

How Social Media Is Changing Business

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Russell Rothstein

Russell Rothstein, the chief executive officer of SaleSpider.com, a business social network, realized the Internet's potential for connecting business owners with much sought-after sales leads. His web site currently has more than 750,000 members and is currently undergoing a global expansion.

Business NewsDaily interviewed Rothstein about the challenges SMBs face today as well as the opportunities SaleSpider provides for them.

BusinessNewsDaily: How did you come up with the idea of SaleSpider?



Russell Rothstein: Prior to launching SaleSpider in 2006, I was the founder and CEO of NorthPath, a sales outsourcing company offering lead generation and field sales outsourcing to leading technology companies. NorthPath was founded with the sole purpose of outsourcing its sales team of about 90 professionals to start-ups and venture capitalists that needed sales professionals for short-term projects. And in an effort to continually attract sales professionals, our team provided sales leads at the NorthPath website, which were only accessible for those who registered.

My team and I quickly learned that we were attracting an unexpected demographic: Rather than sales professionals, the vast majority of people who signed up to access the sales leads were, surprisingly, SMBs and entrepreneurs. Consequently, in 2006, my colleagues and I launched the first iteration of SaleSpider: a lead-generation tool that continuously crawled (and today still continues to crawl) the Web for new sales leads. The appeal to SMBs was the ability to instantly identify myriad sales leads from all over North America, versus having to employ a costly sales team.

SaleSpider is now the largest online community specifically dedicated to SMBs and entrepreneurs around the world that truly equips SMBs with new income-generating business leads and business networking connections that matter.

BND: In the 1990s you founded Bizware. How has the business climate changed for entrepreneurs from then to today?

Rothstein: In the '90s new computers were developed every couple of years; now with the Web, things are constantly changing at a faster rate, generating new business opportunities at light-speed and in real time. Social media has forever changed the digital face of online communities, enabling SMBs and entrepreneurs to leverage the power of social networks to grow their businesses in a cost-effective manner and keep pace with a world that is in constant motion.

The business climate has also changed considerably. Today it's much easier to get financing for a new business idea. Basically, new industries around the Internet have cropped up and entrepreneurs can now ride trends much faster than they could in the 1990s. Often these ideas have business models that didn't exist pre-Web, when online connecting was a "Star Trek"-like concept.

BND: What is the biggest challenge SMBs face today?

Rothstein: There are a variety of challenges.

We are finding a greater emphasis on the importance of mobility and collaboration in regards to remaining connected 24/7 to people and opportunities that can potentially generate income and new business leads. To further underscore the importance of mobility and collaboration to the SMB community, it is worth pointing out that the use of mobile business applications has skyrocketed this past year. In fact, SaleSpider also has a mobile app, SaleSpider Mobile, so that its members can take the online lead-generating social network with them everywhere they go and can access it anytime they like.

Another challenge is remaining cash-flow-positive. This has historically been a challenge. For the entrepreneur, this means having to constantly find new sources of lead generation and revenue while simultaneously unearthing new ways to reduce expenses.

Lastly, the nuts and bolts of small business is also critical for success. The trick is now there are many online, mobile and business social networking tools for SMBs to leverage in order to cost-effectively grow their businesses and increase revenues. The challenge lies in mastering how to use the bevy of resources that are available to the SMB community — of course, in every challenge there lays an opportunity.

BND: Your site is for small-business owners. What area do you predict will be the next big thing for social networks to tap into?

Rothstein: This is a good question. Let me first say there are two types of social networks. The pure-play social network is used predominantly for entertainment, which includes following celebrities, participating in online games and connecting with friends. Facebook is a primary example of a pure-play social network.

There are also business social networks such as LinkedIn and SaleSpider. The next big wave for business social networks will be helping members find income-generating opportunities and save money. Think of LinkedIn pushing its message that it is a better [job](#) board than Monster, or SaleSpider providing daily sales leads and money-making opportunities matched to an active member's interests.

Additionally, I think incorporating the Groupon consumer discount focus into areas where businesses can also save will be huge. I will be surprised if Facebook doesn't introduce its own Groupon to compete within its member base.

Finally, there is a lot of noise around social networks going public (LinkedIn, Facebook and Twitter). The "business of social networks," so to speak, is heating up — hence, the next big thing for social media will be monetization and assessing average revenue per user statistics.

BND: Small-business owners are networking with each other, yet competing for the best opportunities. What effect does that have on the small-business community?

Rothstein: Being a small-business owner is a little like being a participant in the reality show “Survivor.” You need to form alliances to make it to the next round in order to successfully grow your business, and then you need to either merge with or eliminate your strongest opponent in order to maintain your market share and cash flow.

SaleSpider enables the alliance-building aspect of growing a small to medium-sized business, and that is critical, since SMBs are not usually threatened by other SMBs but by big businesses. Alliance building enables competition against larger businesses.

BND: How many members currently visit the site, and what is your largest demographic group?

Rothstein: SaleSpider targets small businesses and currently has 769,609 active members in its community. The vast majority of these businesses (93 percent) have less than 100 employees. Seventy-one percent are business owners, and 27 percent are C-Level executives. The members that are most active on the site tend to be ones that are trying to reach businesses beyond only their local market. For instance, a local shoe store is not likely to be spending as much time on the site as another company that has potential customers and partners outside of their immediate area.

SaleSpider’s members come from a vast array of industries and verticals, including real estate, construction, government, technology, printing, and financial services.

BND: What was your biggest challenge developing SaleSpider?

Rothstein: Initially, it was getting members, but now it’s training people to handle the tremendous growth SaleSpider is experiencing and respond to all the opportunities and incoming inquiries.

BND: How do you market your business?

Rothstein: SaleSpider is marketed in a variety of ways depending on the audience; with clients we use a direct sales force, and with users we use different forms of media and word of mouth.

BND: What are the top three ways you think social media’s impact will be on SMBs?

Rothstein:

1. Faster global growth is no doubt a byproduct of social media. In the past it was hard for SMBs to sell outside their location, but with the rise of social networks, the world becomes flat due to the Internet, email and overall social media, making it much easier for businesses to grow globally.
2. E-commerce has been a conduit to the borderless economy, essentially providing opportunities to get more business done locally and internationally.
3. Social media levels the playing field; SMBs and entrepreneurs across the world now have an equal opportunity to grow their business by integrating social media into their business model.

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