

4 Ways to Grow Your Business

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There are 4 fundamental ways to grow your business: win new customers, get them to come back to you more often, get them to spend more when they do, and improve the processes in your business to ensure that you achieve the first 3.

So that's:

- #1: Win new customers.
- #2: Increase the number of times they deal with you.
- #3: Increase your average sale or 'transaction value.'
- #4: Improve the effectiveness and processes within your business to ensure achievement of the first 3!

When you think about any other strategy, such as cutting costs, it won't *grow* your business unless you use the money you save to promote your business. It may let you control your business better and return greater profits, but it won't *grow* your business.

And what do most businesses focus on?

That's right—#1, winning new customers. And they often ignore the other (usually less expensive) ways to grow their businesses.

If you are a business owner who is almost solely focused on winning new customers, you're missing sales and PROFIT opportunities beyond your wildest dreams!

This information is designed to give you insight into the increase in your business that could be achieved by improving the processes within your business—the way you do what you do, whether it's serving customers, providing products or services, and so on. To understand the strength gained by improving processes, consider that each time you do you are more likely to have a customer come back and spend more. And you're also more likely to generate new customers via referrals.

Let's look at why this can have such a dramatic impact on your business.

Let's say you have a customer base of 1,000.

And let's say you can increase the number of inquiries and, therefore, the number of new customers by 10%. That would mean your customer base would increase to 1,100.

Now, imagine if you increased the number of times your customers dealt with you over their lifetime by again 10%. Let's say from once to 1.1.

Next, you go ahead and, through certain techniques, you manage to increase your average sale or 'transaction value' by 10% as well, this time taking it from \$100 to \$110.

Now, if you were to put all of these factors together, what do you think might happen to your turnover?

Assuming everything else was equal, it would make sense to say that the overall business would grow by 10%.

Right?

Wrong.

In fact, something completely different happens. Something that could mean the difference between a profit or a loss for your business or between a comfortable lifestyle and a wealthy one.

For a moment, look at the next calculation. It shows the numbers before any increase and multiplies them to estimate turnover roughly.

$$\begin{array}{rcccccc} \text{Number of customers} & \times & \text{Number of dealings} & \times & \text{Average \$ Sale} & = & \text{Turnover} \\ 1,000 & \times & 1 & \times & \$100 & = & \$100,000 \end{array}$$

Complete your own business figures below:

$$\underline{\hspace{2cm}} \times \underline{\hspace{2cm}} \times \$\underline{\hspace{2cm}} = \$\underline{\hspace{2cm}}$$

Look at what happens to turnover when just one area—winning new customers, for example—is increased by 10%.

$$1,100 \times 1 \times \$100 = \$110,000$$

Repeat the exercise for your business:

$$\underline{\hspace{2cm}} \times \underline{\hspace{2cm}} \times \$\underline{\hspace{2cm}} = \$\underline{\hspace{2cm}}$$

The same happens when either the number of times your customers deal with you or the average transaction value is increased by 10%.

$$1,000 \times 1.1 \times \$100 = \$110,000$$

And your business?

$$\underline{\hspace{2cm}} \times \underline{\hspace{2cm}} \times \$\underline{\hspace{2cm}} = \$\underline{\hspace{2cm}}$$

Or...

$$1,000 \quad \times \quad 1 \quad \times \quad \$110 \quad = \quad \$110,000$$

Complete the figures below for your business and calculate the results:

$$\underline{\hspace{2cm}} \quad \times \quad \underline{\hspace{2cm}} \quad \times \quad \$\underline{\hspace{2cm}} \quad = \quad \$\underline{\hspace{2cm}}$$

Now calculate for yourself what happens when EACH area is increased by 10% at the same time.

$$1,100 \quad \times \quad 1.1 \quad \times \quad \$110 \quad = \quad \$\underline{\hspace{2cm}} \text{ Turnover!}$$

That's right—increasing each area at the same time has a multiplier effect of increasing turnover NOT by 10% like you could assume, but by a staggering 33.3%!

An additional income of not 10% to \$110,000 but 33.3% to \$133,100! An increase of \$33,100 in turnover for doing nothing else except improving EACH area at once rather than concentrating on just one area at a time.

This multiplier effect is caused by the combination, the momentum, of all 3 areas working together. Each begets the other, if you will.

So once more, rather than a 10% growth factor, the momentum created by working on EACH one of these first key areas brings about a growth of 33.3%!

Try this calculation on your own business now.

$$\underline{\hspace{2cm}} \quad \times \quad \underline{\hspace{2cm}} \quad \times \quad \$\underline{\hspace{2cm}} \quad = \quad \$\underline{\hspace{2cm}} \text{ Turnover!}$$

The increase should surprise, impress, and last but not least have you jumping out of your seat with excitement.

So you'll agree, then, that focusing on all 4 issues is the best way to achieve maximum results for your business.

The final piece in the puzzle

- #1: Win new customers of the right type.
- #2: Increase the number of times they deal with you.
- #3: Increase your average sale or 'transaction value.'
- #4: Improve the effectiveness and processes within your business to ensure achievement of the first 3!

This is the last but definitely not least way to grow your business. It's this step that ties it all together. Without it, it is very UNLIKELY that your business would achieve any of the first three.

Most business owners focus their marketing energy on winning customers. However, getting your customers to come back to your business more often is vital to the long-term health and profitability of your business. As is increasing your average sale. To do all that, though, certain processes must exist within your business. And that's what you'll learn more about here.

Once again, there are many, many ways to improve the processes in your business to win more customers, keep them coming back more often, and spend more each time. Here you'll find just some of those key strategies to do just that and the topics you could be working through with your Results Accountant.

Issues like improving the service offered to your customers, understanding the power of being polite, using thank you notes, having fun and helping your customers have fun, too, would all help you win more customers, keep them coming back, and increase your average sale. However, without changing and improving some of the processes in your business, this simply won't happen.

Fully understanding and finding out whether your business is suffering from 'perceived indifference'—where you're losing nearly 7 out of 10 inquiries because prospective customers feel you're 'indifferent' toward them—is one step. Changing the processes within your business—for example, the way a customer is greeted in the store, the way the phone is answered, and training your team to understand the effects of this phenomenon—is required to take it to the second step. The step where it actually makes a difference to your sales.

'Working ON your business, not IN it' is another critical area. If you, as the business owner or manager, are stuck day in and day out handling the day-to-day operations of the business, the growth of that business will be slow. Simply, you won't have time to implement the ideas you'll discover here (and from your Results Accountant) and improve the business. By working ON your business and establishing processes to help you do that, you *will*.

It means you'll be able to step outside of the day-to-day activities of the business, look objectively at your business as a whole, and grow your business from there.

Building a business based on functions rather than people is important, too. You see, most businesses are built around specific people rather than the jobs, or functions, those people perform. Changing your business to one that is focused on functions first and that slots the right people into those functions will help you grow your business.

Developing systems and manuals to map out specific tasks will also help you do that. Edward W. Demming (redesigner of the Japanese car industry) completed a study showing that only 4% of mistakes in business were due to human error. That is, particular people making a mistake. The other 96% was due to a lack of systems.

You see, systems clearly spell out how to do every single task your business needs to complete to serve customers and make a profit. As such, it 's important they're developed and documented in manuals that can be used for training team members, delegating work, and using day to day. These systems and manuals make it clear for every single team member what needs to be done and how, leaving you more time to develop the business.

Establishing new 'performance standards'—ideal standards of performance required to serve your customers face-to-face or over the phone, or to produce or deliver the product or service successfully and profitably—are vital.

Sometimes turning your services into 'products' can improve the processes within your business dramatically. In fact, this strategy could put you head and shoulders above your competition. Often, service businesses in particular need to start thinking about their services as products and setting up processes in their businesses to do so. That way, they'll get clear on the hard costs of delivering that 'product' and so on. They'll have to treat their business operations like a production-based business. By doing so, profits could increase significantly.

Understanding your real purpose of being in business and establishing the 'mission in life' of your business can help you build better processes to met that purpose and increase sales with customers. It can also give your team members clearer direction.

Likewise, understanding and addressing your 'strengths, weaknesses, opportunities, and threats' is important to your business development. It will also ensure that you maximize those strengths and opportunities to win more customers, keep them coming back, and spending more each time. And minimize any problem areas.

Completing an analysis of your industry, your competitors, and market research could help you make sure your processes to achieve the first 3 ways to grow your business are better than your competitors. And give you a leading edge.

In fact, measure your current operation performance, delivery record, customer happiness, and so on and ask this question:

'What is the one thing I could do in my business that is impossible to do, but would completely transform my business forever?'

You answer can help you build a competitive advantage in the processes within your business—and increase sales as a consequence.

Understanding why the word ‘team’ is so critical could improve the processes and your working environment dramatically. So much so that you could find yourself delegating more and more, giving you the free-time you need to work ON your business rather than IN it.

Creating processes to help find and keep team members easily is valuable for the growth of your business too. If you don’t have a means of sourcing new team members, qualifying them, and inducting them into your business, you’ll struggle with growth, constantly trying to find the ‘right people.’ So it is vital.

Training is another pivotal area for improving the processes within your business and as such achieving improvements in the first 3 areas. You see, building team member skills is the only way you can get them to change for the better within your business. Regardless of whether it’s customer service, phone answering techniques, computer skills, or technical training, it will be extremely important to the ongoing development of your business.

Setting goals and completing a ‘Business Plan’ can also ensure that your business develops in every area and that your processes improve.

Improving processes to control costs is also a key leverage point in generating more profit for you.

And much, much more.

Even on briefly reviewing these ideas, you may have discovered some ideas you might not have tried in your business. To really increase your number of customers, the number of times they deal with your business, and your average sale, you must improve the processes within your business. That way, you, your team, and your business will be able to implement new ideas in full and grow the profit for your business.