





The Four Ways To Grow Your Business

By Steve Burns, CA, CMC, CFP of
Steve Burns Consulting

Kick Off and Introduction

Agenda

-  **Review the Four Ways To Grow Your Business**
-  **Apply the Four Ways to A Sample Business**
-  **If You Are Interested, Sign Up For Your Four Ways Date**
-  **Obtain Your Feedback**

Why Should You Bother Growing Your Business?

- ▶ Does your business control your entire life?**
- ▶ Are you meeting all of your personal and business objectives?**
- ▶ Do you work more IN your business than ON it?**
- ▶ Do you ever plan to sell your business?**
- ▶ Do you want more than just a job?**

**If You Answered Yes To Any
Of These Questions**

Then

This
Seminar
Is
For
You!!!

**There Are
Just Four
Ways To
Grow Any
Business**

The 4 Ways to Grow Your Business



*Increase the number of
customers of the type
you want to have*

Who Are Your Customers?

- ▶ **What is the profile of your existing customer base?**
- ▶ **What customer segments exist?**
- ▶ **What is your acquisition rate, retention rate, attrition rate and profitability by segment?**
- ▶ **How frequently does each segment return to do business with you?**

What Is The Profile Of Your Ideal Customer?

- ▶ **How would you describe an “A” customer for your business?**
- ▶ **How would you segment your existing customers into A, B, C, D?**
- ▶ **What do your top customer segments think of your business?**
- ▶ **What strategies do you have to get more “A”s into your business?**

What Strategies Can Be Used For Way #1?

- ▶ Determine your “A” customer profile
- ▶ Determine who else serves the target market that you want to get to
- ▶ Target “A”s for a Customer Advisory Board
- ▶ Develop specific strategies to retain and attract “A” customers
- ▶ Fire Your D’s!!!



Increase the number of customers of the type you want to have



Increase the number of times customers come back

**A 5% increase
in customer
retention can
cause a 25%-
85% increase in
profitability.**

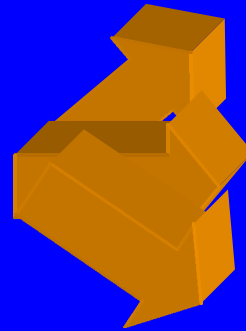
**Frederick
Reicheld.**

HBR

The issue of loyalty

**Companies
lose**

**50% of
their**



***Customers
within 5 years***

***Employees
within 4 years***

***Investors
within 12 months***

**It costs 6X
more to acquire
a new customer
than to increase
the sales to
your existing
customers**

**Fredrick
Reicheld.**

HBR



Understanding Customer Actions

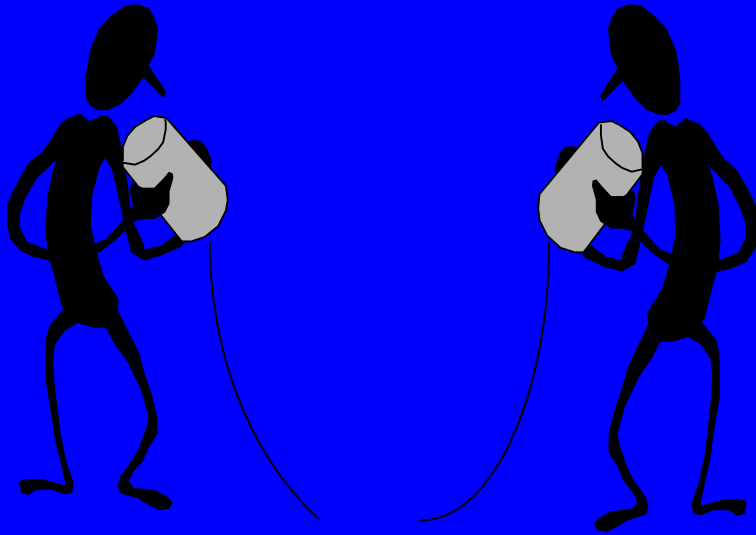
why do they:

1. Leave
2. Use us infrequently
3. Not act as advocates

Why Do They Leave?

- ▶ 3% convenience
- ▶ 9% relationship at a higher level
- ▶ 15% product & price (price is only 9%)
- ▶ 5% miscellaneous

And The Last Fact:



68%

Perceived Indifference

**This is when customers
feel that you just don't**

care

**Does Your
Business Have
A Customer
Nurturing
Strategy?**

The Customer Nurturing Strategy

- ▶ **Use frequent personal communication**
- ▶ **Communicate without a sale in mind**
- ▶ **Tell them how much their business is appreciated**
- ▶ **Express your appreciation in ways they will most appreciate or relate to**
- ▶ **Ask them to come back**
- ▶ **Offer them a special deal as a long time customer**
- ▶ **Host special events just for them**
- ▶ **Anticipate their buying patterns**

**What Does
Your Business
Guarantee?**

**95% of businesses
“guarantee” what
they do or sell but
fail to
communicate this
effectively to the
buyer**

**Christopher
Hart**

***Extraordinary
Guarantees***

**The Focus of Your Guarantee
Must be on the:**

KEY FRUSTRATIONS that people
have with your type of service or
products.

And/Or

The complete **REMOVAL** of any and
all **RISK** the buyer might be taking
by using your product/service.

What Strategies Can Be Used For Way #2?

- ▶ **Determine the transaction frequency of each customer segment - measure and manage!**
- ▶ **Develop a Customer Nurturing Strategy**
- ▶ **Develop an Awesome Guarantee - remove the customer's risk**
- ▶ **Develop a Customer Loyalty Strategy**



Increase the number of customers (of the type you want).



Increase the number of times customers come back



Increase the average transaction value of each sale.

HANDS UP!

Who has ever run a % off sale or discounted their products or services?

If your present gross margin is

20% 25% 30% 35% 40% 45% 50%

And you
reduce your
prices by:

To produce the same profit sales Volume must
increase by:

2%	11%	9%	7%	5%	5%	4%
4%	25%	19%	15%	11%	10%	9%
6%	43%	32%	25%	18%	15%	14%
8%	67%	47%	36%	25%	22%	19%
10%	100%	67%	40%	33%	29%	25%
12%	150%	92%	52%	43%	36%	32%
14%	233%	127%	67%	54%	45%	39%
16%	400%	178%	84%	67%	55%	47%

HANDS UP. WHO KNEW THIS?

**Clearly then the
strategy must change
... but to what?**

If your present gross margin is

20% 25% 30% 35% 40% 45% 50%

And you
increase your
prices by:

Your sales could decline by the
amount shown below before your
gross profit is reduced

2%	9%	7%	6%	5%	4%	4%
4%	17%	14%	12%	9%	8%	7%
6%	23%	19%	17%	13%	12%	11%
8%	29%	24%	21%	17%	15%	14%
10%	33%	29%	25%	20%	18%	17%
12%	38%	32%	29%	23%	21%	19%
14%	42%	35%	31%	26%	24%	22%
16%	44%	39%	35%	29%	26%	24%

Your Strategy Must Be Whenever Possible ...

**To increase your prices &
simultaneously add value to
the products or services
which you are providing.**

**A lesson from Michael Dell
#2 in Business Week Top 100**

What Strategies Can Be Used For Way #3?

- ▶ Start tracking the average transaction value of a sale
- ▶ Seriously reevaluate your overall pricing strategy (including discounting) - don't be afraid to increase your prices!!!
- ▶ Bundle more products/services together
- ▶ Reevaluate your selling techniques



Increase the number of customers (of the type you want).



Increase the number of times customers come back



Increase the average transaction value of each sale



Increase the effectiveness of your processes

*Stephen Covey
suggests this:*

*One definition of
insanity is to keep
doing the same
things and expect
to get different
results.*

What Strategies Can Be Used For Way #4?

- ▶ **Break your business down into critical process areas - what must you absolutely get right?**
 - ▶ **What about your new customer acquisition process?**
 - ▶ **What about your product or service delivery process?**
 - ▶ **What about your order to cash process?**
 - ▶ **What about your post-sale follow up process?**
 - ▶ **What about your customer complaints process?**

**Let's Apply
The Four
Ways To A
Business**

Dr. Double Video Store

▶ Background Information:

- ▶ Located in Kelowna's Mission area**

- ▶ Targets middle to upper income families with children**

▶ Profile of their ideal customer:

- ▶ A family with a wide variety of video/entertainment needs**

- ▶ Purchase at least one video every week**

- ▶ Fairly loyal and are not price sensitive**

- ▶ Will also often purchase other products such as new Disney video releases, popcorn, chocolate bars, etc.**

Dr. Double Video Store

▶ Background Information:

▶ Offer a variety of family oriented products and services:

- ▶ Offer for rent or sale a wide selection and stock of new family orientated videos, such as Mulan, Antz, etc.**
- ▶ Have a great selection of Nintendo and other games for kids**
- ▶ Offer a few of the hot new releases - unfortunately, they are mostly out of stock**
- ▶ Open until 7 p.m. every night except Friday, Saturday and Sunday where open until 9 p.m.**

Dr. Double Video Store

▶ Background Information:

▶ Currently have about 500 customers:

- ▶ 100 active customers - about 75 are “A”s who do business once a week (one video) and 25 are B’s to D’s that buy once every three to four weeks**
- ▶ 150 delinquent customers - backcharges are owing - “our policy is pay up or leave” - about 75% of these are “A” or “B” customers of other video stores**
- ▶ 250 inactive customers - no purchases in over a year**
- ▶ Database of customers doesn’t have all customers and only has the customer’s name and phone number**

Dr. Double Video Store

▶ Background Information:

- ▶ They are not sure that what they offer is truly what customer's want - no customer information**
- ▶ They have no frequent buyer plan, no guarantee and are priced at the upper range like Blockbuster**
- ▶ There are several other successful businesses in the area that target the same customer base**
- ▶ About 400 new family homes have been built in the last year in the surrounding neighbourhood**

Dr. Double Video Store

▶ Background Information:

▶ Return Policy:

- ▶ Return within 24 hours or another full day charge**

▶ Reservation Process:

- ▶ Customers can call in to reserve a movie - 50/50 chance when they arrive that they will still have it**
- ▶ Customers tend to only reserve the top hot movies**

▶ Return Process:

- ▶ 85% of customers drop off the videos in the night drop off box. Of the remainder, only 5% purchase another video**

Dr. Double Video Store

▶ Background Information:

▶ Advertising Process:

▶ Spend about \$10,000 per year mostly on newspaper ads to attract new customers

▶ New Release Process:

▶ They obtain new releases before their competitors - unclear if customers know this

**Your Mission -
Grow This
Business Using
the 4 Ways**

Rules:

▶ Objective:

- ▶ Generate the most number of ideas as to how to grow this business
- ▶ Must use the 4 ways framework

▶ You Have Only 10 minutes:

- ▶ Work as a team at your tables
- ▶ At the end of the 10 minutes, the only thing I need to know is the total number of ideas that your team has generated

Rules:

▶ Prizes:

- ▶ For each team member, a trip for 2 to anywhere in the world Air Canada flies!
- ▶ Just kidding - special prizes for each team member

**So What Are
The Four Ways
To Grow Your
Business?**

One Last Inspirational Thought

“Not recognizing the **urgent need to apply these Four Ways** to grow your business is the number one **barrier** to any small business’ success”

Michael Gerber, The E-Myth

**Two Very
Important
Things Left
To Do**

**Your Four
Ways Date
Form**

Your Feedback Form

Thank

You!

Steve Burns, CA, CMC, CFP

Steve Burns Consulting

Phone: 763-4716

Fax: 763-4782

Email: steve@steveburnsconsulting.com