



8 Ways SBDCs Use Industry Intelligence to Help Small Businesses

● **IT IS OFTEN SAID THAT SMALL BUSINESSES ARE THE BACKBONE OF OUR NATION'S ECONOMY.**

According to the U.S. Small Business Administration, from 2005 to 2019, small firms (fewer than 500 employees) created 9.3 million net new private sector jobs, or 64 percent of the total number of new positions.¹ However, small businesses also have been hardest-hit by the coronavirus pandemic and its quarantine-related closures and regulations.

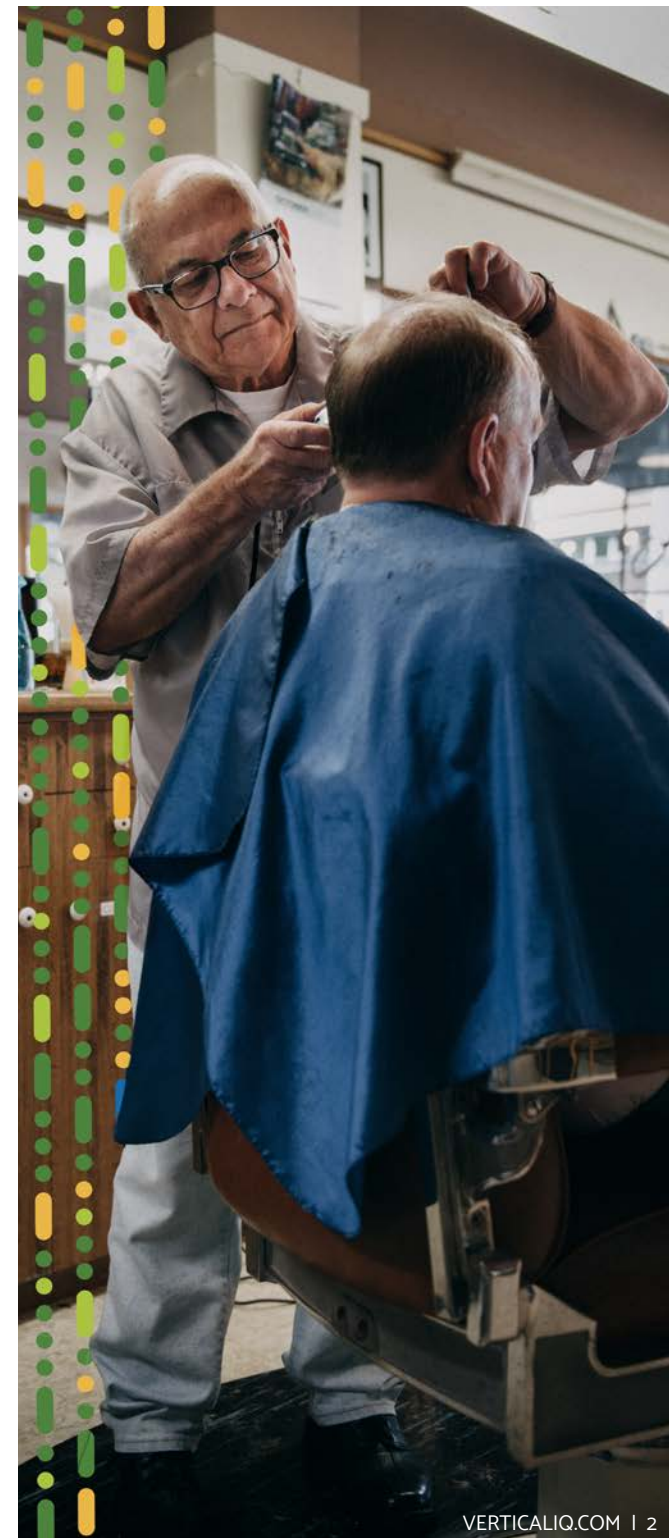
Between the COVID-19 emergency declaration on March 13, 2020 and mid-April, total private employment plummeted by over 15 percent – a record drop. The national unemployment rate reached 14.7 percent in April, the highest rate since modern calculations were adopted in 1948.

Small business employers bore the brunt of these job losses. The largest decline for any size business was for employers with 20 to 49 employees, which experienced a catastrophic 21.5 percent plunge in employment between March and April of this year.²

More recent jobs reports show improvements in employment numbers, but our economy is not yet out of the woods. This is a time when countless start-up entrepreneurs and small to medium-sized business (SMB) owners are hanging on by a thread; they need all the assistance they can get in order to right the ship amid this economic turmoil.

¹ <https://cdn.advocacy.sba.gov/wp-content/uploads/2020/04/30103025/April-2020-Econ-Bulletin.pdf>

² <https://cdn.advocacy.sba.gov/wp-content/uploads/2020/05/29101113/Small-Business-Facts-Small-Business-Unemployment-Plummets.pdf>

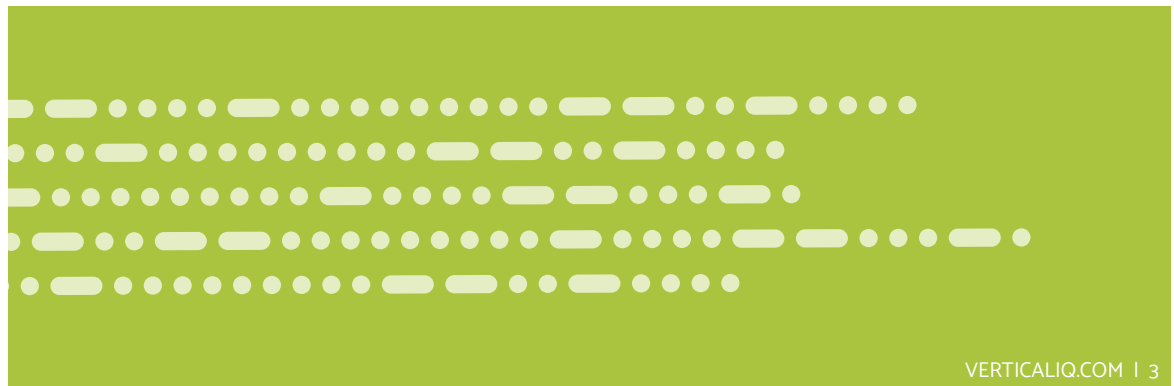




● SBDCS TO THE RESCUE?

Small Business Development Centers (SBDCs) can be the very lifeline these businesses need to stay afloat. That's why it is essential that SBDC counselors possess the latest insights into their clients' industries. Counselors need to understand the industry-specific nuances that are impacting clients' businesses such as:

- How firms in the niche operate, including financial benchmarks
- Trends within that industry
- Common risks and opportunities faced by those in the space
- The outlook for businesses in that vertical, as well as valuation information



● AN INTERESTING, YET CHALLENGING POSITION

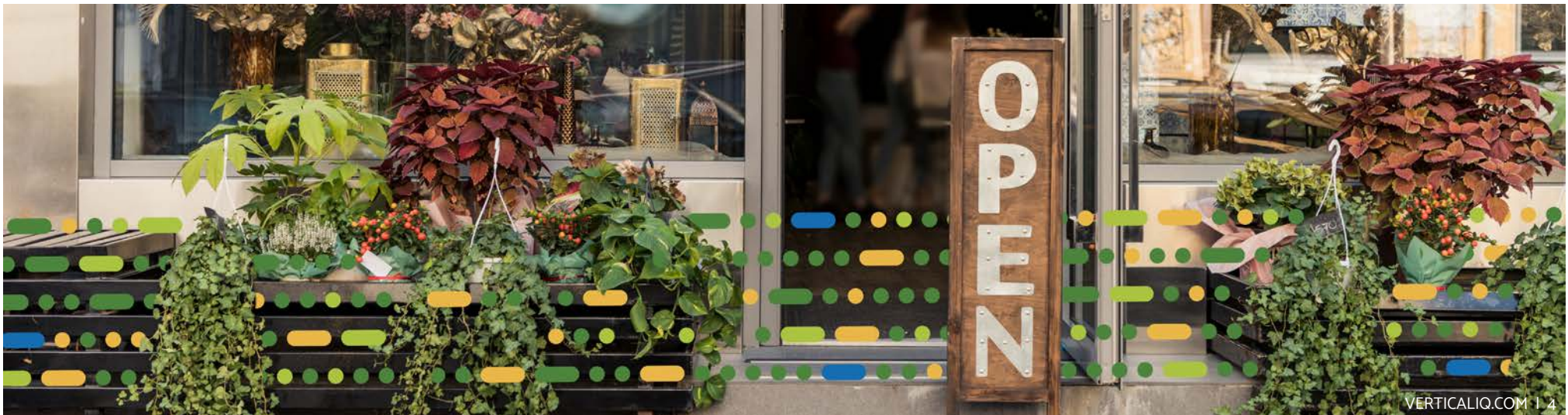
On an average day, SBDC counselors see a wide range of business owners and entrepreneurs looking for guidance on how to make their dream of starting and running a successful business come true. But with this diverse book of clients, counselors also can encounter a number of common challenges. They must...

Establish rapport among a broad array of clients.

SBDC counselors, much like salespeople, need good interpersonal skills to initiate engaging conversations and put clients at ease while also gaining credibility. They need to be able to shift from a client who is pursuing her goal of hanging a shingle for her own law firm to one who is expanding his appliance repair shop. Counselors must be able to change gears quickly and seamlessly.

Understand the potential challenges of many different types of businesses.

Again, on any given day, a counselor can meet with a wide variety of clients, but that also means a wide variety of distinct challenges. The woman who wants to start her own law firm is going to face issues that are quite different from the man who hopes to expand his appliance repair business. No one can be an expert on every industry, but the counselor will need to understand enough about the nuances between various industries to offer the tailored advice clients are looking for.





Drill down into the financials of many different types of businesses.

What financial benchmarks – ratios, income, assets, liabilities – might you expect to see for a sporting goods store? What kind of working capital does a commercial bakery need? What are the capital financing needs of a site prep contractor? How much should someone expect to pay to acquire a competitor’s commercial printing business? These are all questions that might arise during the course of a day for a SBDC counselor, and they need to know the answers.

Provide value to their clients.

When providing guidance to entrepreneurs and small business owners, it’s crucial to be mindful of what really matters to them: growing a successful business. When you are able to provide them with something they don’t already know, some insight or guidance that can help their business succeed, you offer value. But this is no small task. How do you help them if you don’t know them and understand the nuances of how their business operates?

● A PERSONALIZED EXPERIENCE REQUIRES EXPERTISE

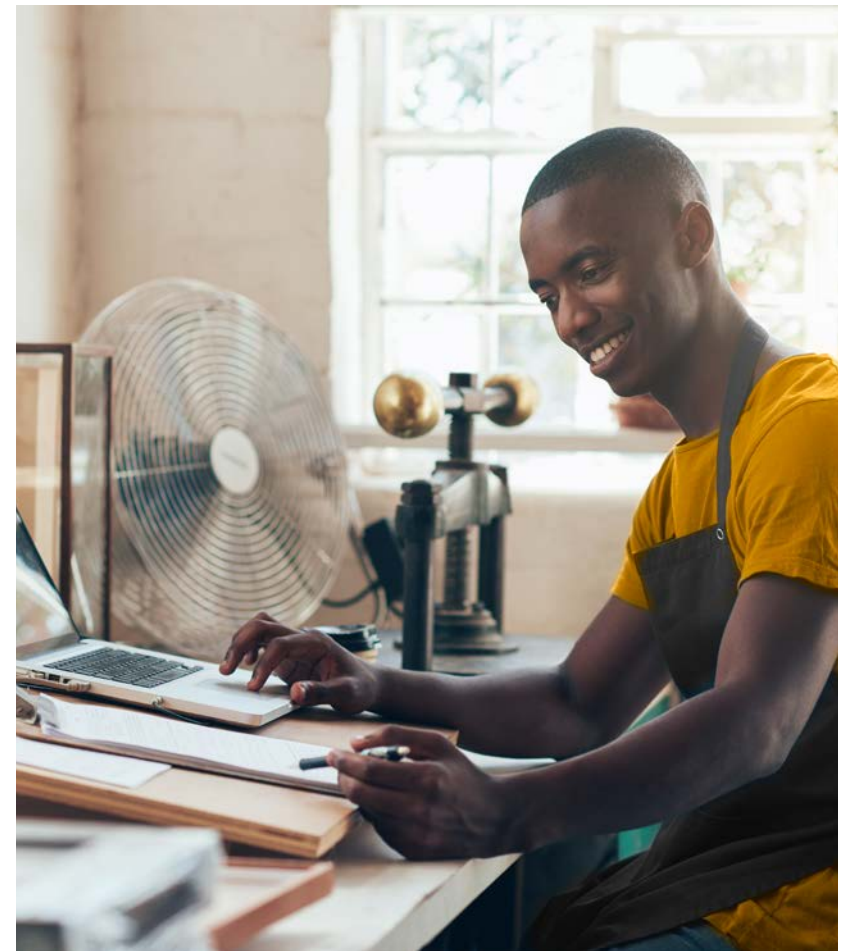
Thanks to the anonymity offered by the internet, we live in a world that is increasingly impersonal. Yet ironically, most everyone craves a personalized experience when they interact with a business. We want businesses to know our name, know our preferences, and provide an experience that meets or exceeds our expectations.

For business owners, a personalized experience means more than just knowing their name; it means showing you have expertise about their unique business. And while, as noted previously, no one can be an expert in every field, SBDC counselors can prove to their clients that they have taken the time to gain an understanding of the key aspects of their industry.

To be viewed as an expert in their clients' eyes, SBDC counselors should:

- Have useful knowledge about the business owner's specific industry
- Provide valuable content, customized to their niche, the client can use
- Help the business owner think about industry-focused ideas that are new for them
- Ask strategic questions tailored to the client's type of business

Taken together, this type of industry-specific expertise is called **Industry Intelligence**.



WHAT IS INDUSTRY INTELLIGENCE?

Industry Intelligence helps SBDC counselors use specific, timely industry data sources to build relationships and increase sales.

● WHY SBDCS EXCEL WITH INDUSTRY INTELLIGENCE

Industry Intelligence not only provides key insights into the inner-workings of clients' niches, it allows SBDC counselors to speak the same language as their clients. By incorporating industry-specific content into their counselling sessions and client communications – addressing the unique opportunities business owners are trying to capitalize on, as well as the challenges that are keeping them up at night – counselors can create the tailored experience that their clients crave.

Industry Intelligence resonates with business owners because:

It's specific.

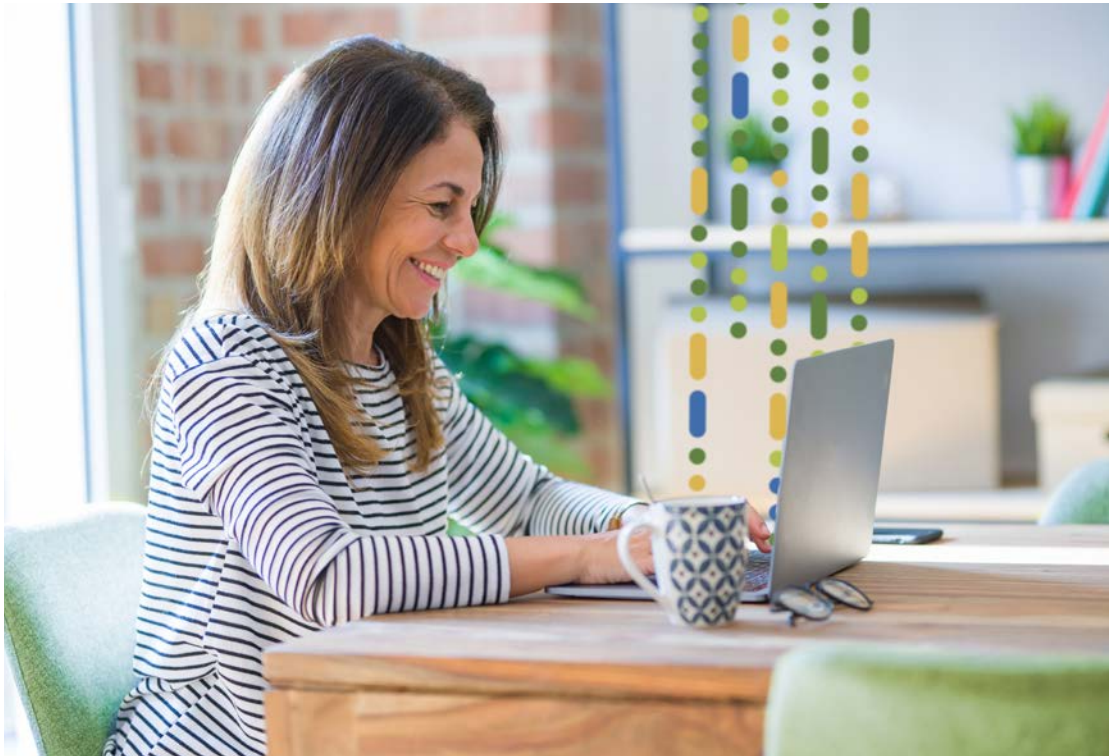
SBDC counselors who incorporate Industry Intelligence into their advice and guidance are not just more “aware” when engaging a client, they are more insightful.

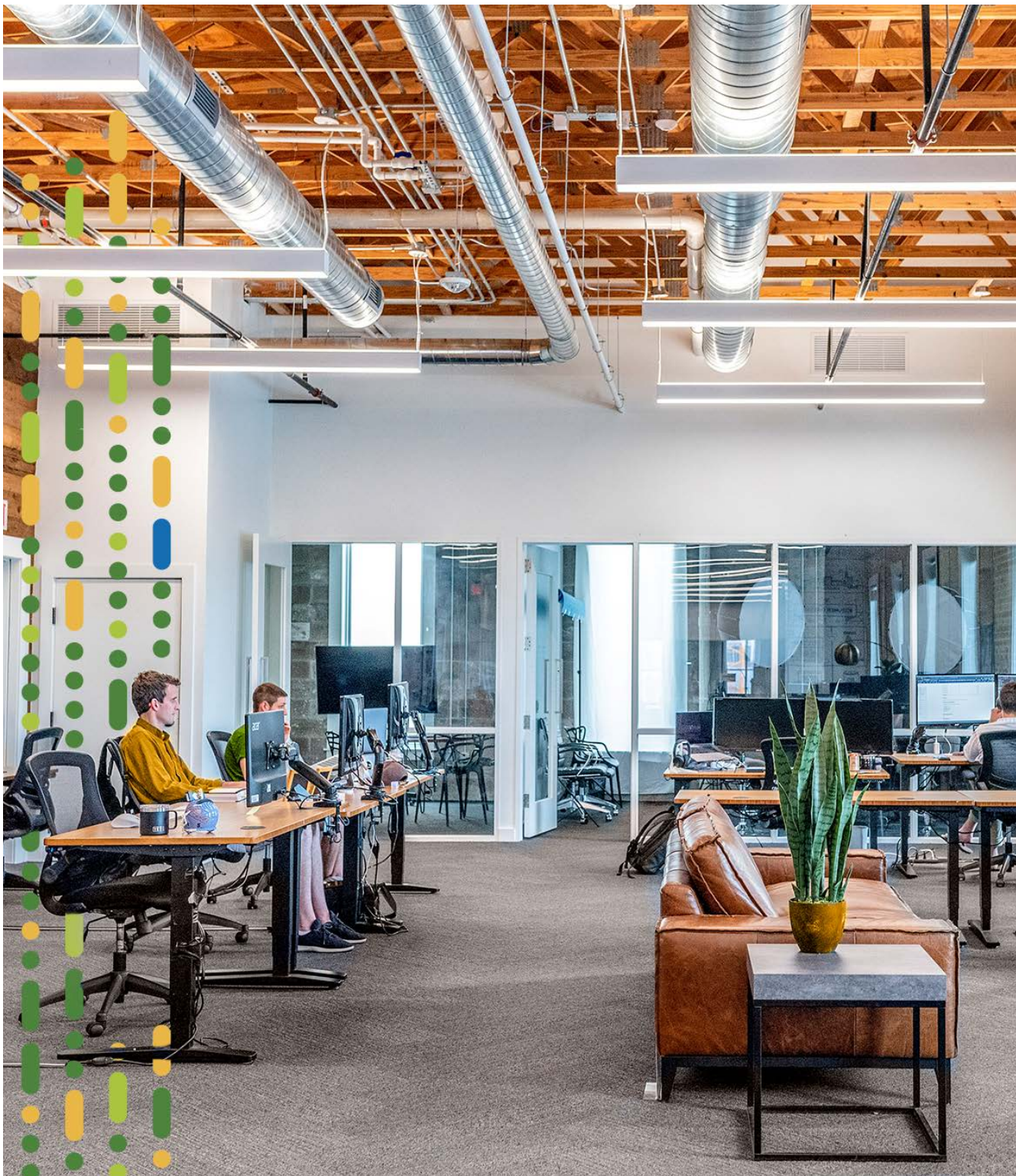
It's timely.

Industry Intelligence allows counselors to stay current with key changes within clients' industries – no matter how fast they're happening.

It's the “what.”

At the heart of any relationship is good communication. SBDC counselors need to ask the right questions in order to initiate meaningful conversations, and in turn, provide clients with relevant resources. Industry Intelligence gives counselors these necessary insights.





8 ways to use Industry Intelligence

Ready to incorporate Industry Intelligence into your SBDC counselling processes? Here are eight ways to get started.

1 ASK INDUSTRY-SPECIFIC QUESTIONS THAT GET BUSINESS OWNERS THINKING AND EXCHANGING IDEAS.

In his book “How to Win Friends and Influencing People,” Dale Carnegie talks about how questions need to be specific in order to be effective. SBDC counselors need to ask tailored questions about the client’s particular industry or their unique type of business.

Compare these two questions: “How’s business?” versus, “I understand you’re in the auto parts industry and you use a lot of zinc. I was just reading that zinc prices fell 30 percent. How does that affect your business?”

The second question clearly shows that the counselor took the time to prepare for the meeting by gathering Industry Intelligence on the client’s niche. It also is more engaging and effective at gathering information, allowing the counselor to provide useful advice to the business owner.

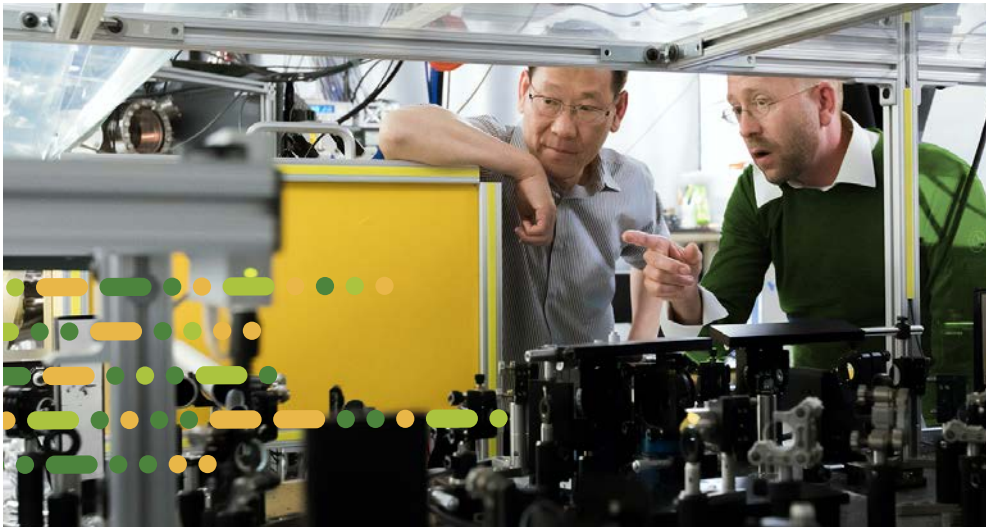
As an added perk, asking one thoughtful question leads to additional helpful questions.

2 USE INDUSTRY FINANCIAL STATISTICS TO COMPARE BUSINESS OWNERS’ PROJECTIONS TO REALITY.

SBDCs help a lot of startups with their business plans, and they also assist existing businesses with projections such as months-to-grow by inventory. Most counselors would agree that existing businesses tend to be more on point with such projections. Startups, on the other hand, often ask for about half of the capital they actually will need because they’ve never seen benchmark information from comparable businesses.

Of course, industry benchmarks are not the Holy Grail. Companies have different financial statistics than the industry as a whole. But incorporating Industry Intelligence that includes benchmark data does give counselors and their clients a place to start, and it does inspire debate and detailed conversations.

Business owners need to become aware when their projections are not consistent with reality so they can plan accordingly. For example, are there any areas in the client’s financials that deviate significantly from the industry benchmark data? If so, that may present the counselor with an opportunity to dig in and help them.





3

ASSESS THE RISKS SPECIFIC TO EACH INDUSTRY.

Risks, such as volatile supply prices or fast-changing technology, may be specific and inherent to an industry. The risks associated with a trucking company are very different than the risks associated with a lumber company or a software technology company, for example. Those challenges can be extremely important for business owners to be aware of, especially for startups.

Other risks are fundamental such as cyclical, barriers to entry, financials, business failure rates, and the outlook for the industry. For instance, the failure rate for one industry might be 5 percent, but the failure rate for another could be as high as 15 or 20 percent. Someone considering opening a business would want to know that.

Being aware of these potential pitfalls – identifying risks that the business owner hasn't considered – and being able to mitigate them, is a key role of SBDCs, and tapping into Industry Intelligence ensures counselors are aware of these issues.

4

SHARE VALUABLE CONTENT WITH BUSINESS OWNERS.

SBDCs' value to their business owner-clients is not only the coaching they provide. It is also in the more tangible takeaways they can offer – free materials on important topics like how to build a strong, well-thought out business plan for investors or lenders.

These materials could include a full profile on the client's industry, industry-specific news articles, key financial statistics, information on industry trends, or business valuation data. It could be a PDF in an email, or it could be hard-copy content shared with them during a counseling session or mailed to them after. But the key is creating value for clients by providing them with tailored insights, and that means counselors getting their hands on the latest Industry Intelligence to share with them.

“ One thing I like to do with each of my clients is make sure that we send them something tangible after a meeting. Now, of course, we do that via email or U.S. Mail, but I make sure I have an article or something that they can take with them and review – something current that they haven’t read before or experienced before that will provide them with the latest insights into their industry. ”

Mark Christian
Director | Missouri SBDC



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UNDERSTAND SPECIFIC INDUSTRY CHALLENGES AND TRENDS TO IMPROVE BUSINESS MODEL CANVASES OR EVALUATE AND COMPARE BUSINESS MODELS.

Generally, canvases and business plans investigate these critical building blocks:

- Revenue streams
- Cost structure
- Key partners
- Key resources
- Value proposition
- Customer relationships
- Channels
- Customer segments

Industry Intelligence helps small business owners, entrepreneurs, and those starting new companies think about these building blocks from an industry-specific perspective.

A lot of people haven't sat down and looked at their business in an objective way before. By taking this step, they're able to determine how they can differentiate their business from others in the sector by implementing a distinctive value proposition.

6 PROVIDE BUSINESS OWNERS INTELLIGENCE ON THE INDUSTRIES THEY SELL TO.

This may be the most overlooked value SBDCs can provide. Business owners often know and understand their own industries, but how well do they know their customers' industries?

By leveraging Industry Intelligence to understand their customer segments – truly getting to know their customers – business owners can build a rapport and also determine ways to position their business to better serve their clients. Ideally, this approach will increase customer loyalty and sales. And there's no better way to become valuable to a small business owner than to help them increase their revenue!

7 ASSESS CASH FLOW CHALLENGES SPECIFIC TO EACH INDUSTRY.

As Warren Buffet says, "Cash is king." Businesses must be able to generate cash in order to succeed, and business owners have to understand and mitigate the challenges that affect their cash flow. It's one of the number one issues that SBDCs see with small business owners.

But cash flow and working capital management issues, like seasonality or customer concentration, are very industry specific. For example, how is money typically collected from customers in this particular industry? How are their suppliers paid? What are the expected maintenance capital expenditures for others in this niche?

Understanding the nuanced cash flow and working capital challenges commonly faced by businesses in a specific industry is invaluable for SBDC counselors. Such insightful Industry Intelligence enables them to help business owners effectively plan around these issues.





8

BEEF UP EXTERNAL COMMUNICATIONS WITH INDUSTRY INTELLIGENCE.

You want to remain top of mind with clients and prospects, but how? There are a number of ways that Industry Intelligence can be incorporated into tailored communications to remain in contact with business owners who are still “kicking the tires.”

News articles

Maybe they are undecided on pulling the trigger with their new venture, or maybe they’re waiting on permits or certifications. Whatever the case may be, sharing timely articles by email or snail mail is a useful way to stay in touch and relevant.

Social media posts

SBDCS that are modern and forward-thinking are actively engaged with clients and prospects via social media. Perhaps on LinkedIn, maybe on Twitter, or possibly even on Facebook, they’re providing relevant tips, best practices, and ideas.

Industry-specific newsletters and updates

Reach out to clients and prospects in specific industries with tailored newsletters or even social media updates that contain the latest industry insights. This is a targeted way to provide valuable financial statistics and other helpful content.

Website content

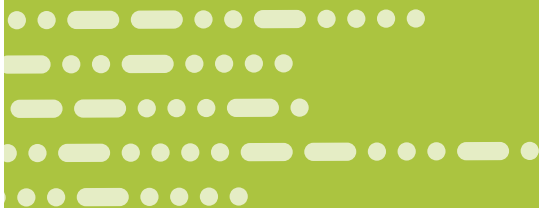
Beef up your website with Industry Intelligence and other valuable content. If there are particular industries that you see a lot of, or ones you want to attract, consider creating dedicated pages with customized analysis and advice.


Webinars

Build capital with your clients and prospects by providing educational webinars, packed with Industry Intelligence that they can use to boost their businesses' success. This is an especially useful outreach option amid the pandemic and a simple way to create new business for your center.

WORD-OF-MOUTH ADVERTISING IS BOTH FREE AND INVALUABLE.

Are your SBDC clients telling other business owners about the terrific experience they had leveraging your center? What are you doing to help drive more word-of-mouth promotion?





8 WAYS SBDCS USE
INDUSTRY INTELLIGENCE TO
HELP SMALL BUSINESSES

Key Takeaways

- 1 Ask industry-specific questions that get business owners thinking and exchanging ideas.
- 2 Use industry financial statistics to compare business owners' projections to reality.
- 3 Assess the risks specific for each industry.
- 4 Share valuable content with business owners.
- 5 Understand specific industry challenges and trends to improve business model canvas or evaluate and compare business models.
- 6 Provide business owners with intelligence on the industries they sell to.
- 7 Assess cash flow challenges specific for each industry.
- 8 Beef up external communications with Industry Intelligence.

● VERTICAL IQ GIVES YOU THE LATEST INDUSTRY INTELLIGENCE

Having in-depth knowledge on such a multitude of industries can be extremely time-consuming for SBDC counselors. Sure, they can Google information on the industry to share with the business owner, but how do they narrow down the most important information among all of those search results? How do they know it is accurate and up-to-date?

Throw into that mix the economic upheaval created by the COVID-19 pandemic, and providing advice to business owners just became even more challenging.

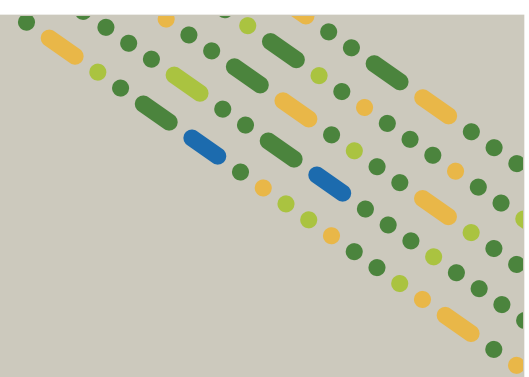
Incorporating an Industry Intelligence tool, such as Vertical IQ, into your SBDC's research process allows your counselors to work smarter by compiling relevant, up-to-date content on many different industries and local markets to help guide small- to medium-sized business (SMB) owners.

● THE INDUSTRY INTELLIGENCE ON VERTICAL IQ HELPS YOUR SBDC TEAM:

- Prepare quickly for client meetings and counseling sessions
- Understand potential challenges your clients may face when starting a business within a particular niche
- Incorporate industry-specific economic data and forecasts into your clients' business plans
- Compile thought-provoking, tailored questions for business owners to consider
- Save time and money by streamlining the research tools they need in order to advise your clients

HOW HAVE YOUR SBDC CLIENTS BEEN AFFECTED BY COVID-19?

Get expert research on how the COVID-19 is affecting specific industries and sectors of the economy by visiting verticaliq.com/covid-19.



“ I use Vertical IQ quite frequently... way more than any of the other databases I have access to. It's simple to use... and it's user-friendly for clients to read and understand. ”

Mary Beth Votava, BCA, CMEA, CBA®

Regional Director | Minot SBDC

● GET STARTED TODAY!

Industry Intelligence can be your SBDC counselors' secret weapon. Being prepared with in-depth industry knowledge will allow them to immediately relate to business owners and provide guidance to their most pressing questions along their journey. And using the Industry Intelligence on Vertical IQ makes preparing for their next counselling session both efficient and effective.

Vertical IQ's in-depth Industry Profiles cover more than 90 percent of the U.S. economy and are a time-saving solution to help SBDCs provide the expertise your SMB clients need to succeed within their niche.

The Vertical IQ platform includes over 3,400 Local Economies reports for cities and counties across the U.S. – a valuable resource for entrepreneurs exploring a new venture or for SMB owners considering strategic growth.

READY TO SAVE TIME AND MONEY
BY INCORPORATING INDUSTRY
INTELLIGENCE INTO YOUR
SBDC PROCESSES?

Visit verticaliq.com or
email info@verticaliq.com



About Vertical IQ

Headquartered in Raleigh, N.C., Vertical IQ is a nationally recognized leader in **Industry Intelligence**.

Whether they're pitching a local brewery or a national biotech, successful sales and marketing teams use Vertical IQ to better understand a prospect's or client's business challenges before, during, and after sales meetings. Covering more than 525 distinct industries, 3,400 local economies, and more than 90 percent of the U.S. economy, Vertical IQ equips users with the confidence and credibility to make memorable first impressions and sustain enduring relationships.

LEARN MORE ABOUT HOW READINESS WINS AT [VERTICALIQ.COM](https://verticaliq.com)

