

SMALL TOWN RULES

How Big Brands and Small Businesses Can Prosper in a Connected Economy



BARRY J. MOLTZ & BECKY McCRAY

Why Learn From Small Towns? What Business People Are Saying...

"Only in a small town can you discover the true nature of what it means to be connected and, at the same time, living in a fish bowl."

-Tim Sanders, NY Times Bestselling Author, Love Is the Killer App

"People say the world is getting smaller; I think the world is getting more connected. It's all about the relationships—who you know and who knows you. Through the power of the Internet, mobile apps, and online social networking platforms like Facebook, Twitter, Google+, and LinkedIn, businesses now have unprecedented ways in which to nurture relationships with everyone in their marketplace. We're going back to the small town way of doing business where everyone knows your name and genuinely cares about you."

-Mari Smith, Author, The New Relationship Marketing

"For generations, small town businesses have been responsible for building the American economy, and all entrepreneurs can learn a thing or two from their success."

—Scott Gerber, Founder, Young Entrepreneur Council; Cofounder, Gen Y Capital Partners; Author, *Never Get a "Real" Job*

"Small town businesses *know* their customers. They know their kids' names, they know their favorite sports teams, and what they buy on a regular basis. This kind of intimate knowledge creates loyalty—the kind of loyalty that creates longevity and success in business."

-Carol Roth, NY Times Bestselling Author, The Entrepreneur Equation

"Small is the new big, because you can reach everyone with the click of a mouse and anyone can review and critique you. Think you know how to play the game? Think again. The rules have changed. Read *Small Town Rules*. It's the rule book for the connected economy. Highly recommended."

-Michael Port, NY Times Bestselling Author, Book Yourself Solid

"Business should be personal. The 'who you are' can play a huge role in the 'what you offer.' That's how small towns have conducted commerce since the get-go, and we'd all be well-served to inject that kind of approach to our businesses—no matter how big in scope or vision."

-Rich Sloan, Author, StartUp Nation

"There are a lot of traits about small town business that offer insights and opportunities for people to leverage in all businesses. Community matters. Relationships matter. People matter. My observation about conversations in a small town is that people care. And businesses that are smart are learning to listen, connect, share, and engage their customers, too. Big business and businesses in general could learn a lot from how a small town works."

—Jeff Pulver, Cofounder, Vonage; Founder, 140 Characters Conference, VON Conference

"In a small town, word of mouth is the most powerful force there is. Everyone in town knows about the business. If the quality and service are good—or bad—everyone soon knows. That's why every business should operate like a small town business, no matter where you're located or how far away your customers come from. When you and your team run your business as if every potential customer will eventually know everything about your business, you naturally will keep quality and service standards high."

-Anita Campbell, CEO, Small Business Trends, LLC; Author, Visual Marketing

"It is no surprise that big businesses are coming around to the idea of small town style customer experience and service. As customers, we know we prefer the 'small town' way of doing things. We like to be treated as human beings, as individuals. We like our loyalty being rewarded, and we like having a person to talk to when things go wrong. When it comes across as natural, rather than forced in an awkwardly fake 'PR' way, then it works all the better. The future of business is one customer at a time, just like in small town businesses."

-Chris Garrett, Coauthor, ProBlogger: The Book

"Small town businesses, by their nature, are genetically encoded to connect, share, and engage."

-Alan Weinkrantz, Alan Weinkrantz and Company PR

"With a couple of basic tools, like DropBox, Skype, and Google Apps, a small town business can look like a big business with one killer app: You can stay in a small town with the associated lifestyle benefits and lower cost of doing business. Small town businesses are rewriting the rules on what it means to be competitive with their big company rivals for customers and talented employees."

-John Warrillow, Author, Built to Sell

"Small town businesses understand this better than most any publicly traded company in the world: You must be cash flow positive or it's your death. As long as you have positive cash flow, you can keep the doors open, expand as much as your cash flow will let you, and try new things. Big businesses are accustomed to running deficits and issuing stock, but these are stopgap measures that more often than not serve to enrich the shareholders as the ship sinks. If your business, big or small, is cash flow positive, then everyone from shareholders to shop floor sweepers will do well."

-Christopher S. Penn, Vice President of Strategy and Innovation at Blue Sky Factory Email Marketing

"A key to success for any small business is to be actively involved in their community. That feeling of 'community' is what drives the web and social media. Now, it's just about mandatory that businesses of all sizes be active in their respective communities—both online and off. It's the interaction, the connection with those who support you, that helps make businesses successful today."

-Leslie McLellan, All Things Social

"During the past four decades, big has gotten the attention in my industry sector. Economies of scale, resources for impressive events. But, what's becoming clear is that the relationships, the personal attention, the value of doing life together is what matters. I know. I'm a pastor, not a business owner. But, the ideas that Becky and Barry are talking about for what small businesses can teach all business is true in our 'business.' While big churches get the press, the number of house churches, of communities of faith, is growing, too. Small, done well, can teach all of us how to live and work better."

—Jon Swanson, Social Media Chaplain

"Small town business has to do with the basics. Those simpler times that city-dwellers dream about when they're sitting in a 2-hour traffic jam, listening to their satellite radio, while pounding out meaningless emails and texts on heavily used Blackberrys. Small town businesses are a lot more about handshakes than they are about 14-page contracts that Harvard Law School graduates write...and that no one ever seems to understand. All business owners can learn a lot by watching how business gets done in America's small towns."

-Joel Libava, The Franchise King[®]; Author, Become a Franchise Owner!

"Although the competitiveness of large population areas (between individual businesses) might be tougher, it does not compare to the daily fight for survival in a small town or remote area. This fight for survival brings out the best of entrepreneurial spirit in many small town businesses with innovation, service, and quality. The real treasure of small town business is the heart! Small town businesses are not just serving strangers, but their neighbors, friends, family, or someone who knows these people who are important to them. This natural sincerity that comes from living in small communities can be duplicated in practice by all business, and I believe it is the most valuable asset small business has to share."

-Laura Girty, NW Field Representative, Rural Enterprises of Oklahoma, Inc.

"Small town business can teach all businesses about efficiency. Small businesses don't have the luxury of compartmentalizing roles. It's all hands on deck, working as quickly and seamlessly as possible, to ensure the greatest profit."

—Alexandra Levit, Author, Blind Spots: The 10 Business Myths You Can't Afford to Believe on Your New Path to Success

"Small town business teaches us that it's easier to continue to sell to the customer we already know. It's easy—just provide great value and consistent quality, and you'll make customers for life."

—Jim F. Kukral, DigitalBookLaunch.com; Author, Attention: This Book Will Make You Money

"There are more successful small town businesses than there are large corporations. They aren't a fluke or an accident or an anomaly. They grow from need, vision, risk, and response. The information small town business owners offer is practical, tested, and shared generously. Small town business can be easily underestimated but should never be ignored."

$- {\rm Andrea}$ Springer, Springer Coaching and Consulting

"Transparency is the over-used buzzword in the customer-service world of today, thanks to the communication onslaught brought on by the Internet and specifically social media. Due to the 'everyone knows everyone' effect of small towns, small town businesses were forced to become masters of transparency a hundred years earlier than the rest of the world."

-Cody Heitschmidt, Small Town Business Owner

"Small town businesses are lean and mean, which means they have to be creative and innovative to compete and turn a profit. Businesses of all sizes can watch and learn in order to do the same."

-Gini Dietrich, CEO, Arment-Dietrich; SpinSucks.com; Coauthor, Marketing in the Round: Multichannel Approaches in the Post-Social Media Era

"Small town business teaches us about community, trust, and relationship—all the current buzzwords that have been the backbone of small town business for more than 100 years."

-Sarah Robinson, Escaping Mediocrity

"A small town business owner knows that every customer is important and that every customer, employee, vendor, partner, friend, and family member contributes to what makes the business grow. Small town businesses know that relationships and being part of the community are at the heart of every successful business and that a business without a heart won't survive."

-Liz Strauss, International Business Strategist; Author, The Secret to Writing a Successful Outstanding Blog; Successful-Blog.com

Small Town Rules

How Big Brands and Small Businesses Can Prosper in a Connected Economy

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Small Town Rules: How Big Brands and Small Businesses Can Prosper in a Connected Economy

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About the Authors

Barry J. Moltz grew up in a small town of 30,000 and moved to the thirdbiggest city in America. Becky McCray grew up in towns ranging from 1,500 to 350,000 and now lives in a tiny town of just 30 people. Both are small business owners.

Barry Moltz gets small business owners unstuck by unlocking their longforgotten potential. With decades of entrepreneurial experience in his own businesses ventures, as well as consulting countless companies, Barry has discovered the formula to get stuck business owners going again.

Barry has founded and run small businesses with a great deal of success and failure for more than 15 years. After successfully selling his last business, Barry branched out into numerous entrepreneurship-related activities. He founded an angel investor group, an angel fund, and is a former advisory member on the board of the Angel Capital Education Foundation.

His first book, You Need to Be A Little Crazy: The Truth about Starting and Growing Your Business, describes the ups and downs and emotional trials of running a business. It is in its fifth reprint and has been translated into Chinese, Russian, Korean, and Thai. His second book, Bounce! Failure, Resiliency, and the Confidence to Achieve Your Next Great Success, shows what it takes to come back and develop true business confidence. It has been translated into Korean and German. His third book, BAM! Delivering Customer Service in a Self-Service World, shows how customer service is the new marketing.

Barry is a nationally recognized expert on entrepreneurship and has given hundreds of presentations to audiences ranging from 20 to 20,000 people. As a member of the Entrepreneurship Hall of Fame, he also has taught entrepreneurship as an adjunct professor at the Illinois Institute of Technology. Barry has appeared on many TV and radio programs, such as *The Big Idea* with Donny Deutsch, MSNBC's *Your Business* and *The Tavis Smiley Show*. He hosts his own radio show, *Business Insanity Talk Radio*. He blogs regularly for the American Express Open Forum and Crain's *Chicago Business*. **Becky McCray** has been called "the small town Seth Godin" for her savvy combination of rural entrepreneurship and marketing skills. She started her first business venture in junior high school and has been going ever since. Currently, she and her husband own and operate a cattle ranch and a retail liquor store. Along with Sheila Scarborough, she co-founded Tourism Currents to teach tourism professionals new marketing skills. Like many rural entrepreneurs, she has pieced together multiple lines of business to build a career.

Becky is a recognized expert in small business and social media and has taught nearly 1,000 classroom hours and more than 100 workshops and speeches on small business subjects. She has been featured in *The New York Times, BusinessWeek, Inc., Entrepreneur, Niche, Winning Workplaces, Reimagine Rural, Community Developer,* and the *Agurban.* Becky publishes one of the top 20 small business blogs in the world, Small Biz Survival, which is focused on small town small business.

What makes all this possible is her wide experience in small town business, community, and government. That includes work as a small town administrator, a non-profit executive with the local workforce development and Girl Scout councils, an antiques store owner, a business and computer consultant, and a newspaper reporter. For nine years, McCray spent her evenings and weekends teaching a variety of computer and business classes at local technology centers, making her the fourth generation of her family to teach. In 2004, she was an unsuccessful candidate for the Oklahoma House of Representatives. She believes we learn from both our successes and our failures, even when those failures are printed in the local newspaper.

Dedication

From Barry:

To my parents, Alan and Carole Moltz, who fortunately brought me up in a small town.

From Becky: To my long-suffering husband, Joe, who misses me when I'm gone.

Acknowledgments

From Barry:

Thank you to my coauthor, Becky McCray, who is not only the inspiration for this book, but a perfect example of using small town rules to be a successful business owner.

Sara, Ethan, and Daniel, who allow me to work "anywhere, anywhen."

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Tracy Thirion, the most creative person I know.

Mike Cooper, my father-in-law, may he rest in peace, who knew how to be successful while planning for zero.

From Becky:

Barry Moltz, thank you for knowing that small towns don't mean small time and for asking all the right questions to make this a better book.

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Jon Swanson, thank you. (Jon will just say, "whatever.")

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From Both Barry and Becky:

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Thanks to Liz Strauss for connecting us with each other and with our publisher.

We Want to Hear from You!

As the reader of this book, *you* are our most important critic and commentator. We value your opinion and want to know what we're doing right, what we could do better, what areas you'd like to see us publish in, and any other words of wisdom you're willing to pass our way.

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Introduction

Major shifts in the economy, technology, and society have changed the game of business. Business is now forced to play by a different set of rules:

- When every customer can now talk directly to every other customer, it's like a small town.
- When people listen more to what customers say about a company than they listen to the company advertising, it's like a small town.
- When it now takes multiple jobs to support a family, it's like a small town.
- When the individual human voice is valued over corporate mission statements, it's like a small town.
- When everyone online is trying to band together in small communities, it's like a small town.
- When everyone wants to buy their products locally, it's like a small town.

The customers of every company now behave like they live in a small town. As a result, companies now need to play by a new set of rules: small town rules. These new rules apply to small businesses and big brands alike, no matter how big or how urban. Not surprisingly, few people know about these small town rules. However, it is possible to look at what has made small town entrepreneurs successful and apply those rules to every company. For the first time, this book connects the three major shifts that create a small town environment for all business and then teaches the small town rules that help people and companies thrive in this new environment.

Small town doesn't just mean small business or small numbers. Many familiar big brands started in small towns, including Viking Range, L.L. Bean, Sonic Drive-Ins, Longaberger Baskets, Ditch Witch trenching equipment, and Grasshopper lawnmowers. Walmart may be the single most powerful brand to come from a small town and remake the world, affecting both small businesses and huge national brands.

To understand why the small town awareness is especially relevant today, it is important to go back a few years to get perspective on these three major shifts. Remember the economy before 2008? It felt like the stock market always went up, investments always increased in value, and the price of homes always went higher. Back then, there were commercials on TV telling people to mortgage their house, cash out some equity, jump on a hot stock, or join a country club. But, all that has changed.

Economic carnage rocked the financial stability of society with high unemployment rates, tight credit, lower consumer demand, and fewer available resources. At the same time, technology has continued to advance, allowing people to collaborate effectively and instantaneously over great distances and not be tied to a single geographic area. This compounds the effect on society, and shifts people's attention and trust away from multinational corporations toward small and local companies.

Why Look to Small Towns Now?

As a result of these three shifts—society, technology, and the economy—all businesses now face circumstances that feel much like a small town. Small towns have been making parallel shifts over the last century. Innumerable small business people have tried everything they could to survive and thrive within the limits of small towns. The best ones have a reputation for knowing every customer personally and for catering to their customers. That's

the public part of successful small-town businesses, but there are many more strategies and tactics behind the scenes: managing multiple lines of income, thinking long term, maintaining frugality, creating community, and building local connections. All seven of these small town rules are included in the seven chapters in this book.

Because small towns are commonly seen as sleepy, slow-moving, and behind the times, few business experts have looked to small town entrepreneurs for lessons. That makes Becky and Barry the exceptions. Barry spoke often in small cities and towns, and he learned that savvy business people exist all over. Becky grew up in a family of small town entrepreneurs, and her work has brought her in contact with hundreds of others. She knows the secrets of small town entrepreneurs inside and out.

Looking closely at small town business and at big city business, this book describes three tectonic shifts: the economy, technology, and society. Each chapter explains one aspect of the change and explains why rural business has relevant insight into that change. The small town rule is explained and adapted to work with any business, and examples are pulled from both rural and urban businesses. The applications for big brands are highlighted, along with some special brand examples. Each chapter concludes with a discussion about whether the change is a permanent shift.

Chapters 1–3: The Change in the Economy

The economic shift was felt like a physical blow. There are big parallels in the national economic transition and the transitions in the rural economy over the last 100 years. Small towns have dealt with limited resources, tight lending, and scarce jobs for a long time. Chapter 1, "Surviving Difficult Economic Times for the Big and Small," deals with surviving difficult economic times by planning for times when income or growth is zero. Rural regions have turned disasters into opportunities, or at least they have learned to prepare for them and take a long-term perspective. Chapter 2, "The New Normal: Profiting When Resources Are Limited," shows that profiting when resources are limited requires spending brainpower before spending dollars. Those limited resources lead to more creative and resilient businesses. Chapter 3, "Adapting to the New Economic Realities of Self-Reliance," teaches businesses and professionals how to adapt to the new economic realities of self-reliance by multiplying lines of income. Brands have to think about brand extension versus brand dilution.

Chapters 4–5: The Change in Technology

The transition in technology also pushes businesses toward small town rules. Chapter 4, "Adapting to the 'Anywhere, Anywhen' Business World," explains geographic advantage and how it disappeared. Working remotely continues to gain ground, even in the largest corporations. The cost of the technology to work anywhere has dropped, until almost any business can use it. Chapter 5, "Forget Advertising: Learn Customer-Driven Communication," deals with community, whether the local community around a small town business or the online community around a major national brand. Online reviews of anything from motels and books to doctors and churches mean that brands can't ignore customer voices.

Chapters 6–7: The Change in Society

The local movement is pushing a transition in society, one that looks a lot like a small town. The renewed interest in healthy neighborhoods, in shopping local, and in small businesses brings every company back to a small town environment. In Chapter 6, "How Big Brands and Small Businesses Are Thinking and Acting Small," small is beautiful. The public trusts small businesses more than large corporations. Economies of scale are called into question by stresses on global supply chains. Some businesses have found ways to successfully stay small while still growing big. Chapter 7, "Going Local, Even When You Are Big," explains why local matters in a global environment. With the new emphasis on all things local, what does it mean to be local as a brand? Small towns are the starting place for shop local campaigns. Every business has a chance to reconnect with its story and where it came from.

With all three of these shifts, the climate for business has been permanently changed. Just like you can never go home again, business can never go back to the way things used to be. Now, every business has to play by small town rules if it wants to thrive and prosper. And this is the only place to learn the rules.

Appendixes: Resource List and Business Ideas Inspired by Small Town Rules

Reading is easy; implementation is not. To help businesses implement the *Small Town Rules*, Appendix A, "Resources for Implementing the Small

Town Rules," includes resources for going more in-depth on each rule. Some resources are specifically for big brands, others for small business. All the resources relate directly to the three major shifts and the seven rules.

Appendix B, "Business Ideas Inspired by the Small Town Rules," includes business ideas that were inspired by the small town rules. The ideas can be used by existing businesses for improvement, innovation, expansion or to change the game.



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