

# Profit Builder

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### Special points of interest:

- Stop the insanity—formulating your plan of attack
- Did I hear you right? Active listening as a business strategy
- Take a little trip to the future—an approach to reaching your goals
- Sales tracking to get the best out of your marketing dollar

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## How to change the world in a few easy steps

Ever think about just how important your business is? Most of us are so busy dealing with the day-to-day, we forget to take the time to think about the 'big picture'. Take a moment now, though and think about how much your business means.

First of all, what it means to you—what it means to your family, your lifestyle, your children's future.

And in turn, what does it mean to your team members, and their lives?

Now scale up a little further and consider the impact it has on your local community—

creating employment, and spending that in turn grows other businesses, and so on.

This flow-on effect then continues out to your local and regional economies, even impacting government policy and actions.

And it doesn't stop there...

Regional economics directly effect national economics. So ultimately, you and your team are making a positive contribution to your country's prosperity, as well as your own. That effects taxes, schooling, health care, the quality of housing, roads, research funding... the list goes on.

Then consider how our country's wealth and success impacts our standings within the worldwide community, our business partners, military allies and more.

When you think about it that way, suddenly your business is so much more than a "just a small business"—it's a key piece of a greater puzzle that keeps the wheels turning, of which you, your team and those around you should be proud.

Is your business impacting the globe?

You bet!

## The right image

First impressions count. And they can be lasting. A positive or negative impression of your business can stay with a customer long after they've dealt with you. And the right one can have them always coming back for more.

There's a range of powerful tools you can employ to ensure your business always has the right image without you having to make a substantial investment. Tools like:

- SWOT analysis—get an image of your business from an internal perspective by

identifying key Strengths, Weaknesses, Opportunities and Threats.

- Customer Advisory Board (CAB)—have a facilitated discussion with some of your key customers to get an external perspective and some constructive feedback.
- Free press—maximise public relations opportunities in your community through local papers and trade publications, sponsorship opportunities, product launches, etc.

- Value-added website—as well as telling people about your business, it also offers tips or advice on what your customers are looking for. Regularly updated, this encourages people to return, and the more often they return, the more likely they are to buy.



## The definition of insanity

You've heard the expression dozens of times—*insanity is doing the same thing while expecting different results.*

In every industry—irrespective of the state of the economy—there are businesses that consistently outperform their peers, not by small but by staggering amounts. This is often referred to as the *margin of excellence*. They have it right, and the others have it wrong. It's as simple as that.

Close enough is never good enough. Improved business performance comes from a willingness to do something different and then getting the details right. If you get all the little things right, the big picture really does look after itself.

### Your Plan of Attack

Even if you're already the leader in your industry, you'll still have opportunities to

improve the profitability of your business. It's not always easy to achieve, but it's certainly possible.

You need a plan of attack. Specifically, you need to find out exactly what your existing and potential customers want—and it's not always the lowest price—and it's this that forms the basis of your marketing plan.

You then need to organise your business so you can delight your customers—thus forming the basis of your operations plan. This requires giving attention to your team members and equipping them with the resources and skills they need to excel in what they do. In particular, you'll need to systemise your business.

Finally, you need a management control plan in place to make sure everything is working the way you designed it to work. This will focus on the things you must

get right to succeed—your Critical Success Factors. You can then measure your business's performance in relation to things using Key Performance Indicators.

As Michael Gerber, author of *The E-Myth Revisited* (HarperBusiness 1995) said, "The reason most businesses don't work is that the people who are supposed to be managing them are too busy working IN them rather than working ON them."

In other words, they're spending all their time on the technical work of their business—working with their hands, rather than their heads. There's a limit to what the hands can do, but none to what the head can do.

Engineering your business so that it runs like a well-oiled machine helps bring that coveted *margin of excellence* well within your reach.

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*"A mind stretched to a new idea never goes back to its original dimensions."*

**Oliver Wendell  
Holmes**

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## Hearing v. Listening

There are a number of traps we all fall into when it comes to being an effective listener. Do any of these sound familiar?

- Our mind wanders if we find the topic or speaker uninteresting.
- We start to evaluate the speaker, rather than their message.
- We allow distractions to interrupt us.
- We 'switch off' if the subject is unfamiliar or difficult.

- We become emotionally involved, letting our feeling for a particular word or statement distract us from the full message.

Developing good listening skills is just as important as developing the professional skills you have that make you a great business person.

Engage the 80/20 rule when dealing with your customers: listen 80% of the time, and speak only 20%. When you are actively listening to your customers and prospects, you're learning about their

needs and building a relationship.

When you are speaking, ask key questions, paraphrase what they've said to show you understand, and give 'positive strokes' in your body language, and in your words—such as "Uh huh", "Right", "I see", and so on.

Active listening can be hard work, but it is crucial to building successful relationships, and therefore in growing your business.



## Synergise!

In his book *The 7 Habits of Highly Effective People* (Simon & Schuster Fireside, 1989), Stephen Covey identifies the sixth habit as Creating Synergy. He defines this as creating several parts that work together to achieve results that as a whole are greater than the sum of the parts.

Synergy can be created both inside your business, and outside it. Fostering internal synergy may involve such activities as:

- building a shared vision for your business and your team

- encouraging an 'ideas' culture
- use the *4 Ways to Grow Your Business* in concert with one another, rather than individually.

To foster external synergy, you may like to try some of these approaches:

- Form a win-win Host Relationship—this is an alliance you form with a non-competing business that deals with the same type of 'ideal' customers. By working together, both businesses can leverage each other's well-qualified

customers without having to make substantial investments to generate new leads.

- Create a synergy of design and content on your website—both elements directly impact how long a user's visit to your site will be, and whether they'll be back anytime soon.



## It's all in how you go about it

When you start to look at your business as a series of processes, you open up the scope for improvement. Try this simple exercise with your team to examine your current processes and identify improvements.

Using a whiteboard, draw a large square in the middle. Draw 3 arrows hitting the left of the box, and one coming off the right. Label the arrows on the left "Inputs", and the one on the right "Output".

Next, have your team think of any process in the business. For example, the phone process, where inputs are incoming calls, and outputs are orders.

Write the word "Activity" in the box. Point out that the only way to get more outputs is to change the activity in the box.

Using the above example, an input may be when a customer calls and asks "What is the price of XYZ?". The "Activity" in

this case would be a team member simply giving the price in response. The customer then says "I'll call you back," and there's no output. To change the output, change the activity—so what the team member says in handling the call to create a better output.

This method of examining your business can produce dramatically positive results.

Why not give it a try?

*Seek out an opportunity to create synergy outside your business.*

## Looking back to get ahead

Bring your goals to the present for a moment. Look around you and ask yourself a few things:

- What's your personal income now?
- What profit is your business generating to give you that income?
- What gross revenues is it generating to produce that profit?

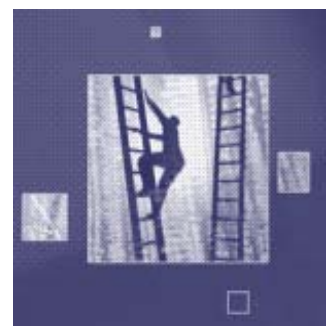
- How many hours a week do you work?
- How many team members have you got?

And so on. Now look back at how you got there. Write down the strategies and activities you performed to get you where you are.

Now come back to the present. Notice how the future has kindly dropped in and given you an action plan of

how to get where you want to be?

Often, we find ourselves so caught up in our problems, we're too busy to see how to really move forward. Our current experience of nothing but hard work and lack of resources can cloud our ultimate vision. Taking the time to 'look back from the future' every now and then can help you create that 'Critical Path' to achieving your goals.





## Increase your sales while you save on marketing

There are no smoke or mirrors, but there is magic number for your business. This number is your 'Conversion Rate', and it's magic because it influences your whole sales and marketing strategy. Conversion rates are most often expressed as a percentage based on the number of business enquiries you receive versus the number of actual sales you make.

When asked, the majority of business owners estimate their conversion rates at around 75% to 80%. It comes as a bit of a shock then, when numbers are accurately tracked, that the answer is actually closer to 20% to 25%.

With those sorts of statistics, it becomes clear that the greatest opportunity is not in creating leads, but in converting them!

In the past, your approach to creating more business would be to create more leads, and you'd increase your marketing spend to meet this need. Armed with this new information, you now have an alternative, and one that costs much less! Simply improve your conversion rate.

The first step in getting there is to start the tracking process. Have tally sheets for you and your team to record the number of calls your business receives in a set period, and then the number of sales. At the end of the week or month, collect all the tally sheets and calculate your team's conversion rate.

Research has shown that the simple exercise of just tracking your results more closely has the potential to increase conversion rates up to 16%!

You and your team can then start to set goals for improving that rate and come up with ways to achieve this. You may decide to focus on internal systems and practices, such as better phone skills and follow up, special offers, sales training, and so on.

Once you've got an accurate conversion rate, you can start to plan your sales down to the very last detail. If you know you need to make 50 sales in a year to make a profit, and you know your conversion rate is 25%, then you know you need to be in front of at least 200 prospects to get there.

No more guesswork, and just watch your sales grow!

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Combining our knowledge of your business, the personal relationship we share with our clients and the consulting tools, support and networking power of the Principa Alliance, we can help you achieve more with your business than you imagined possible.

Our goal is to help you build a stronger, more profitable

business, and enjoy a higher quality of life and greater financial and personal freedom as a result.

We can and will do so much more for you than just 'keep the score'.

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