

# Grow Your Business Edition 2

## The way we do business today ...

Imagine being a business owner in the 1700s. For the most part your business was started when you hung a shingle above your door or even your wagon. People knew who you were and what you did because in many areas you might have been the only business to do it! Your target market was your local community - your village for example and the farmers who supported it.

Then came the 1800s, the industrial age - the advent of paper made from fibers rather than rags, the typewriter, printing, the telegraph, photography, newspapers, mail systems, the start of radio and the telephone just to name a few. Think about the impact those tremendous changes had on the people living at that time. Surely, all that would have seemed daunting and confusing at the time.

That is, of course, precisely how many people feel now with the advent of the Internet, e-mail, e-commerce and all the other changes in technology. The 1900s have seen dramatic changes to the way, and to the world, in which we live. Television, marketing and computers have changed everything. And just as television was a watershed in the 50s and beyond, the Internet is that now.

And as it happened in the decades and centuries before us the result is that business is rapidly trying to change, isn't it? These days, people are better educated than ever before. Your customers and clients have access to more information than any of us ever dreamed possible. And it's information on everything and anything including what we do in our businesses. As such our customers are becoming more and more discerning, aren't they? And they're more connected to the rest of the world, to each other (and to your competitors!) than ever before. To keep up then, what do you do? Let's review some ideas.

First, you have to be continually looking to improve - the shingle is no longer enough. You've got to be thinking about better ways to market and sell. How to add more value, how to really stand out from the clutter, how to keep your customers loyal, 'awesome' customer service, systems, finances, creating a good environment for your people, local, regional and world markets and much, much more. And you've got to be on the web.

While all of this sounds and sometimes feels daunting remember there are opportunities we couldn't have conceived of even 5 years ago that are now knocking on your door! To help you with that we hope you enjoy this edition of **Grow Your Business**. Remember too that we are here as a resource to help you stay up to or ahead of the game! It's reassuring, don't you think, to know that

all of our predecessors had to deal with dramatic change just as we are now? The good news is they survived - and we will too. Better yet, we'll do it together. Enjoy.

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## The Internet - will it affect your business?

Statistics on Internet use and the Internet economy are suggesting the answer is a loud and clear - 'yes!' Take this report as just one example:

'The US Internet economy grew at an "astounding" rate of 68% in 1999 alone. It will generate \$507 billion in revenue this year and accounts for 2.3 million jobs, up from 1.5 million a year earlier. A University of Texas report for Cisco says the payoff is finally coming from the billions spent on Internet infrastructure.'

And don't think, even for a moment, that this is purely a US phenomenon - statistics from the United Kingdom, Europe and Australasia show similar growth patterns.

More and more customers are turning to the web for information (you can bet on your types of products and services) for ease of purchasing and rapid turn around. Given that, almost every business large or small needs a web site. Even if you're not planning to sell products or services via your site, these days web sites can be compared to and are as essential as business cards or brochures or perhaps (when they're properly constructed) they're more akin to sales people. Think of your web site as your online sales person! You wouldn't go without people to sell, would you? So why would you go without a web site that sells?

Be sure to read the next editions of '**Grow Your Business**' for articles about: 'e-Business Strategy - what, when and how for your business, your web site and your profits' to find out how this really does apply to you.

**Focus on '4 Ways to Grow Your Business' rather than just one. Then grow your business significantly.**

Most business owners focus on just one way to grow their businesses - winning more customers or clients. You've heard it and probably thought it yourself - 'quick, business is slow, we've got to get more leads', 'if I could just win 10 new customers we'd have it covered!' or 'I have to do more advertising'. But that's only part of the picture.

To leverage your investment in marketing, to generate the best results, to ensure the profitability and longevity of your business you must consider the '4 ways to grow your business' thoroughly. Doing anything less means you're missing out on invaluable opportunities to grow your business. In the last edition we focused on the 1st way to grow your business: win more customers (of the type you want). In this edition we're going to focus on the 2nd: get them to come back again and again. In later editions of **'Grow Your Business'** watch for articles focusing on the 3rd and 4th ways to grow, and later another titled: 'The Power of Synergy' to find out just what the '4 ways' could mean to you financially.

## #2 Get your customers coming back again and again

Because people are so focused on winning new customers it's often easy to neglect the huge asset you already have - your existing customers. Once someone has purchased from you they are far more likely to do that again. This really is a key leverage point for your business, especially when you consider that on average it costs 6 times more to win a new customer than it does to sell to an existing one. Think about that for a minute - 6 times more! What else could you be doing with that money? For one thing you could be going back to your customers more often and encouraging them to do business with you again and again.

### **Remember it costs 6 times more to win a new customer**

So what could you be doing to entice your customers back into your business? There are hundreds of ways to do that - things like 'thank you' letters to nurture your relationship with them, invitations to special events like 'closed door sales' or 'product launches', simply asking them to come back, offering follow up appointments for instance, and special offers to entice them to do so will all help.

### **So remember 'there's more than one way to skin a cat'**

While it's an old expression it's true. Focusing on winning new customers and advertising only will limit the growth and profitability of your business. So this month, implement some of the ideas outlined here: go ahead send thank you letters, plan an event just for customers or more. And look for the next edition of **'Grow Your Business'** for the 3rd and 4th ways to grow your business!

## **Increase sales by up to 16% and save marketing dollars**

That's possible simply by tracking a 'magic number' called your 'Conversion Rate'. It's 'magic' because it can help determine your whole sales and marketing strategy specifically, your sales and forecasts no matter what your business.

Your conversion rate is the number of inquiries you receive versus the number of sales made, expressed most frequently as a percentage. Now before we look into this further, think about your own business for a moment - what's your conversion rate? Check your records or simply take a guess right now and keep that figure in mind as you read on.

### **You can't double 75%**

When most business people are asked what they think their conversion rate is the majority will say 75% to 80%. Did you think that for your own business too? Interestingly, when the numbers are accurately tracked in those businesses, most owners find, to their obvious surprise, that the figure is often as low as 20% to 25%. Given that's the case it becomes obvious that generating leads is not the greatest opportunity for your business - converting more of those leads into sales has far more potential! This is a fantastic opportunity for your business. You see, you can't double 75% or 80%. The only way to grow your sales in this case is to generate more inquiries, which is often expensive. On the other hand, of course you can double 20% to 25%. *And you can do it without spending any more on marketing.* Instead, you learn to focus on internal issues like sales training, special offers, better follow up and more - these can (and do!) make all the difference.

### **And the survey said**

Better yet, it has been shown statistically that just by tracking the numbers closely, conversion rates can increase by up to 16%. Consider that for a moment - without any other change to the sales process or any other expense, sales could increase by 16%. Imagine what that could do for your business? The reason this statistic tends to hold true is that, by nature, people want to do a good job, when the numbers reflect less than that most make a concerted effort to see them improve. Healthy competition between team members can kick in too and people perform better when certain goals have been set and then activities tracked.

### **No more guesswork - plan your sales down to the very last detail**

Knowing your conversion rates is also critical to planning your marketing. If you know you need to sell 45 products or services in a year and you know your

conversion rate is 25%, then you know you have to get in front of 180 potential customers to sell that 45. Right? Absolutely. It certainly takes the mystery out of marketing and lets you control your activities and your sales. No other process allows you to do this so easily - having that much control in what's usually a random and reactive process really is magic!

## **Here's how to start**

You can start tracking conversion rates simply by keeping a tally of the number of inquiries you receive over a week and the number of sales made. Draw up some tally sheets now and have your team keep those by their phones or on their desks. Be sure they mark each inquiry versus each sale as they go. Then at the end of the week or the month you simply collect the tally sheets and check the final numbers for the whole team. Then ask yourself this question: 'what do we need to do to increase our conversion rate from 25% to 40% or higher?' and see what answers you and your team can come up with. Before you know it sales will have increased.

## **“These days you just can't find good people”**

True? Perhaps. Sometimes it certainly feels true doesn't it! But let's turn it around for a moment. Many people - particularly the good ones, don't just want a job. In fact, they'll very often go out of their way just to avoid taking a 'job'! Rather, good people want a career, or at least something with purpose, something they can stick to. Those people want to feel they're making a difference - that they're contributing. So ask yourself this - what is your business doing to appeal to that kind of person?

## **Your ads say it all**

Do this. Grab your local paper. Turn to the job section. Take notice! Looking through all the pages what you'll most likely see is the standard boring job ads - 'management executive' 'personal assistant', 'production engineer', 'retail salesperson'. And worse yet, most of the ads look exactly the same. Heading, bullet points, address for resumes, email or phone number.

## **Passionate people like passionate people!**

Job ads are like any other kind of ad - so why not try something different? If it's people with passion and heart you want - then say so in a headline! For instance - 'Wanted people with passion, people with heart, people committed to \_\_\_\_\_'. In that scenario you could then go on to talk about how the people at your business are a cut above. That you all work together as a team, that they'll need to think on their feet and work hard because results are the real drivers, but the rewards will be there through learning, a great work environment,

growth and income. Don't think for a minute good quality people who want more than just a job won't come running!! How could you adapt this idea to suit yourself? If it's people you need why not run that headline and see what happens?

And by the way, never ever ever say "you can't get good people these days." That is not taking responsibility. Just change the first word of the sentence and you get a more accurate, "I can't get good people these days." The truth is those good people are going somewhere - somewhere which is attractive for them.

## **Are you losing sales because of 'risk'?**

When it comes down to it - what holds someone back from buying from you? Usually the bottom line is fear. Fear of making a decision. Fear, in particular of making the wrong decision. Are they buying the right product or service? Are you reputable? Is this the best deal? Is it a good value? And the list goes on. Those risks often stop customers in their tracks. Now imagine what would happen if you took that risk away - if you gave the potential customer a Plan B, a back up plan, a way out if you will - even if most will never take it.

### **A guarantee could be the solution**

And that's what offering a guarantee is all about - reversing or removing the risk from the customer and putting it back onto your business. Doing so offers you a huge opportunity to increase sales - assuming you're offering a good quality product or service - what's holding someone back if the risk is gone - that's right - nothing! Better yet, guarantees help differentiate your business from your competitors and that helps prospects choose you over them everyday.

### **But how risky is it?**

Think about it this way - guarantees can lift the response to your marketing by up to 350%. What would that mean to your revenue? Could you afford to suffer from one 'bad apple' in many to generate sales you wouldn't have had otherwise? Yes. And that's because the risk to you even if you offer an outlandish, over the top, crazy guarantee is usually very low. In fact statistical research shows it's only 0.1%. So while most people are thinking 'I couldn't offer an unconditional guarantee - people would take advantage of it', in fact the opposite is true; sales opportunities are going begging!

### **Make it strong and shout about it!**

For a guarantee to be effective it must be specific, rather than something generic like a 'lifetime warranty'. Ideally try to create a statement that says 'if this ..... then that'. That is, if this happens - for example our product fails, or our service does

less than delight - then we'll do such and such - for example; refund your money in full, immediately correct the problem, credit next month's service to your account - to fix it. Once you have it, put it on all your marketing material, encourage your team to talk with customers about it and create signage showing it off. Remember when you literally guarantee your customers will experience success dealing with you, you'll be an important step closer to guaranteeing your own success and increased sales. (And remember this as well; when you have a guarantee you can charge more because of it AND it forces you to do things great - and to do great things.)

## **Consult many minds**

“Strategy is a top management job, but it is not a job for top management alone. The more people you involve in thinking about the direction your company should take, the better off you are ... Involve revolutionaries - after all these are the people most likely to push the boundaries or change the game in some other way.” (Boyett & Boyett - *'The Guru Guide'* John Wiley & Sons)

Your team could be those internal revolutionaries for your business, after all they deal hands on with your customers day to day and they face challenges within your business. Why not start there for ideas on where and how to grow your business? Better yet, they'll feel more involved and committed as well.

## **Need more information? Call NOW and benefit from a special offer.**

We at Davidson's Business Development Team, Inc., have systems, programs, turn-key solutions and one on one ongoing Business Development programs tailored to get results for you, address many of the ideas outlined here and ultimately, build the business you've always wanted.

**To find out if you qualify for a FREE 'Business Development Assessment' consultation normally valued at \$225.00, call 732-290-1502 now and ask to speak with one of our Business Development Specialists.**

## **How to make the most of your Grow Your Business Newsletter**

Be sure to read each article with the mind set 'how could this apply to our business?' because sometimes the best ideas come from examples that seem unrelated at first. Thinking of it that way will guarantee you get value. Better yet, take notes as you read and commit to having the ideas you glean implemented by the time next month's edition arrives. Also, make copies for each team member. To really make sure something positive happens, arrange a team

meeting to talk about the ideas and set a schedule for getting them implemented. Doing that should really jump start things and get some action happening!

**For those days when things have gone astray take heart, at least you didn't say this:**

*"I'll tell you, it's Big Business. If there is one word to describe Atlantic City, it's Big Business. Or two words - Big Business." Donald Trump, looking down on Atlantic City from his helicopter, as quoted in a 1989 Time.*

***An important message:***

*While every effort has been made to provide valuable, useful information in this publication, this firm and any related suppliers or associated companies accept no responsibility or any form of liability from reliance upon or use of its contents. Any suggestions should be considered carefully within your own particular circumstances as they are intended as general information only.*