce each other."

Terrien and Walker plan their marketing strategy carefully, recognizing the need to build flexibility into their plan.

"At the beginning of the year," Walker said, "we always drew up our plan for our mailings, our shows, and our new areas of concentration. But we never set the plan in stone. What's good about small business is that we can always think on our feet. When the market tells us something we didn't expect to hear, we can change our plan on the spot."

"For example, when we write our plan, we don't know that the Moose Lodges are going to have their 100th anniversary, and that we're going to be very busy with them. Or we do not plan on Motorola introducing a new product worldwide. Or, on the other hand, we don't know that when we test market group travel specialists with our direct mail campaign, that it will bomb."

In addition to finding a niche and marketing effectively, small-business owners must perform several other functions well in order to succeed, Terrien and Walker say. These include:

■ **Making long-term customers — not just a quick sale:** Even when you have a big market, you should remember that repeat customers are where the real gold is, Terrien said. "With a business like ours, that seems like a one-shot deal sort of business, you might be surprised to learn that about 95 percent of our customers are repeat customers."

How do they build long-term business relationships?

"Our quality product and our competitive price gets us in the door," Terrien said. "But our service keeps our customers coming back."

■ **Getting your message through to the right person:**

The success of all of their marketing efforts hinges on their ability to reach the person who makes decisions about banners. With direct mail, that often requires knowing that they should write "Alumni/development office" instead of "Alumni director" when mailing to colleges and universities.

But it also means testing the direct mail campaign before saturating the market. "We did that once," Terrien said. "It looked like it was a sure bet, but it turned out to be a dud. We took a bath on it. Now we know exactly what it costs us to get a new customer, how much that new customer is going to spend in that year, and we also track them over five to six years and predict what they're going to spend."

■ **Low overhead:** Because Banner Graphics does not have local customers who walk in with orders, Terrien and Walker do not have to employ a receptionist, or provide counter space or retail space. And they do not have to pay for an expensive location that includes parking places for clients. Instead, their clients place their orders by mail, fax or phone. Maintaining a low overhead, of course, helps keep prices competitive.

■ **Stay in your niche:** "We do one thing that no one else can do," Walker said, "because we have a piece of equipment that we designed ourselves. And we have found that it's always a mistake in the long run to go out of our niche. You might wonder why it would be a mistake to let someone pay us \$800 to hand-paint a banner. It's a mistake because our business can have no long-term growth there because anyone can hand-paint a banner — we can't defend our position in that market."

But in their market niche, they do very well, thank you. Just ask the Fortune 500.