

The 4 Ways To Grow Your Business



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It may sound simplistic but basically there are four ways to create a more profitable and valuable business:

- 1 Increase the number of customers (of the type you want)
- 2 Increase the number of times customers come back
- 3 Increase the average value of each sale you make
- 4 Increase the effectiveness of each process in your business.



These 4 fundamental strategies will help you win more customers, motivate them to come back to you more often, prompt them to spend more when they do and improve the processes in your business to ensure that you can manage the growth.

Theoretically, it's that simple. If you could increase each one of these 4 factors by just 10% the combined effect would be an incredible 46.4% increase in your sales. Is it possible? We believe it is achievable and we can provide the tools and experience to make it happen.

We are not your average accounting firm that just keeps the 'score'. We aim to work with you to build a better, more profitable and valuable business by combining our consulting tools and expertise with the knowledge of your business.

1 Increase the Number of Customers (of the type you want)

Most business owners focus on winning more new customers through advertising. This can be expensive and there are numerous other strategies that you should consider including:

- **Develop Referral Systems** - Thank your clients for any referrals and consider a reward system to encourage additional referrals.
- **Develop a Unique Selling Point (USP)** - What makes your business unique? Think about what you do differently from your competitors. You need to find ways to differentiate your business and communicate these points to your customers.
- **Research your Market** - You need to understand your customers needs and preferences so you can market to their needs. Focus on benefits you offer. It is vital that all of your advertising and marketing material focuses on the BENEFITS customers will receive rather than just the features of your products and services.
- **Improve Product Mix** - to be more appealing and concentrate efforts on high margin products/services.
- **Enter New Markets** such as exports or selling in new areas.
- **Target your Advertising and Marketing** - Identify your ideal customer and direct your advertising and marketing strategy to reach those potential customers.
- **Review your Phone Manner** - Many marketing 'experts' consider the phone to be the single most underutilised selling resource in business. Why spend money advertising if the customer's first contact with your organisation turns out to be a negative experience? With proper training and follow up your team can learn to have the skills to handle any call and convert the sale. Use phone scripts to alleviate anxiety, engage conversation and increase sales.

- **Develop a Sales System** - A systemised approach to selling based on an effective sales method is a must-have for increasing your customer base. To motivate consumers to make a purchase it is usually important to educate them. Ask new customers, 'how did you hear about us?' It's a simple question that can tell you volumes about the success of your advertising.
- **Be a Problem Solver** - If a person inquires about something you do, they're asking for help in solving a problem. If you fail to do everything possible to solve their problem you are doing them a DISSERVICE. Identify their problem. Direct them to the proper solution.
- **Create Sales Forecasts** - Mapping your sales forecasts is also crucial to increasing sales. It's much easier to get to your destination - if you know where you are going! Sales forecasts help you find that direction and give you a target to achieve.
- **Follow Up** - Statistics show that 80% of sales are made after the 5th contact. Think about other ways to promote your business. There are so many! Create reciprocal referral agreements with a non-competitive business with the same type of client base.



Increase the Number of Times a Customer Comes Back

Increasing the 'transaction frequency' - or the number of times someone deals with you is an important step to increasing your profitability. In fact, some would say this is the most important ingredient of all. Studies suggest it costs up to 6 times more to win a new customer than it does to have an existing customer buy again. So how can you encourage repeat business?

- **Inspire Customer Loyalty** -Motivating your customers to come back to your business more often is vital to the long-term health and profitability of your business. The more frequently your customers purchase from you, the greater your profits. The most important customer list in the world is the one you already have. Loyal customers will not only return to your business, they will become walking advertisements for you. They will refer their friends and family to you. The easiest way to get new customers is through your current customers.
- **Know Your Best Customers** - This can be done by simply classifying your customers into A, B, C and D categories. This means that your on-going communication and marketing approach will be more appropriate for each group. Gather information about your customers. The more you know about them, the better service you can provide.
- **Provide Awesome Service** - Creating a team commitment to service can keep your customers returning and referring. You need to train your team so they deliver consistently outstanding service. Be exceptional and exceed customer expectations. Make sure your service is better or quicker, provide longer or stronger guarantees. Your team also need to have clear guidelines for problem-solving, how to 'think outside the box' and be empowered to do so. Ask not what the customer can do for you, but what can you do for the customer.
- **Stop the Leakage** - if you are losing customers think about ways to retain them and stop the defections. When money is tight customers expect more for their dollar. Refine your customer service strategy to insure that every step from taking the order to delivery is client focused and effective. How can you make the service more efficient and valuable so you retain their custom. Identify and follow up lost sales.
- **Nurture Your Customers** - Nurturing is the most cost effective way to make customers feel valued and motivated to keep purchasing from you. The more you stay in touch with them the more likely they are to remember you. Newsletters, special offers, service reminders and thank you notes are all effective strategies. You could establish a loyalty programme with rewards for frequent purchases. Your current customers are your most important as they are your walking/talking advertisements for your business and will refer their friends

and family to you. Offer on-going support, education or advice about your products or services.

- **Use Customer Comment** - Asking for feedback lets customers know that you are truly interested in them and their opinion - something other businesses may not even bother about. Most customers will not tell you about their negative experiences but will simply 'vote with their feet'. Follow up and make sure they're happy and THANK THEM for their business and referrals. The feedback can also be extremely valuable for your strategic planning. Make sure feedback has been actioned to ensure customers can see their suggestions are valued.



Increase the Average Value of Each Sale

Increasing your average sale makes every transaction more profitable. Since the cost of winning a new customer is already covered in the original purchase, additional sales are a plus - profit for you. There are a number of ways to do this:

- **Cross Selling** - Look at your major product or service and ask what else could you offer that would go with that item that would add value and help the customer make the most of their purchase.
- **Up-Selling** - Educate and make suggestions. Customers often do not know about other items or services that might add to their original purchase. You need to tell them! After all, customers come to you for help and guidance. Every time you fail to explain all their options, you can be missing opportunities. Offer your products or services in three or more tiers. You can explain that one level is good, the next level is better and the third level is the best. Statistics show that most people will select the second tier item but many will also be happy to spend a little more for more value.
- **Bundling** - Packaging items or services together adds value to the customer. Take a look at your full range of products and services and see if they can be packaged together. For example, a beautician might offer a discounted manicure with a facial. This practice makes purchases more attractive to customers and can increase average sales.
- **Smart Merchandising** - Signage, ticketing, presentation and packaging can all increase your average sale. Testimonials and brochures can help educate customers and build confidence in your business.
- **Work your Margins and Pricing** - We can assist you with looking at the direct relationship between the 4 key variables in your business - price, volume, fixed costs and variable costs. If you are tempted to cut prices think again. Sure you'll probably sell more product but you'll cut your profit margins and potentially dilute your brand in the process. Discounting now sends the message to your customers that they can expect future discounts.
- **Maximise your On-Hold Message** - Your phone's on-hold message can spark a customer's interest in more products or services, especially if it is useful and educational. An effective message can turn down time into profits.
- **Consider Raising your Prices** - To increase your average sale, you must have a full understanding of your margins and what they really mean to your bottom line. Avoiding discounts and price wars is critical to maintaining and increasing your average sale. Oddly enough, sales can sometimes increase with a price increase. Your products or services may seem more valuable. This is particularly true if you create sales and marketing tools to educate customers about the value they'll receive.

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Increase the Effectiveness of each Process in your Business

The fourth way to grow your business is more of an all-encompassing strategy. Increasing the effectiveness of the way you do business is central to everything. The quality of the processes defines and determines the quality of the outcomes.

- Ageing is an efficiency indicator that should be applied to all areas of the business. For example:
- An ageing and less efficient plant facility.
- Old and dilapidated premises.
- Product profile - no new products for years.
- And outdated attitude to employees.
- Obsolete office equipment and systems.
- Over-used advertising or marketing procedures.

Develop functions, systems and manuals. Build your business on functions rather than the people in the roles. Good systems clearly spell out how each single business task is carried out and will ensure easy handovers, training and delegation (e.g. ensuring all deliveries are invoiced and accurate.) Many businesses are built around specific people rather than the jobs or functions those people perform. Changing your business to one that identifies functions first then slots the right people into those functions will help your business grow.

Training is another pivotal area for improving the processes within your business. Regardless of whether it's customer service, phone answering techniques or computer skills, training your team members properly is extremely important to ongoing development of your business. Systems clearly spell out how to do every single business task and make it easy to train team members and delegate work, leaving you more time to develop your business.

Work **ON** your business not **IN** it. The business owner stuck handling day to day tasks will only achieve slow growth if at all. You need to step outside these activities and look at the business objectively with our help.

Measure your current performance. You must have an understanding of your strengths, weaknesses, opportunities and threats to grow your business.

Potential Sales Increase Worksheet

To illustrate the compounding effect of these 4 profit drivers lets assume you have 1,000 customers and look to increase that by 10% to 1,100. Next, increase the number of times your customers come back to you by 10% (1 time to 1.1 times per annum). Then, increase your average sale to the customer by 10%.

Number of Customers x Number of Dealings x Average \$ Sale = Total Sales

Now: 1,000 x 1 x \$250 = \$ 250,000

Plan: 1,100 x 1.1 x \$275 = \$ 332,750

Sales have grown by 33%. If your profit margin is just 30% your profit has increased by \$24,825 and the value of your business has also grown.

Small Business is Our Passion and our goal is to help you build a better, more profitable and valuable business by combining the knowledge of your business with our consulting tools and expertise.