

# Leveraging Success for your 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 In addition, some of the information in this publication may be out of date.

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## Introduction

Most businesses want to grow. That means several things – including growing your sales or income (volume) and also your margins (effectiveness). We've put together 18 ways to leverage success for your business. The good thing is that many of them won't cost you a penny.

## Point One There are four ways to build a better business:

### Increase the number of customers (of the sort you want to deal with)

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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.

### Increase the number of times customers return

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An author (Frederick Reichheld) did extensive work on the subject of customer retention. It was most recently captured in his brilliant book, *The Loyalty Effect*. He discovered that a 5 percent increase in retention (of the right customers) could produce as much as a 125 percent increase in profit.

### Increase the £ value of each sale

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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 to do this). The second way to increase the average sale is to raise your prices. When we mention "raise your prices" to the average business-person they think we're some kind of nut. 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.

### Increase effectiveness

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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. For example, if you understand the importance of measuring the result of your processes, you can identify where improvements can be made - such as by increasing the conversion rate of sales enquiries.

## Point Two – Test Everything

A Business doesn't have the right or power to predetermine what the marketplace wants and what the best price, package or approach will be. The purpose of testing is to demand maximum performance from every marketing effort.

You CAN achieve immediate increases in Sales and Profits merely by testing.

### Price Testing

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Test your prices. Different prices often outperform one another on the same product by an enormous margin.

Testing applies not only to outside sales but also to every aspect of marketing.

If you run ads in papers, test different approaches, different headlines, different pricing and different bonuses on top of the basic offer. Test positioning on the page and so on.

### Test, Measure and Compare Everything

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Unless you measure your results of your marketing, you'll never know how it is working.

“You have no right to determine what the marketplace is going to do. The only valid judge of the marketplace is the marketplace itself. And the only way to know what the marketplace thinks is by quantitatively measuring the results of your marketing”

Never do any marketing without being able to test its results.

### Testing Headlines and Space Ads

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There are several ways that marketing programmes can be tested.



If you are using display advertising, you can pre-test the headlines against one another in small display classified type ads, or even in a straight classified ads.

If that is impossible, you can test space ads by running the ad in the smallest test region possible.

Third, if that's impossible, you can rent segments of the list that your piece will ultimately be disseminated to and mail 500 or 1,000 copies of Ad A, and 500 or 1,000 of Ad B. One will out-produce the other.

## Testing New Approaches for Salespeople

Take one salesperson who is in a certain territory, and another who has a comparable size or demographically balanced, equivalent territory. Have salesperson A present a package, product, offer or price in a certain way for a set period of time. Have person B present the same package as above, changing ONE variable. At the end of the period, analyse which approach produced the most and integrate it throughout the system. Then test again in a more expanded test site.

Beware - using the words "Can I Help You?" could seriously damage your business. Try using "Hello, have you shopped here before...." And so on.

## Testing using Direct Mail

Any time you're planning to mail a large number of people, you should start by renting the smallest representative segment you can. It may be 500, it may be 1000, or it may be 5000 names in the most representative balanced segment available. You can try one marketing message to one part of a segment and a different message to another segment portion. Most businesses simply don't test at all and that is one of the biggest problems. Only by testing will you be able to properly measure the responses you get and then you'll be able to figure out what works best for you.

## Testing Using Telemarketing

You can also test using Telemarketing (getting on the phone and calling prospects or customers). Telemarketing can test approaches, offers and so on very, very quickly for you.

## Summary

You must test at least:

- Price;
- Offers;
- Packaging;
- Headlines;
- Words (Phone);
- Graphics;
- The List;
- Scripts;
- Colours;
- Guarantees;
- Placement;
- Copy;
- Timing;
- Ad Size;
- Male/Female.

One last point - In measuring the results of your ads, it is not enough to simply count the number of people who respond. The quality of the response is just as important. For example, a lot of people may enquire, but how many buy? The amount that a customer is worth to you - in pounds and pence - over his/her lifetime, is called The Marginal Net Worth. This calculation is easy and yields enormous benefits. For one thing, if you know how much a customer is worth to you, you can determine how much you can spend to acquire a customer in the first place. You can also predict cash flow well into the future.

## Point Three - Replacing "Institutional" Advertising with direct response advertising

Almost every print ad, mailing piece, radio, TV commercial we see is based on institutional-type advertising. At best that produces deferred results. However, at worst (applies to 95% of this advertising) it is ineffective and a wasteful expense. It does not convey any compelling reason for the reader to favour you over another. Direct response advertising is designed to evoke an immediate response, action, visit, call or purchasing decision from the reader. It tells a complete story. It presents factual, specific reasons why your company, product or service is superior to all others on an analytical and factually basis rather than on a mere conjecture basis as with institutional advertising.



It directs people to action. It compels people to visit you, call you or send you money.

You can analyse the value, profitability or performance of virtually any direct response ad you run because it produces something you can track, analyse or compute.

## Point Four - Developing your own unique selling proposition and articulating it clearly as an integral part of all your marketing

The unique selling proposition (USP) is the distinguishing advantage you hold out in all your marketing, advertising and sales efforts. The formulation of this genuinely depends on that specific market niche you have already carved or wish to carve out. Your USP may be that you only sell the highest-grade products in the industry. Your USP may be that you only sell your products at the lowest mark-up in the industry. Your USP may be that you provide 24 hours a day, seven days a week service for your customers.

For example a plumbing and hardware company installed a hot dog machine because many of their customers would go up the road for lunch. They got a 40% increase in turnover from this alone. (To really cap this off they could have called themselves the “Hot dog plumbing and hardware supply company” to give themselves a truly USP).

### Persona

Part of the USP should be to create a persona for your business - a personality or tone etc that will make people want to deal with you. Remember this... The more appealing, desirable, and fun it is to do business with you, the more business you'll get.

There are a number of titles for USPs. The “Broad Selection” USP, The “Discount Price” USP, The “Service Oriented” USP or the “Snob appeal” USP.

## Point Five – Learning to Work on the Back-End

Back-ending is learning to leverage second and subsequent sales from the first sale - perhaps writing out to existing customers to invite them back into your store or advising them of new services.

Until and Unless you can identify how much back-end business you can expect, you won't know how profitable or unprofitable an ad, sale, customer or promotion really is. Once a person has bought from you, they have a ten times higher probability to buy from you as someone “off the street”. Instead of concentrating on front-end sales, you'll generate vastly more business and profits when you devote part of your marketing to up-selling, re-selling, and cross-selling to your customers. That is “working the back-end”. For example, if you sell computers, your back-end can be computer courses, custom software and computer supplies. If you sell industrial equipment, your back-end can be maintenance contracts, supplies, and trouble-shooting services.

### Front-End Break-even

This is a powerful extension of working the back end. The logic is this: You should be willing to break even on an initial promotion - or even lose a little - if you know you'll make money on the back end.

### Lock in sales in advance

The concept can be applied to any business that offers a continuing service or any continuity product like a newsletter. It works like this: You get the customer started by offering the first instalment free or at a low cost - with an understanding that if they like the product, they will continue for a year at an agreed price - or better, forever.

### The Back-end is vital to any business

Until and unless you can identify how much back-end business you can expect, you won't know how profitable or unprofitable an ad, sale, customer or promotion really is. Immediately develop a means to capture your customers' names, addresses and telephone numbers. Look for a logical product to offer your customers.



## Point Six – Learning to determine and address your customers' and prospects' needs

90% of businesses never precisely determine the needs, desires, or requirements of the people to whom they are trying to sell. Those companies that do understand their customers' needs and focus on satisfying these needs and delighted their clients, seem to end up with all the business. Once you find and fill that need, you own your business Niche.

Talk to your clients/customers. Experiment with your advertising and promotion image. Monitor the consensus and gauge the feedback. Let your customers tell you. Then determine the needs that you can actually fill. The key is not to fill this quietly. Make sure that everyone learns of this. Change your ads to feature to fill these specific need-filling advantages.

## Point Seven - Realising that you have both to sell and "educate" your way to business success or out of a business problem. You can't just cut the price

Companies frequently get into a bind with inventory over-stock, get caught with a service or product that's just not selling...or simply get frustrated at not being able to communicate the true benefits of their wares. The "secret" is so basic, simple and obvious. Tell your clients the truth.

An important point is that customers and prospects won't appreciate value, or a bargain, or a service, or a benefit, unless and until, you first educate them to appreciate it.

## Point Eight – Making it easy, desirable and fun for customers to do business with you

Most companies never put themselves in their customers' or prospects' position. Why else would they make doing business with them so hard?

Remember:

- You cannot service too much;
- You cannot educate too much;
- You cannot inform too much;
- You cannot offer too much follow-up or follow-through;
- You cannot make ordering too easy;
- You cannot make calling or coming into your business too desirable.

## Point Nine - Learning to Tell customers the reason why

Whenever you make an offer, ask for a sale, run an ad, have a salesperson make a proposition to a customer or prospect, or offer a product or service for sale at a specific price, always tell the reasons why.

If your price is high, tell the customer why. Do you offer a higher grade product, does it last longer, and so on.

## Point Ten – Sticking with campaigns that are still working

Many companies promiscuously change campaigns in mid-stream. In the process they:

- Don't let the cumulative effect of a winning concept work for them;
- Don't allow the dynamics of testing work for them;
- Make a patchwork quilt for their company's image and persona.

Businesses get tired of an advertising plan before the market gets bored of it.

Just because you are sick of hearing, seeing, or watching the same marketing does not mean your marketplace is also sick of it.

Just remember to TEST, TEST, and TEST. If you have found a concept that works, keep going until it stops working.

## Point Eleven - When preparing ads, TV and Radio commercials, direct mailing or any campaign, remember to focus on the intended customer and no one else

All ads need a headline. The headline is the ad for the ad.

Remember whatever you sell, and whoever you want to sell to, be specific. Remember these points:

- Attract the attention of your target audience in your headline or opening remarks;
- State your proposition or offer;
- Use the rest of the ad to develop, support and present your offer and your reasons why the prospect should embrace it;
- Finally tell the prospect how to act.

## Point Twelve - Learning the value of discovering the key frustrations

To understand this point, consider dealing with tradespeople in general. What is the most frustrating thing that has ever happened to you while dealing with a tradesperson? There are usually two answers. The first - unreliable. The second - they do not clean up after them. Now imagine that you are the tradesperson - just imagine what kind of an advantage you would have if you knew these key frustrations. So... exploring the key frustrations creates a wonderful opportunity for your company.

But how do we find out what these frustrations are? Ask your customer!

## Point Thirteen - Systemise

“Most people work IN their business... the key is not to work IN their business, it is to work ON their business. Working ON it means that they can develop systems for everything. This means that you don't have to do the process, any one can do it. It develops a “way of doing things here”.

## Point Fourteen - Inverting the pyramid and empowering your team

Usually the Boss and the directors are at the top of the pyramid and the Front Line staff are at the bottom of the pyramid. However, the pyramid should be inverted so that the Boss is at the bottom and the front liner are at the top. This is because the person closest to the customer knows the customer best. You must empower your people. “Everyone wants to excel”.

## Point Fifteen – Take on a purchasing risk for the customer when making a sales proposition

Whenever a customer makes a purchase, they take a risk. And most customers see the risk of purchase predominantly borne on themselves - not the businesses they are purchasing from.

If you can reverse this risk then you can gain an incredible advantage over your competitors.

For example, instead of offering the usual money back guarantee, you could offer them a “better than risk free” guarantee. This is how it works. In addition to the usual money back guarantee, you offer the customer free bonuses that they'll receive along with the product. The Better than risk free guarantee is this: The customer gets to keep the bonuses even if they return the product.

## Point Sixteen - Tell people what specific action to take

Few Businesses actually realise that they must lead people to action, in addition to developing a compelling marketing plan.

People need to be explicitly told how to obtain a business' goods or services. Therefore, every sale call, letter, commercial or personal contact should make the case for the product or service, then instruct the customer on how to buy it. Give the prospect a brief education, then take them by the hand, figuratively, and tell them what specific action to take next.

## Point Seventeen - Bonuses can make a profound contribution to the overall sales proposition

By carefully acquiring high perceived-value but low-cost bonus items, your firm can stand head and shoulders above its competitors in terms of real value provided to the customer.

There is an infinite number of both tangible and intangible bonuses you can package into a sales proposition.

Carefully constructed bonuses can make a profound difference to your results.

## Point Eighteen - Affiliations, Host and Beneficiary relationships, endorsements and piggy backing

Find a non-competing company whose customers are of the same type of people as yours. Get the company to pay for a mailing to their customers which promotes your product. Split the profits 50/50. This really works. You get the benefit of all the efforts of the company without spending a penny. The beauty of it is that you both benefit.

### Endorsed Mailing

You first find a company whose existing clients would like to buy your product. You ask the company to send out a letter to their customers endorsing your product. You split the profits as per your agreement.

### Piggy-Backing

Similar to the Endorsed mailing, except instead of asking the host to endorse your product, you simply ask them to insert your brochure in with one of their mailings. You either give them a set fee or a percentage of the profits.

## Further Information

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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