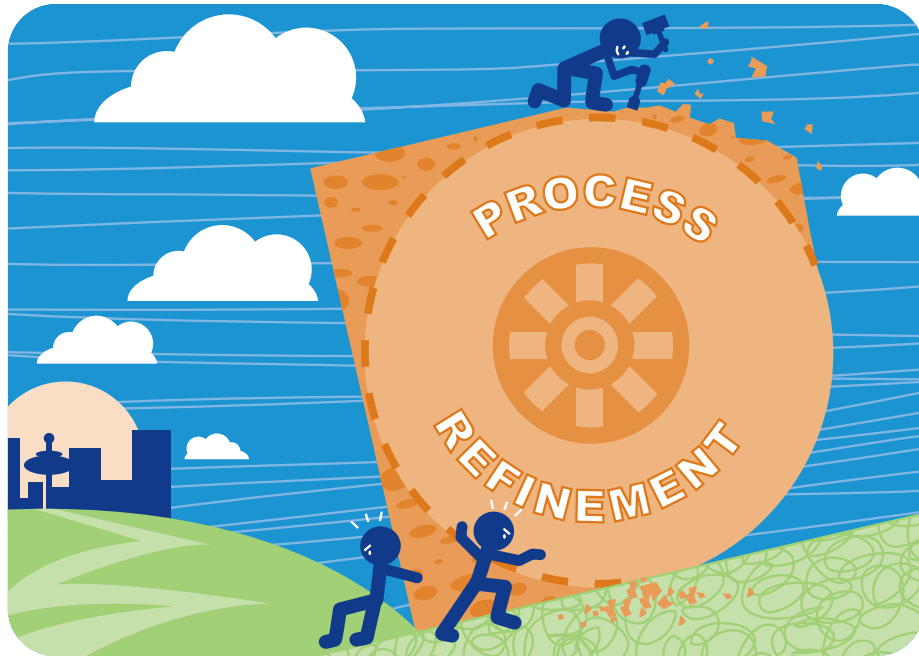


GROW your business



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Grow Your Business By Increasing Process Efficiency

In previous issues we have looked at three of the four ways (and there are only four) you can grow your business: increase the number of customers of the type you want to have; increase the number of times a customer comes back to buy from you; increase the average value of each sale you make. In this issue we cover the fourth way, increasing the effectiveness of each process in your business.

While it's the last, it is by no means the least. In fact this is the step that ties it all together. Getting value from the first three ways can only come about if the processes involved in them happen efficiently within your business. Without changing and improving the way your business operates it will be very difficult to successfully implement the strategies we've discussed.

When you think about it, a business is nothing more than a group of processes – production, marketing, selling, managing the finances and so on – and it's the actual quality of these processes that determines the quality of the outcomes. So increasing the number of customers will be reliant on the effectiveness of your marketing processes; increasing customer retention on how well you handle customer service processes; increasing the average value of sales on how good your selling process is, and, in general, making all other processes, such as inventory management, cost efficient so as to save money (increase profit) and minimize waste.

One way of pinpointing where your operations can improve is to take the time to really investigate how the key processes are operating so as to identify inefficiencies and performance failures and establish the real underlying causes for them. For instance, a business may not be getting enough new customers. The immediate reaction, in the absence

of knowing exactly why, might be a shotgun approach – increase marketing spend and widen it out to all sorts of channels to attract more leads. In fact, take a little more time to investigate and it may turn out that the business is getting plenty of leads but is failing to convert many of them. That's a sales process that needs improving, and the solution might be in getting sales reps to perform more effectively or getting back to telephone inquiries faster rather than throwing more money at marketing.

The fact is, most owner/managers don't see their business as a series of processes. But that's exactly what they are and each one needs to be analyzed at some stage to see how efficiently it is working and if the right drivers are being measured, for instance, conversions



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per sales rep and average time to respond to phone calls in the case above, so that performance can be tracked and the real reasons for poor performance identified.

Deciding what drivers to track can sometimes be a bit involved and it's good to work out which ones are relevant to your particular business in conjunction with a business advisor. They'll usually start the ball rolling by giving your business a 'health check' to 'diagnose' just how well it is currently performing.

A business health check can look at both what is happening in the business world around you and at your in-house operations. You may be tempted to look just at in-house operations, but consider how changes in technology, for example, could affect your production methods, or upcoming legislation in, say, managing pollution, which might alter the way you need to handle waste. Those things may not necessarily be negative – sometimes a review of the wider world opens your eyes to new opportunities as well.

The Four Ways of growing a business work best when used together in an overall strategy. Think about the concept of synergy, the whole is greater than the sum of its parts. The mistake many businesses make is to focus on just the customer/sales processes, and thereby miss out on significant growth opportunities from making other processes more cost efficient as well.

MEMORABLE QUOTATION

Nothing focuses the mind better than the constant sight of a competitor who wants to wipe you off the map.

– WAYNE CALLOWAY

Talking To Strangers

Business networking is the process of establishing a mutually beneficial relationship with other business people and potential clients and/or customers.

For many business people that may not sound like their experience of networking, which is often equated with meet-and-greet functions where it's a race to exchange business cards with as many 'opportunities' as possible. Identifying and cultivating leads is indeed one of the functions of networking, but by no means the only one.

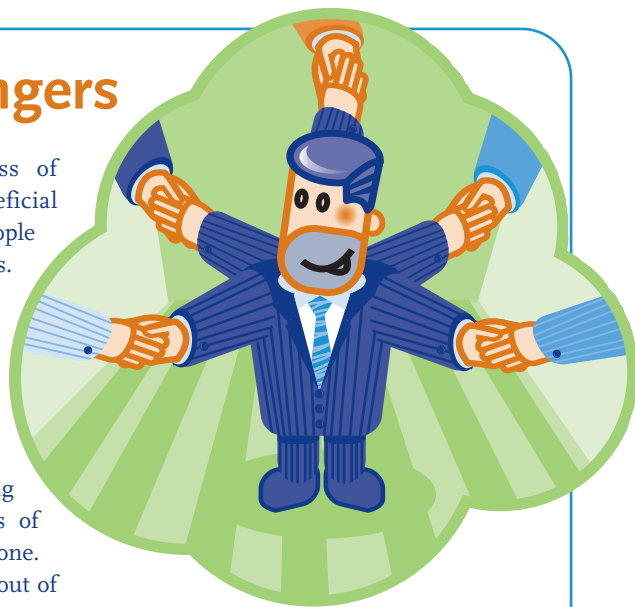
People who claim to get something out of networking will give you a different slant on how it works and what it is all about. Networking for them involves meeting people in a wide range of formal and informal forums, people who could be of help to them in some situations and to whom they could be of help in others. In other words, networking should be seen as building reciprocally beneficial relationships. And the opportunities networking provides can be of many types:

- Learning from the experiences of others and sharing new ideas on whatever is of interest
- Receiving regular news bulletins and attending events that keep you up to date in what's happening in your line of business
- Participating in or contributing to surveys or research in your field or business sector, and
- Meeting prospects, competitors, suppliers and service providers who could provide the opportunity for mutually beneficial deals

NETWORKING IS AN INVESTMENT, NOT A NUISANCE

By putting in the time to build your network you save time when you need to get things done. Well networked people don't have to waste time firing off random emails or making cold calls for advice and assistance to people they don't know, buying leads or industry lists, or hunting through dozens of resumes for the right candidate. They know who to contact or they have a contact who will know. And being in a relationship with that contact they can probably expect a speedy response – requests from acquaintances get dealt with sooner than requests from strangers.

Building a network of good relations with a wide variety of business associates can really be a big productivity improver.



WHAT'S A GOOD NETWORK FOR ME?

When you think of a network as a group of people who can offer you a mutually beneficial relationship the options for what to join expand beyond the chamber of commerce and the trade show or professional organization.

To keep your commitment manageable and focused though, when considering a network to join or networking events to attend you will need to think of your primary requirements, e.g. market information, training and development opportunities, expert advice, or leads. Aim to balance your needs with the level of participation and involvement you are able to commit to.

A primary contact is likely to be your trade or professional association and after that you can ask for recommendations from your business advisors, e.g. your bank manager, lawyer or accountant, for networking groups/organizations matching your business requirements.

BE AN ACTIVE PARTICIPANT IN YOUR NETWORKS

Networks are established for collective benefit and are most successful and effective where there is give and take by the members. However, since not everybody has the same amount of time available and yet may be just as keen to learn and share information, different forums may be useful to different people.

If you can't spare the time to attend functions and events you might focus on finding a network hosted on the Internet. Similarly, if you do not think you are likely to be able to proactively pass information on or help someone else in return for advice then stick to joining a more passive network that

HOW TO MAKE THE MOST OF YOUR NEWSLETTER

Be sure to read each article with the mindset “How could this apply to our business?” Thinking of it that way will guarantee that you get value. Better yet, take notes as you read and commit to having the ideas implemented by the time the next edition arrives. Also, make copies for each team member. To really make sure something positive happens, work with your business development specialist to talk your team through the ideas and how to set a schedule for getting them implemented. We're here to help you get started.

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.

supplies newsletters and bulletins and hosts online debates rather than joining an events-based one.

Where you are involved in meetings-based groups you will be expected to actively share your experience by talking to the other members as well as passively learning from hearing about theirs. When you attend debates and discussion groups don't hesitate to contribute your ideas and experiences or even deliver a talk on some aspect of business you feel particularly confident with.

A network's strength in any particular area or service depends on how actively its partners exchange information with each other and reciprocate when they receive a request for assistance. If you receive advice from a network partner be prepared to offer your own help in the future. To improve sales remember to regularly pass on recommendations for other member's businesses to your customers – your network partners should do the same for you. And if you have been pleased with a particular supplier let your fellow network members know so they also have an opportunity to try them out.

Networking is a great way to get to know new business professionals in both your own line of work and in ones related to what you do. The results? A high quality network of diverse business people who can provide answers, insights and leads.

Outcompeting The Competition

Ever walked through a mall or around the shopping district and suddenly been confronted with a new product that is the very product you deal in and had that sinking feeling of “*Yet another competitor to outmaneuver*”.

But how do you outmaneuver competitors? The only way to really get to grips with them is to know about them, how they operate and what they are doing to make themselves attractive to customers – and then beat them at their own game.

In the business world gathering information about other businesses that could have a significant impact on the way you conduct your own business is known as competitive intelligence and two really good sources of competitive intelligence are close at hand and relatively cheap to tap into – the competitors themselves and the people who might use their product.

FIND OUT WHAT COMPETITORS SAY ABOUT THEMSELVES

Understanding how your competitors are selling themselves and their products is useful to understanding how to best compete with them. There are a number of recommended ways to gather competitor intelligence, some of them quite time consuming and expensive. But by and large you can get quite a good feel for what the competitor is up to by looking at the obvious sources; their own store, their website, their advertisements. As well, your salespeople will have spoken to customers and suppliers about your competitors so get their insights also. You can even order a product from your competitor and compare their packaging, service and quality to your own.

What they say about themselves is often a great insight into what they feel their strengths are, reveals their product range and what features they promote (and so think will be attractive to customers), shows what channels they use for marketing (do they have a website or use email as well as the yellow pages – should you be thinking of following suite?), what product support and guarantees they offer. How do your products and customer service rate against them?

KNOW WHAT OTHERS SAY ABOUT YOUR COMPETITORS – AND ABOUT YOU

The other great source of information is the consumer of products like yours. Surveying a group of people likely to be in the market for what you supply and getting their opinions about your product and your competitor's version can provide invaluable insights on how to make your offering more attractive. Do they buy from you because you have a wider range? Do they prefer the competition because they provide free parking or have a customer loyalty scheme running? Those customer decisions affect your profit, so knowing what they value is important.

A focus group can be easily arranged by you or your business advisor. An independent presenter can be an advantage – people are naturally reluctant to be negative to the business owner in person but it's the customer turn-offs that you really need to know. This will collect information you can use to evaluate your own performance against the competition, suggest ideas for exploiting their weaknesses and even identify potential new customers.

TAKE CONTROL OF THE GAME

Competition is a fact of life in business and you have to have some type of an edge to be the winner. You may have an excellent product or service, but if everyone else is selling something similar, then just how much of the market can you expect to capture?

Getting to know your competitors is the first step, and the most important, in winning a competitive edge. You can use the knowledge to play the game better yourself by considering what you have learned from customers about what they really value or ways to stand out from the competition. And you can pick up ideas on how to play the game differently, for instance in recognizing currently unmet customer needs that would provide market opportunities for you or new ways and places to advertise.

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Cross Selling Ups Profits

Cross selling is encouraging a customer to buy a little extra on top of their original purchase. A hairdresser may suggest that the results of the styling, or the overall hair condition, will be maintained longer with a particular gel they sell.

A cross sell item is usually a small purchase that has obvious benefits, insignificant cost and doesn't require much thought to make the buy decision.

WHY IT WORKS

Many business owners are reluctant to branch into cross selling. They worry that they'll put the main sale at risk by appearing too pushy, but in fact the cross sell offer comes after the hard part of the sales conversation is already over, often after the main sale has been made, and you have already developed a rapport with the customer. Customers are likely to appreciate your thoughtfulness in offering them an added benefit they didn't know about.

HOW TO PRESENT YOUR CROSS SELL OFFER

Attempts at cross selling can go wrong, but not because of any problem with the basic idea. The main problem comes from technique. If you and your employees aren't trained on effective ways to cross sell, chances are you will offend customers by being too pushy or giving the wrong message.

Consider this example. A customer buys a

good quality family leather lounge suite on a number of monthly repayments. A straightforward question "Do you want our monthly cleaning service as well" is not likely to get a bite. But an approach along the line of "That's a substantial investment you have made and I'm sure that lounge will really make your room look good. We offer a monthly professional cleaning service for a bit extra that will keep it looking good and ensure your warranty remains valid".

With that substantial investment in mind, the potential for damage and the possibility of protecting the warranty conditions there's very little resistance to cross selling them into the monthly professional cleaning service deal.

In cross selling it's essential to approach the sale by foregrounding the benefits of the added product/service and presenting the information in a standard script.

One of the most effective cross selling techniques is having the customer actually try the product and experience the benefit right away. Our hairdresser might put hair gel in the customer's hand and show them how to apply it themselves. By showing the

client how to get the salon look at home they create an immediate value add that will encourage the purchase.

Add-on products can be grouped together to form a bundle with a special discount offer for taking the lot. That works best where the products are related and contribute to the same benefit of the main purchase – in the hairdressing salon it could consist of a discount offer for taking a shampoo, a conditioner and a gel for a package price.

For most businesses, a little thought and a little training using some simple principles can make a world of difference:

- Think through the combinations you can offer
- Work out simple scripts to introduce them that don't cause a negative reaction (present the information in a 'by-the-way' manner and mention benefits)
- Work out any deals that could apply for buying a group of add-on products
- Get your employees familiar with the packages and the script that goes with them

Businesses that have a formal cross selling program report acceptance rates of between 40% and 60% for their offers. This represents a good return for an activity that adds little extra time to the customer transaction and can be scripted so any salesperson can do it.



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