

Four Ways to Grow a Business

Expert knowledge means success

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Note: This publication has not been updated since it was last published. Some of the hyperlinks may have changed and may need updating. In addition, some of the information in this publication may be out of date.

Introduction

Most businesses want to grow. That means several things – including growing your sales or income (volume) and also your margins (effectiveness).

About three years ago after some research was carried out, many accountants discovered something that shattered their beliefs – no-one actually wants an Accountant... they simply want someone to help them run a better business.

Today, there is an elite group of accountants around the world who create truly extraordinary businesses for their selected clients. They do this by applying unique resources and proven business development systems to their clients' businesses.

For example, using the Growth Results Calculator, you'll get help to grow your business by increasing the effectiveness of each of your business processes. You'll see how small changes in key processes will produce major changes in results.

Historically, many accountants saw their role as perhaps completing the statutory returns, giving some simple advice on "keeping costs under control" and then saying something such as "here's my bill.". Now, clients want much, much more. They want their accountants (and all their professional advisors) to "Add Value" in the delivery of services.

Great accountants help their clients run better businesses that really work. And it's much, much more than "keep your costs under control".

Put simply, great accountants aim to achieve one thing and one thing only – to help your business succeed. They can only do that with focus – in adding value to your business, the one thing they'll focus on is your results as well as looking at how you got those results.

You can only manage what you can measure

The reality is that most businesses aren't measuring anything, so guess what - they're not managing it either. And those relatively few businesses that are measuring things are more than likely measuring the wrong things. More than likely, they're measuring the results rather than the activity that produces the results.

It's not "smoke and mirrors". It's a matter of focus, commitment and understanding of what we call *The 4 Ways To Grow Your Business*.

Let's start with focus

OK – let's look at focus.

All of us know only too well the power of a laser. A finely focused beam of coherent laser light can cut through steel and can play the minute grooves of your CD-ROM.

So it is in business. When we learn (or when someone helps us) to focus on key things, we get new perspectives on what can happen with our businesses.

The 4 Ways To Grow Your Business is that focal point. We truly understand them. Just as importantly, they'll help you see accurately the effect of them on your business. On the face of it, these ways to grow your business are deceptively simple, as the next few pages show.



How a great accountant adds value to your business

Let's explain it with a story... If you've ever thought of a jogging programme, this story will make sense. Let's suppose you've decided to start jogging. You go out and you buy all the necessary "good gear". Day 1 comes. You're committed. You go jogging. And you benefit.

Day 2 comes. The same process is repeated. It's the same on the next 3 days. But on day 6, it's cold and raining outside. You decide that staying in your warm bed seems more appropriate this morning.

Pretty soon, unless you're incredibly focused, making excuses and staying in bed becomes the norm. And all the benefits you were getting from running stop coming your way.

But imagine this. Instead of jogging alone, suppose you'd said to a friend the night before, "Let's go jogging at 7 tomorrow morning." Clearly, you'll go.

The moral in this story is: The commitments we make to ourselves are the easiest ones to break. But when we make a commitment to someone else, we will move heaven and earth to honour it. So it is in business. We all need someone close by to help us honour our commitments – someone we don't ever want to let down. It also helps enormously if that someone has a real understanding of the complex facets of your business.

If you have a great accountant who's committed to your success, how can you fail?

A great accountant will use unique systems and specialised knowledge as well as special resources to help you achieve better results.

The First Way

"To increase the number of customers... of the type you want to have"

The first way to grow your business is a BFO (that's a "Blinding Flash of the Obvious"). Yet beneath it hides some terrific truths. The part - "of the type you want to have" - that's the real key.

Many businesses go off beam in trying to be all things to all people. They discount. They get trapped in price wars. They don't deliver value. They end up being nothing to nobody (we know that's not grammatically correct but you get the point, we're sure).

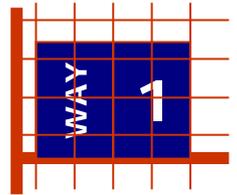
Let's go further. You (like everyone else) have heard the phrase: *"The Customer Is Always Right"*. We think it needs modifying. We believe it should read:

"The RIGHT Customer Is Always Right"

Most businesses do not have the customers they want and so they operate on the lowest common denominator.

So how do you get more customers – work with us and you'll find the answer to this question. It's everything to do with focus. But knowing what to focus on is the key.

Now let's move on...



The Second Way

“To increase the transaction frequency”

Some scholars say this second way is the most important of all. It's a way of measuring loyalty, or customer retention, which is closely related to value.

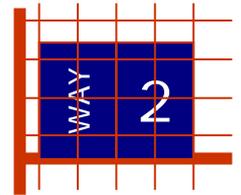
An author named Frederick Reichheld has done extensive work on the subject of customer retention. It was most recently captured in his brilliant book, *The Loyalty Effect*.

Reichheld discovered that a 5% increase in retention (of the right customers) could produce as much as a 125% increase in profit.

He didn't say a £5,000 (or £50,000) investment in marketing can produce a change of 125% in profits. He said a 5% change in RETENTION of the RIGHT customers.

Staggering isn't it? And, of course, you effect loyalty by delivering value. Note that well. Our marketing approach will show how to develop your customer-targeting and retention strategies.

Of course, as you'd expect, we have a special calculator to find out the effect on your business.



The Third Way

"To increase the transaction value (or "average" sale)"

Like Way 1, Way 3 is a BFO. But few businesses realise its importance (in fact, they do exactly the opposite).

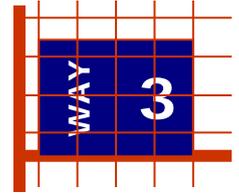
There are two fundamental ways to increase the average sale.

First, by "up-selling," you encourage the customer to buy more in volume and more in higher-value products. We can teach you and your people how do to this.

Another way to increase the average sale is to raise your prices.

When we mention "raise your prices", most business owners challenge this suggestion – "it can't be done" they say.

But when you sit down with us, we'll guide you through what we call "The Margin Chart". It shows the direct relationship between 4 key variables in your business - price, volume, fixed costs and variable costs.



The Fourth Way

"To increase the effectiveness of each PROCESS in your business"

And so we get to the fourth way to grow your business. It's what we call a "catch-all".

Increasing effectiveness is central to everything – yet so few people work at it.

The truth is that most people don't see their businesses as a series of processes. But that's exactly what they are. To illustrate the point, consider this example – it shows how it really can be done.

The client is a Turf (or sod) Farm. The farm is located out of town so most (85%) of business comes from people calling by telephone just to check prices.

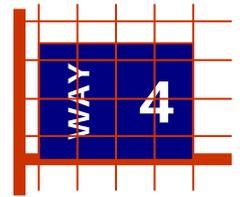
By measuring (the key phrase is: "what you can measure you can manage") the client was able to find that when people visited the farm, 85% of them actually made a purchase.

But.... more importantly - only 22% of people who called on the 'phone actually came to the farm.

So the key activity (or process) to change was, of course, *the way in which the 'phone was being handled.*

The results were instantaneous. The telephone conversion rate shot up to 60% (that is, nearly 3 times more people now visited the Turf Farm). Put even more simply, the resource helped the client multiply this part of their business by nearly 3 times.

Of course, this was just one of many different key indicators. You'll have key indicators too. You might not yet be aware of them but when we show you what we mean, you'll be more than impressed – both in the new knowledge it will bring to you and your business as well as in knowing that a few small differences of the right sort can have a huge impact on your bottom line results.



Further Information

A great business advisor's role is to help selected business owners and managers to build better businesses by applying **The 4 Ways to Grow** and by applying unique resources to their businesses - your business success depends on it.

This guide is for general interest - it is always essential to take advice on specific issues.

We believe that the facts are correct as at the date of publication, but there may be certain errors and omissions for which we cannot be responsible.

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