

Well, hello there and welcome back to another episode of the Locally Grown podcast with me, your host, Theresa Cantley. I have been super sick. I mean, 'tis the season for all kinds of loveliness going around. I have not had a voice, so I'm praying my voice holds out this morning and I don't start coughing; but if I do, I apologize in advance. I hope you are all staying healthy. Right now at the time of this recording it, we are getting ready for the holiday season. I just love, love, love, love, love this time of year. Although I know for a lot of my clients, and probably for a lot of you out there that are listening to this, it is a very, very busy time of year.

I wanted to talk a little bit about, because I've been talking to a lot of my clients about what is ahead in 2023 for brick and mortar businesses, really for businesses in general. We've been through so much stuff in the past three years between going through COVID, having shutdowns, opening back up, shutting down again, and all the things that we went through with loans, getting different PPP loans, and PPP forgiveness, and EIDL loans, and looking at the changes that happened in buyer behavior because everybody was forced to buy online versus visiting physical locations because everybody was shut down. And then the world opened back up again and people were still kind of COVID afraid. Then we kind of started to get over that and get back out again.

Then, we started to go through, we have the war going on over in Europe, over in Ukraine with Russia, and that started to impact things. We started to see a decline in the economy or a change in the economy, a contraction of the economy. Inflation, costs rising, gas going up, I mean, you name it. And just seeing the economy go into potentially a recession or in a recession and where we've seen a downturn, and people's spending habits are different. We all know that we had the stimulus checks go out, people had a lot more disposable income. But now what we're seeing is they don't have that disposable income.

Big businesses are going through layoffs. A lot of other companies are shrinking back their spending, not doing as much marketing, again, cutting staff, and really focusing on cutting expenses. What this comes down to is, and what I've seen, there's a lot of fear out there, a lot of fear. And the truth be told, and several of my mentors have said this to me, but I'm seeing it myself. The money is still in the economy. It didn't go anywhere; it's just that things are different. People are spending different, the world is different. The way that we conduct business is different. Whether you're a local business or whether you're a big conglomerate, you're a giant Fortune 500. Business is just different.

The thing is is that moving forward in 2023, we started to see it in 2022, and people started to do things in 2022 to get ready for it. We need to look at things differently. We need to shift our perspective on what's happening and how we do things. If you are, and I said this a while ago in a podcast episode a while ago, I think it was during COVID, a lot of people are using an old playbook. And what I say about an old playbook is how you run your business, how you manage your business. I have seen it with brick and mortar businesses in the community where a lot of my clients are. But even with my clients that are out of state, that are in different states, they've seen it as well, a lot of businesses who want to function the way that we functioned three, five years ago, using an old playbook. Using an old playbook of how you mark up things, how you look at your financials, how you manage your business, how you deal with customers, how you market, even how you build your team. They're trying to use an old playbook in a new world, and it just doesn't go together.

One of the things that has come out of this whole fear that's going on out there, I have a mentor who did a financial workshop about building your wealth, your wealth plan, building your wealth machine, and a lot of the comments that he got from people and a lot of the questions that he had. And he said to me, "Theresa," he said, "there is a lot of fear out there as far as what's going to happen with business, but also what's going to happen with our money." And again, he said the same thing, "The money's still out there. It didn't go anywhere." It's not like it disappeared. It's still out there. It's just that people are

spending differently. And, a lot of people are going into that crisis mode, that fear mode, because of what's happening with the economy.

I've also talked a lot about, because you hear a lot about recession proofing, recession proofing, recession proofing. Well, if you look at what a recession is, it typically lasts about 11 months, two consecutive downturns in a row, and each quarter, two consecutive quarters of downturns. And the truth is that I look at, and this is going to be going into what I'm going to be talking about, what to look ahead for in 2023 and what you need to do, what you need to watch out for.

But I don't look at it as just recession proofing our business. Because again, a recession is only for a period of time. A lot of people are doing that. They're recession proofing their business, this is why there's layoffs, which is why there's cost cutting. If you're an online business, it's solely online, a lot of people are coming out of that space. So things are kind of freeing up, which is actually a good thing for us as small business owners. But I don't like people to think about it as recession proofing because again, it's only for a short period of time. And, there's a lot of fear behind the decisions that you make when you are recession proofing your business.

I look at it as building an agile business. And building an agile business means that one of the first and foremost principles in building an agile business is that you have to have a different look at things. You have to be able to shift your perspective from what you've always done to what you really need to do moving forward, and that goes double downing on that for local businesses.

People have asked me, "Why do you work with local businesses? Why are you so passionate about it?" My answer is because local businesses are the backbone of the economy. They are what holds a community together and what makes a community successful. If local businesses are not around, the economy suffers, which in my mind, I think, that's what we're seeing with everything that's been happening, because a lot of local businesses closed. As well as when local businesses aren't there, a community suffers. I've seen communities where local businesses have closed, and the community gets very dingy. It gets very sparse. Even the people don't feel as upbeat about things because their local community has suffered.

When I talk about building an agile business, you hear a lot about it with corporations and things, big businesses, and my philosophy on building an agile business is completely different about that. But again, what it comes down to is that perspective of changing your perspective. You're not just a local business; you are a dream maker. You are a difference maker. You are the glue that holds a community together. When I say a difference maker, when you think about it, a local business, you employ people in the community and you have the ability to touch people's lives. If you just touch your employee's life, then you can spread it out beyond the people that work in your business because they're taking it home, they're treating their family different, they're treating their friends different, they're talking about things.

We have the ability, which is again, another reason why I'm so passionate about local businesses and helping them, is we have the ability to change. I mean, if you look at it, we have the ability to change the world. We have the ability to touch more lives because we have the ability to build relationships. So that's going to be one of the things that you want to focus on in 2023, and you need to focus on it even more, is being more relational in your brick and mortar business versus transactional.

One of my clients, because this is a really busy season for them, and they wanted to know about their numbers. They wanted to understand their numbers more. We were talking about something with their numbers, and I said to them, "Listen, the numbers are going to be what the numbers are going to be, and you needed to just let go of that, as weird as that sounds." Because as a local business owner, ever since we've opened our doors, we're so focused on those numbers. We're so focused on sales, we're so

focused on getting that money in the door. And what I'm asking is to do something different, to let go of. Again, the numbers will be what the numbers will be.

But what you need to focus on even more in 2023 is having a more relational business versus a transactional business. What I mean by that is focusing on building relationships with your customers through the experience that you're creating in your business. Here's the thing. You can't automate personal relationships. You can't automate people. We're going to be talking about automation. But that is the one thing; you can't automate relationships.

So focusing on, and this is going to be, again, a big, big, big priority in 2023, is how can you be more relational in your business? How can you be more relational? Stop focusing on the transactions, because transactions are one and done customers, and we don't want that. We want to build lifetime value. We want people to come back time and time again. How do we do that? Through a great experience that the customer has. They know that when they come in, people will know them, people will take care of them, people will listen to them, and they will buy things of value. So don't focus on the transaction; focus on the relationship that you're building.

This is going to be so huge in 2023, because again, you have more people out there that are functioning in fear, more businesses that are functioning in fear. And when we do that, the quality goes down. But, people's buying habits are different. And what people are willing to spend their money on is going to be something that they know is of value and something that they know is quality.

If they go into a business, if they have two businesses that they want to go eat at, they're going to go to the one that they know they're going to get really good food, that is going to be really good value, and they also know that they're going to feel good when they go there. My husband and I go to a restaurant all the time, all the time. It's not the cheapest restaurant, it's a little bit more pricey. It's an Italian restaurant. But when we go there, we feel like family. We feel like part of their family. We supported them through COVID. We supported them and kept them going, and we'll continue to support them. Their prices have gone up, but it's okay because we know we're always going to get a really, really good meal. It's valuable for us to go there. Anytime we feel bad, like if something happens and we're both feeling kind of sad about something, where do we go? We go there. The name of it is Radice. We know the owner, he comes, he'll sit with us. We know the people that work there. They take care of us, and we take care of them. That is what's going to be important in 2023 for brick and mortar businesses.

And again, as a brick and mortar business owner, it is our responsibility to make sure that we put these things in place, that we always stay ahead of the curve, because we are what holds a community together. We are what is going to bring the economy back, what is going to help the economy to be healthy once again. But we just need to play a different game. We need to think about things different. We need to not play the short game, but the long game and look at this and say, it's not just about recession proofing, it's about being agile. It's about being able to pivot and look at things differently when we need to.

So number one is, again, being more relational versus transactional, because people buy differently. All right? Number two, if you have been doing things the same old, same old, same old as you have for years, guess what? In 2023, it is a time to innovate. How can you do things differently in your business? As an example, one of the things that people had gotten away from is physical mailings. Just doing a physical mailing to people. Something that people can touch, can hold, can look at; something physical. Innovation doesn't necessarily mean, and we're going to talk about the digital technology, you're not getting away from that, but innovation doesn't necessarily mean going down the road of tech and fanciness and AI. I mean, you hear about AI all over the place. It's not necessarily about that. It's about

how can we innovate what we're doing? How can we disrupt the rest of the industry and what they're doing, and do things our own way, do things differently.

Sometimes innovation means simplifying. Sometimes innovation means, again, pulling out the basics, going back to basics and saying, "How can we connect with our people, our employees, our customers in a much better way? How can we reach them much better?" When it comes to creating that experience for your customer, innovation might mean that a server in your restaurant takes time to educate your customer on the recipe of the food item that they're ordering. Or maybe it's taking time to educate them on the background of the business. Whatever it is, figure out ways that you can innovate in your business and do things differently than anybody else is doing.

Innovation is going to be key. You don't want to be a same old, same old, because those same old, same olds are using an old book, and those same old, same olds are going to continue to struggle, continue to not be profitable. And who knows what the future holds for them? But if you can look for ways to innovate. And again, innovate doesn't mean to complicate. Many times it means to simplify down to what's really, really important and what can really make you shine.

I brought up AI. A lot of people, I've seen it on social media with all the different pieces of AI software that are coming out, and I mean, you can speak, say, "I want to have a picture of a pig flying over a moon." And the next thing you know, it creates a picture of a pig flying over a moon in your business with your logo. Which is great, but in my mind, innovating doesn't necessarily mean doing all that fancy stuff. Innovating means bringing inspiration from outside your industry into your business and doing things differently. Doing things that will capture people's attention that will wow them.

I have a thing that I do in my business when I work with clients, particularly in the restaurant industry, but I do it with everybody. I have my own framework for building that wow factor; that wow factor that you can bring into your business that people are like, "Wow." Some of the best businesses that I've ever shopped at, that I've ever eaten at, that I've ever gone to, it's not all this complex craziness that makes me want to come back. Many times over it's the simplicity that makes it just so amazing and that just blows your mind. It's that simplicity that they have, but also at the same time, that connection. That's how we can innovate, is how can we build that connection better?

So innovation, time to innovate. If you don't innovate, you will be left behind. If you do things the same way that you've always done them, you will be left behind. Even McDonald's. As big as McDonald's is, their way of innovating is offering fruit as an option instead of french fries, or offering more healthy options. So innovation doesn't necessarily mean getting more complicated with systems and things. Oftentimes it means, what do your people want, and how can you make that even better? So innovation is key.

[inaudible 00:20:35]. Finding ways to collaborate with people even more in 2023 is going to be important. Why? It goes back to the innovation piece. It goes back to the connection piece. It also gets your business in front of an audience that you may not have been in front of before. As an example, I have a client who has a retail store. But he also runs tours over to Ireland and Scotland, and he's trying to build his tour business. So what does he do? He's collaborating with a local organization. It's a chamber of commerce. He's collaborating them with them to offer a tour outside of an audience that he doesn't have access to. So it's finding ways that you can collaborate with people.

I interviewed Lyell Scherline from Jay's Local back in the summer for my podcast. We talked a lot about how collaboration, often brick and mortar businesses, local businesses, and I've seen this when I had my own business, people think that they are competing against each other. And the truth is, and then there's some animosity and whatnot, we don't want that anymore. We want to look at the people in our

community as collaborators, as co-creators, to do something better, to get even the word out even more about a particular community, the community that you're in.

We talked about how, I think he said Oreo was partnering with the company that does Doritos; Nabisco, I think. I forget what they were doing with it, but it was just like two things that you never thought would work together, and they were working on a project together, and it was apparently like an amazing project. So that's on a bigger scheme. But with Lyell, he started collaborating with other local businesses to sell their products in his restaurant. And then also on the flip side, in their candle shop or whatever, they're doing something to promote Lyell's business.

So how can you collaborate even more with the people within your local community? So collaboration is going to be key. What does that take? Connection. It takes building connection, whether it's with people online or in your community, and not thinking that you're all in it for yourselves, but that you're in it together. So collaboration is going to be key.

Costs are higher. I don't care if it's food costs, it's product costs, it's labor costs. I mean, costs are going up. What that means is we need to take a look at our prices. Your gross revenue is important, but what's even more important is the profitability of your company, because your profit, what's left over at the end of the day, that's what you need to take to reinvest back in your business, to put into an emergency fund, whatever you need to do with it.

So when we're going back and we're looking at our costs going up, we also want to look at where are our prices? Where's our profit margin at? And then going back and looking at it and saying, "Okay, what do we need to increase our prices on?" Now, again, going back to what I said before about the transaction not being transactional, we want to look at our prices and where's our profit margin at, and making sure that we're in the right profit margin to keep our business going.

But we also want to say, "Okay, we're selling these things. Our food is priced at this, our drinks are priced at this, our products are priced at this, our classes are priced at this," whatever. But also, again, going back and looking that at that experience and saying, "Our experience that we're creating for our customers, does it match the prices that we're charging?" If you are charging high prices, and honestly, the experience that you're creating for your customers is terrible, you have servers that aren't engaged, you have food quality that's bad, your portions are not in proportion to the prices that you're offering, people aren't going to come back. So you got to look at the whole piece. And again, just because you did it the way that you did it three years ago, two years ago, doesn't mean that you're going to do it like that today, because your business is growing and you're going to be innovating.

So looking at your prices, making sure that you have the right profit margin set because of the increasing costs, and then looking at that and saying, "The experience that we create, does it match? Does it support what we're charging? And what do we need to do better?" We can always do things better with the experience. One of the things that I always talk about is go back and look at your reviews, or go back and look at the complaints or the comments that people have made, and not necessarily the good comments, but the disgruntled ones. And saying, "Okay, we had a flub up here. We had a slew of fish sandwiches that went out that were underdone. What do we need to do from the kitchen side?" Because the experience isn't just people who are dealing with the customers; it's also people who are behind the scenes, too, because they're setting the stage for the experience. And then once we get into that next piece where you're actually face to face with your customers, that's when the experience continues, and then that person has the ability to shine.

I had a conversation with someone yesterday. We were talking about the gap in between when someone sells a particular program to a customer and then when the customer gets onboarded, and where that gap is. I said, "We need to find the issue and fix it, because that right there, even before they

get onboarded, that is the first touch with the customer." So how can we make sure that we're creating a great experience? Even though the person who is selling the program to the customer probably won't have anything to do with them after they sell the program to the customer, because then it goes to the onboarding and it goes to some health coaches and goes from there, they are the gatekeeper. It's like a receptionist. When you come into a building into a company, that receptionist is the first touchpoint for the customer. They are the gatekeeper and want to make sure that when the customer walks through the door, they have a great experience.

Some people think that means like fluff and bubbles and unicorns, and staff that's like super chipper and cheery and chipper. No, that's not what it means. Again, it is matching the customer's expectations and their wants and desires with your biggest strengths and the things that you do really, really, really well in your business, and making sure that those two things connect, and building that amazing experience so that the customer wants to be a customer for life; they keep coming back.

Backing up here, looking at your costs and making sure that you have the right profitability, you have the right profit margin built into things, and that your experience that you're creating also aligns with that. Everything needs to be alignment. Alignment, when you look at all of this, alignment is key in 2023. So part of that alignment means, and we're getting into simplify to amplify, letting go of things that aren't making you money. Letting go of things that aren't part of your core, what is at your core in your business. Getting rid of all of the extra and simplifying down so that you can amplify.

Simplifying also means looking at your operations and saying, "Where are we over complicating things?" This goes into the experience. Where are we over complicating, and where can we put better processes in place so that it takes less time to do things, and people have more time to focus on building the relationship internally and externally. So looking at our operations, again, I had that conversation yesterday where there was a giant gap in between selling a particular program to a customer, and then what happens with the onboarding and assigning them to a health coach. So looking at that and saying, "Where are we missing processes? And where do we need to simplify processes and fix them so that we can make the experience even better?"

I know so many people look at processes. They hear processes and they're like, "Ugh." And as a brick and mortar business owner, you opened your business, you opened your doors, you've been so focused on just generating income that the two things that end up falling by the wayside are the operations piece with processes and systems and automation and all of that, and the financial piece, really understanding the ins and outs of your business from a numbers standpoint. So looking at our operations and saying, "How can we simplify things? How can we get back to our core, to our center, so that we can amplify our results?"

The last piece I'm going to talk about, which kind of goes into the collaboration, is as it relates to inventory. People don't really talk a whole lot about this, but with costs going up, fuel going up, shipping rates going up, as it relates to inventory, what can you do to keep the least amount of inventory in your building so that you're not holding the inventory, but your vendor is holding it, and you are buying more frequently from your vendor? What does this require? It requires building better relationships, collaborations, which was one of the keys that I talked about a little earlier.

What this comes down to, and I don't care what kind of business you are, building better relationships with your vendors. Learning how to negotiate costs, food costs if you're a restaurant, and diversifying your purveyors. I know a lot of restaurants who deal with one purveyor. Food costs went up and quality went down, and what are they doing? They're still dealing with the same purveyor. Because they don't know, or they don't want to take the time to go out and talk to other purveyors that have better quality food that might be at a lower cost. Even if it is at a higher cost, it's better quality. And what does that fit into? Your experience. And what does that fit into? Innovating your business.

So looking at that and saying, "Okay, how can we build better relationships? How can we diversify our purveyors or our supply chain?" If you're a retail business, how can you get better quality product and at maybe a lower cost? Or again, even if it's at the same cost, a better quality product. And looking at it and saying, "Okay, how can we turn our inventory quicker?" I'm going to have another episode that's going to be all about inventory levels and things, but focusing on how can we turn our inventory quicker, but also how can we offer a better quality product? And again, it comes down to building relationships with your vendors, which building relationships is going to be key in 2023.

The last piece, and the last one I just want to mention that kind of goes along with a lot of the things that we've talked about, things to watch out for, is learning how to be [inaudible 00:33:34]. You don't need to use every single app out there, be on every single social media platform or whatever; but when you're a brick and mortar business, we want to learn how to build a [inaudible 00:33:50] experience.

How can we take the live experience that we have in our brick and mortar business, and how can we add some digital technology in that will enhance the experience? In a future episode we're going to talk all about how as a brick and mortar business, how you can compete against online businesses, and a big piece of it is going to be the [inaudible 00:34:16] piece. I'll save that for that episode, so make sure you tune in.

But in the meantime, taking the experience that you're creating and enhancing it and bringing in some digital technology because that again is going to be something that will set you apart, that will bring innovation into your business, and that will help people build that wow factor that they're like, "Ooh, I want to go back there. I want to go back there because when I go there, I can tap on something and learn about a product, or I can tap on something and learn about other options for that product," or whatever it is. I can get a virtual demo of a product. So kind of keeping that in the back of your head.

There's a lot of things to watch out for in 2023. As a brick and mortar business owner, again, it is our responsibility to look for ways to innovate, to be agile. As a brick and mortar business owner, we have the ability to pivot and shift gears and course correct a heck of a lot faster than a lot of bigger businesses. But it's also our responsibility to really do what we need to do to build better relationships, to be more relational, and not think about the transaction. To think about lifetime value of customers, to collaborate with each other, to collaborate with our vendors, to innovate our business by simplifying to amplify. It is our responsibility to do all of this because that's going to keep a community thriving. That's what's going to help you to continue to grow your business, not just for today, but for future generations. Not just for the community today, but for the community of tomorrow. That is what's going to help you to build your legacy.

So watch out for these things in 2023 and think about how can you innovate? How can you do things differently than you've been doing them? Because the people that don't innovate, the people that do things the same way that they've always done, they're not going to last. But I know that's not you because you're listening to this podcast.

Also, I have a free gift for you. One of the things that I've been doing with my clients is talking about building a strategic plan. And because you're a listener here, I'm going to give you access to a free download. Here goes my voice. A free download that is going to be all about, it's just a worksheet that you can run through, that's going to be all about walking you through building your strategic plan. You can use this at any time. You can use it for this year. It's what I use, it's what I walk my clients through using, and it's what has helped brick and mortar businesses that I work with to grow exponentially over the past three years and beyond. I mean, since I've been working with people for the past, my Lord, decade, yeah, 10 years.

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What's going to happen with brick and mortar? Brick and mortar business is not going anywhere. It's never going to go anywhere. I mean, cripes, when you watch the movies and you see all the futuristic movies, brick and mortar businesses are still there. It's just that we have to think differently. And there's a lot of opportunity out there for brick and mortar businesses right now; a lot of opportunity. And most people won't see that. But not you. Not you. I know that, because you're listening to this, that you are going to be one of those people that is going to apply these things, that is going to work with your team and build a team that can implement these things, and you're going to see so much success in 2023.

Till next time, have a great rest of your week. Please stay healthy. Please stay healthy. Drink lots of tea. I think I have stock in Halls now and Vics. So anyway. All right, take care.