



**Reflect.**



**Dream**



**DO**

How to build  
a business  
for your life

**Chris Bond**

Foreword by Julian Richer

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**To those business owners  
who want to build a  
business that gives them  
the time and money to  
enjoy their life to the full.**

# Contents

<b>Foreword</b>	<b>7</b>
<b>Introduction</b>	<b>10</b>
<b>Part One – Reflect</b>	<b>17</b>
#1 The four phases of owning an elephant	18
#2 Common problems of small businesses	20
#3 Interview your business	23
#4 Ask your customers how you're doing	25
#5 Consider a focus group meeting	26
#6 Analyse your value differential	28
#7 Survey your team members	31
#8 Keep an eye on your competitors	33
#9 Keep an eye on what's happening in your industry	34
#10 Benchmark your business	35
<b>Part Two – Dream</b>	<b>37</b>
#11 A word on goal setting	40
#12 Decide what YOU want	44
#13 ...and how this impacts on your business objectives	46
#14 Think of the “end game”	47
<b>Part Three – Do!</b>	<b>51</b>
<b>Lead</b>	<b>55</b>
#15 Start with Why	56
#16 Formulate your strategy	57
#17 Execute!	58
#18 Make the call!	58
#19 Inspire your team	60
#20 Communicate, communicate, communicate!	63
<b>Management</b>	<b>65</b>
#21 Craft a mission statement	66
#22 Setting the standards	68
#23 Form your “Master Mind” group	70
#24 Hold monthly board meetings	72
#25 Delegate, delegate, delegate	73

## Marketing

75

#26	Define your "Purple Cow"	76
#27	Get clear on your products and services	79
#28	Develop your brand identity	80
#29	Hire a marketing assistant	82
#30	Build a contact management system	83
#31	Develop a lead generator	85
#32	Create a "Golden Carrot"	86
#33	Develop a lead page	88
#34	Internet advertising	89
#35	Gather testimonials	91
#36	Video killed the radio star	92
#37	Make sure your website is up to scratch	93
#38	Ask for referrals and introductions	96
#39	Keep in contact (part 1)	99
#40	Develop a brochure	100
#41	Keep in contact (part 2)	102
#42	Run a direct mail campaign...	104
#43	...and make sure you follow it up!	108
#44	Become the expert in your field (part 1)	110
#45	Send press releases	111
#46	Become the expert in your field (part 2)	113
#47	Run seminars and webinars	114
#48	Participate in trade organisations	116
#49	Exhibit at trade shows	117
#50	Gifts & gimmicks	118
#51	Let's have a bite to eat (part 1)	119
#52	Join a business referral group	120
#53	Let's have a bite to eat (part 2)	121
#54	Use social media	122
#55	Break some compromises	125

## Sales

127

#56	First impressions count	129
#57	Make your reception area special	130
#58	Preparation is key	132
#59	Be a good listener	133
#60	Chunk down costs, extrapolate savings	134
#61	Decoy pricing	135
#62	Offer 3 options / service levels	136
#63	Anchor your price	137
#64	Bundle your products or services	138
#65	Offer money back guarantees	139
#66	Increase your prices	140

#67	Handling objections	144
#68	Send welcome letters	145
#69	Build an information sheet system	147
#70	Create a WOO chart	148
#71	The simplest cross selling tool of all?	149

## **Customer Care** **151**

#72	Answer the phone!	152
#73	Under promise, over deliver	153
#74	Say thank you!	154
#75	WOW your customers	155
#76	Customer recognition	157
#77	Encourage customer feedback	158
#78	Resolve complaints	159

## **Team Matters** **161**

#79	Draw up your organisational chart	163
#80	Write position statements	164
#81	Get the right people on the bus	165
#82	Hold regular team meetings	167
#83	Incentivise your team	168
#84	Conduct performance reviews	170
#85	Other little gestures	172

## **Operational** **175**

#86	Systemise everything	177
#87	Types of system	178
#88	How to write effective systems	181
#89	Kaizen	183
#90	Outsource	184
#91	Invest in the latest technology	186

## **The Numbers** **189**

#92	Write down your long term goals	190
#93	Set forecasts and budgets	191
#94	Prepare management accounts	192
#95	Identify your key drivers	193
#96	Other success factors	196
#97	Manage your business from one page	197
#98	Benchmark your numbers	198
#99	Always remember cash is king!	199
#100	Track your personal wealth	201

## **Just do it** **202**

#101	Just Do It!	205
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# Foreword

Julian Richer is perhaps best known as owner and founder of Richer Sounds, the UK's biggest and most profitable hi-fi retailer. He has advised some of the country's largest organisations (such as Asda, Halifax, BAA and Sears) at chief executive level on staff motivation, customer service, cultural change, communications and suggestion schemes.

Having founded and run several businesses, and consulted to some of the country's most recognised retailers, I understand that there are a number of elements you have to get right in order to build a truly great business.

In "Reflect, Dream, Do", Chris covers many key elements and provides some excellent pointers, which have the potential to contribute greatly to your own business' success and a thriving company that best serves the most important stakeholders - your family, your team members, and your customers.

With best wishes,

A handwritten signature in black ink that reads "Julian Richer". The signature is written in a cursive, flowing style.

# About the Author



## Hi

I'm Chris Bond, a Chartered Accountant who has a passion for helping business owners build businesses that give them the money, time, and freedom to enjoy the more important things in life.

After qualifying with a large regional firm, I joined my Dad at SBCA Chartered Accountants, a firm he set up in 1973. During my time in the profession, I have seen my fair share of businesses that have grown to a point that allows the founders to really enjoy life to the full. I've also seen quite a few that have completely taken over the lives of their owners, who have become 'trapped' in what effectively is a moderately paid job. If you implement the ideas in this book, hopefully your business will fall into the former category!

I live in Lytham St, Annes (where I live life to the full!), with my wonderful wife Vicky, beautiful daughter Holly, Herbie the Cavapoo, Marmite the cat, and Goldie the goldfish.

If you'd like to get in touch, you can find me on Twitter, LinkedIn, or at [cb@sbca.co.uk](mailto:cb@sbca.co.uk). If you mention the book, I'll send you some free resources to get you on your way.

Here's to building a great business!

Chris

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# About SBCA

SBCA is a firm of Chartered Accountants based in Preston, Lancashire.

## **Our Why**

We inspire, challenge and support our clients & colleagues to exceed their own expectations. By doing so we help our clients build better, more profitable businesses that allow them the time and money they need to enjoy the other (non-business) things that are important to them.

## **How do we do this?**

We have a three-pronged approach:

Firstly, we help our clients grow their businesses by working out what makes them tick. Once we've understood its DNA, using our experience of working with many other companies, together with a passion for learning from current business thought leaders, we offer ideas and advice on how to improve them.

Next, we minimise the resulting tax bills using a cocktail of 'tried and tested' and cutting-edge tax planning solutions.

Finally, we maximise, manage, and protect their personal wealth to give them true financial freedom.

Check us out at **[www.sbca.co.uk](http://www.sbca.co.uk)**

# Introduction

Thank you for taking the time to pick up this book. If you're anything like a typical small business owner, I know how valuable your time is, but I also know that if you spend a bit of it reading and implementing some of the ideas we are going to talk about, you will consider the time taken to be a very worthwhile investment.

The ideas that follow aren't rocket science, but they can have a powerful impact on your business. In doing so, you will have the freedom to enjoy the non-business things you value in life.

The book is aimed at business owners no matter what stage they are at in the business life cycle.

For 'start-up' entrepreneurs; in Parts 2 and 3 you will learn the fundamentals of how to build a business the right way – one that works for you, rather than you work for it. For those whose businesses have perhaps reached a plateau, or are merely coasting, there are some truly insightful ideas to reignite the flame and get you moving in the right direction once more.

Perhaps the ones who will get most from the following pages are those of you who find your lives being taken over by your business. Although the general perception is that owning your own business gives you freedom and flexibility, the reality is often very different. Not only will you be spending hours each day doing 'the day job', you'll be dealing with staff, customers and suppliers, as well as keeping on top of all the administration.

This is not how it has to be – there is another way. As Benjamin Franklin once said, "drive thy business, let not that drive thee," and this book will give you the tools required to allow you to do just that. Additionally, you will gain the freedom and flexibility you craved when you started out. What you have in your hands is not a long read, probably no more than a couple of hours, but it is written in such

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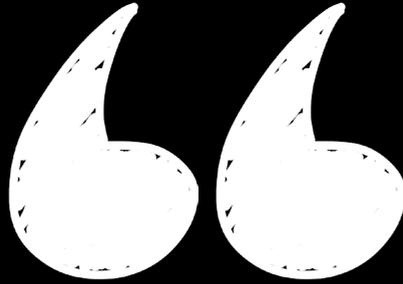
a way that allows you to dip in and out if time is at a premium. The very short chapters each contain an idea which, when (not if!) implemented, can have a profound effect on you, your family, and your business. And this is the key to success – implementation. If you are not willing to invest the time implementing some of the ideas that you think are appropriate to your business, you might as well put the book down now. To help you, I have included in the following pages an ‘anti-failure to implement plan.’ As you go through the book, either from back to front, or by picking out the chapters which pique your interest, write the ideas that you feel would have a big impact on your business on these pages, and set a target completion date. As you will discover, goals which are written down are far more likely to be achieved than ones that aren’t. And please, start now. In the words of Napoleon Hill...

**“Do not wait: the time will never be ‘just right’. Start where you stand, and work whatever tools you may have at your command and better tools will be found as you go along.”**

I have used both the terms ‘customer’ and ‘client’ throughout the book, as well as the terms ‘company’ and ‘firm’. I use the terms synonymously.







**Without reflection, we  
go blindly on our way,  
creating more unintended  
consequences, and failing to  
achieve anything useful.**

Margaret J. Wheatley



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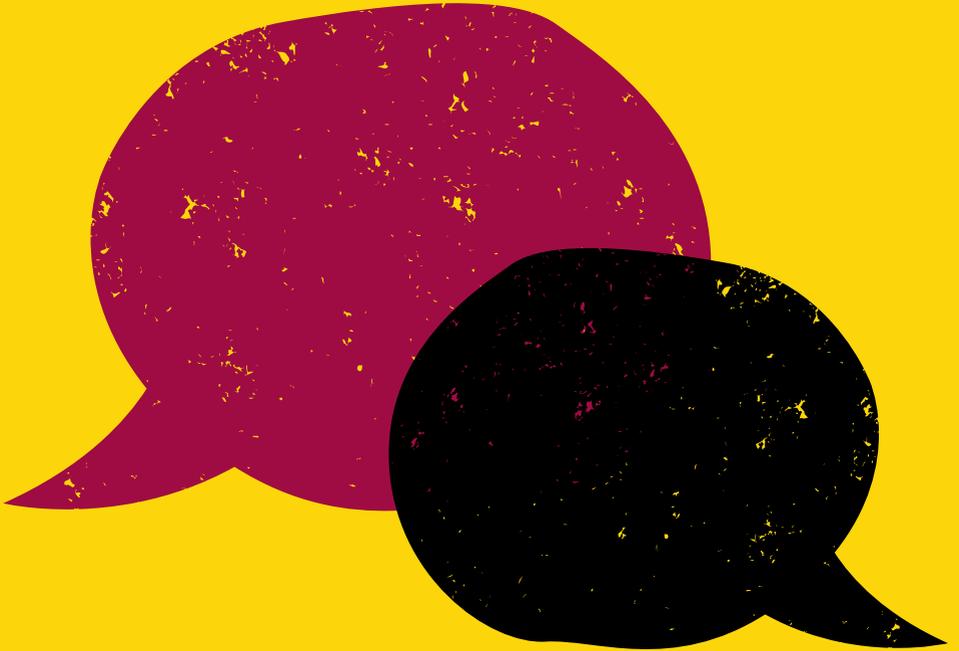
Before we look at the really practical strategies which you can implement to make a significant difference to your business (and, in turn, your life), it is important to have a period of reflection, to take stock, and to assess where you are now.

By taking the time to properly evaluate where you and your business stand at the moment, from the viewpoint of all the people that matter (you, your team, your customers etc.), you can identify those aspects that are not quite as you thought they would be when you started out in business. By doing so, you will be best placed to identify those ideas contained in Part 3 that will help you most in your mission to build a business that works for you.

So hit the pause button.

Stop doing it, doing it, doing it.

It's time to put you and your business on the couch for a period of reflection.



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**Part One**  
**Reflect**

**Where Are  
You Now?**

# #1 The four phases of owning an elephant

**Fellow accountant H.M. Williams has written an excellent book about growing a business entitled Proper Coffee & Other Ways to Grow Your Business. Williams makes a compelling analogy between owning a business and owning an elephant.**

## **Phase 1**

You buy a baby elephant. You are bigger than it is, you can see a great future with it and foresee no problems. The only concern is that you don't have any skills in managing elephants – but you think that this won't matter and off you go.

## **Phase 2**

The elephant soon grows much bigger than you. You are no longer strong enough to control it and it takes over your whole life. It pulls you along, wreaking destruction in its wake. Standing behind it, it blocks your whole vision and you can neither see nor know where you are going. You are so preoccupied by being dragged along by it that you think there is no way to ever bring it under control. It is ruining you and your quality of life.

## **Phase 3**

You are one of the rare ones who decides to take advice on how to become a pukka elephant handler or 'mahout'. You realise that in order to control your elephant, it is no use walking behind it ineffectually holding onto the reins as it pulls you along. You accept that you have to take a wholly different approach and that you have to learn how to manage your elephant, to get the most out of it. To do this, you have to know how to sit on top of your elephant, where you can not only see where you are going, but also, with just a gentle touch with your feet on its ears, steer the elephant in the direction you want it to go. In a short time you are now running the elephant instead of it running you. As a result of accepting that you needed help, and as a result of taking professional advice, it is soon fulfilling your original dreams.

## **Phase 4**

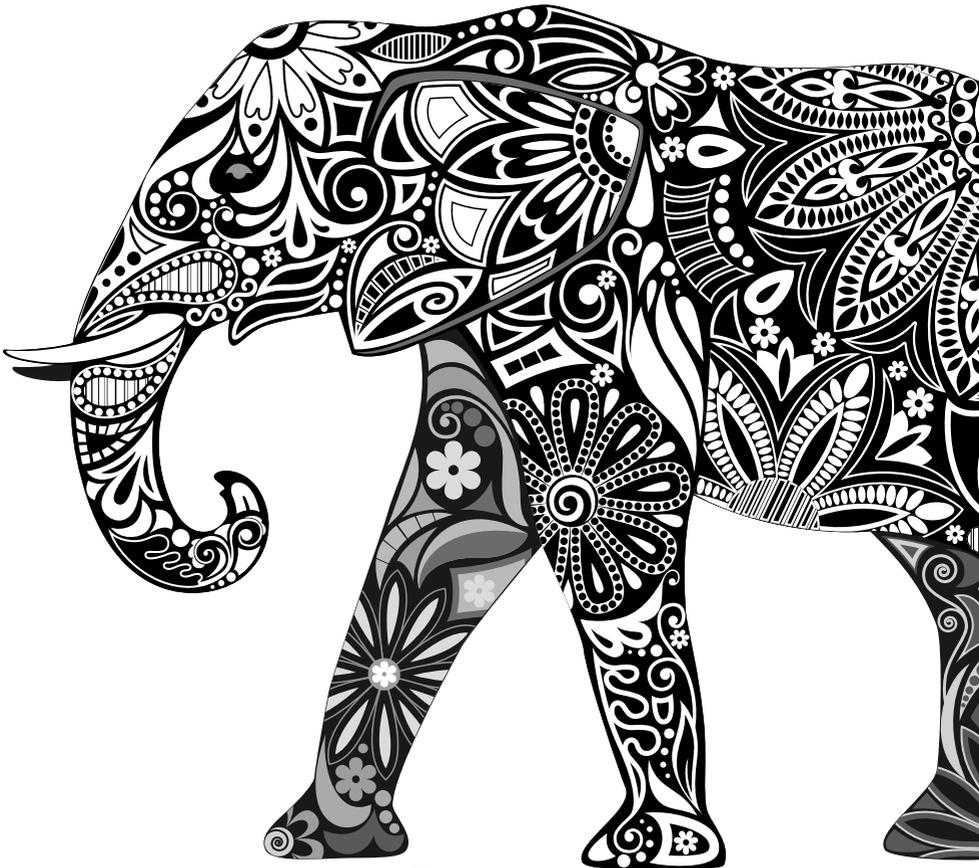
Once you have learned how to control your elephant, and it won't take long, you can hire and train your own mahout to manage the elephant for you, while you ride in the canopied howdah behind, sitting back and enjoying the view.

### **Which phase is your business in?**

If you are in either of the first 2 phases – this book is definitely for you, and you’ve already entered phase 3 by picking it up.

If you have reached phase 4 – well done! You know better than anyone that you should look for ways to continually improve, and so you too should pick up some good pointers from what is to follow.

If you’re not exactly sure which phase your business is in, look no further than #2.



# #2 Common problems of small businesses

**A recent government survey found that 50% of small businesses fail within the first two years, and many of the ones that survive this period only do so because of the sheer hard work and commitment of the founders. I'm a great fan of the business 'guru' Michael Gerber who investigated why the failure rate of small businesses was so high.**

His research identified ten common causes. As a useful benchmark of where you are now, rate your business on a scale of 1 – 10 for each of the following (1 indicating 'I've not really thought about it', 10 indicating 'I've got it nailed'):

## **1. Lack of vision and purpose**

It stands to reason that if you don't know where you are going, there is little chance of you ever getting there.

## **2. Failure to establish or communicate company goals**

Following on from the above, if you have people working in your business, it is essential that they too know what you are trying to achieve. This has two benefits:

Firstly, it gets everyone pulling in the same direction, which means you'll achieve your vision quicker. Secondly, research shows that being part of a 'greater purpose' plays an important part when it comes to keeping your team motivated.

## **3. Poor market segmentation and strategy**

Have you an ideal customer which you target? Do you have a consistent unique selling proposition to the market (i.e. are you the cheapest, the best, or perhaps the most exclusive)? Trying to be everything to everyone rarely works in business, so make sure you have a clear position in the marketplace.

#### **4. Lack of knowledge about the market and competition**

You need to be constantly aware of what is going on in your industry. History is littered with big companies that failed because they didn't keep up with the changing times – do not be one of them!

#### **5. Owners concentrating on the technical, rather than strategic, work at hand**

This is perhaps what Gerber is most famous for, and forms the bedrock of his book 'The E-Myth Revisited' (a must read for any business owner). The basic principle here is that if you concentrate on working in your business, rather than working on your business, you have nothing more than a job with lots of added stress (i.e. you're in phase 2 of owning an elephant).

#### **6. Over-dependence on specific individuals in the business**

If the business depends on a small number of people, what happens if they are no longer available? If your business is likely to suffer in your absence, have you really got a saleable asset, or just a job?

To avoid this problem, it is essential to build the business around fully systemised 'functions' (sales, marketing etc.) rather than individual people. Until you are happy that the business will carry on without specific individuals, make sure you have 'key-man' insurance policies in place!

#### **7. Lack of systems**

Systems follow on from the above and are something I'm passionate about. If your business has documented systems for each 'function', and every process that function entails, then you really do have a 'phase 4' business that allows you to take some much deserved time out to admire the business that you have built.

## **8. Absence of a standardised quality programme**

Once you have your systems, make sure there is a programme to ensure they are consistently followed and constantly updated for technological advances, or better working practices.

Building a great business is a continuous process, and systematically reviewing your processes against best practice will ensure you keep ahead of the competition.

## **9. Lack of financial planning and review**

Having clear forecasts and budgets, which are regularly benchmarked against actual results, means you can spot any potential problems before they destroy your business.

Constantly reviewing your 'actuals' against forecasts also enables you to make any changes necessary to your business plan to make sure you are on track to meet your stated goals.

## **10. Inadequate capitalisation or lack of funds**

Cash is King! It doesn't matter how profitable you are, if you haven't got the money to pay the bills, your business will fail.

Included in the financial planning and review process should be the preparation of detailed cash flow forecasts, and they should be updated regularly, so you have plenty of time to plan for any upcoming shortfalls.

*So, how did you score? Anything less than 800 means there is serious work to be done.*

Remember, although these are the top ten reasons, you only need to neglect one for your business to suffer.

The good news is that we will look at how you can improve all of the above in the following pages.

# #3 Interview your business

## Do you remember preparing for your first job interview?

What was the question you always thought would be asked? I'm probably going into the dim and distant past of archaic interview techniques, but in my day it was: "What are your strengths and weaknesses?"

As part of assessing where you are now, conduct a SWOT analysis to help you identify your businesses:

## **S**trengths **W**eaknesses **O**pportunities **T**hreats

You can use the results of this in a later chapter when we will look at mapping out your strategy, but for now, it's useful to focus the mind on exactly where your business stands at the moment.

**Here are some questions to ask yourself:**

### **S**trengths

**What are we really good at?**

**What are our unique skills?**

**Where do we outperform our competitors?**

### **W**eaknesses

**What are we really poor at?**

**What resources are we short of?**

**Where are we at a competitive disadvantage?**

### **O**pportunities

**How could we improve our sales?**

**How could we improve our efficiency?**

**What new products/services/niche markets could be added?**

### **T**hreats

**What regulations are changing?**

**What products/services have falling demand?**

**What resources are difficult to find?**

**What are our competitors doing?**

It may be more beneficial to do your SWOT analysis with a few key members of your team – experience suggests an open discussion will lead to a more ‘rounded’ analysis of your current position.

If you do decide to do the SWOT analysis yourself, there are other ways of getting someone else’s opinion, so let’s move on to #4.

# #4 Ask your customers how you are doing (part 1)

Undertaking a customer survey should go beyond the issue of customer satisfaction. You want to enhance your understanding of your customers' needs and wants, recognise your weaknesses, and identify new opportunities to expand your business. Some customers may be reluctant to give you their real, unbiased opinions if you conduct your own survey, so consider using a neutral third party to conduct the survey for you.

Decide exactly what you want to find out before you write your questions, and pre-test them, as there are always some that are misunderstood or misinterpreted. You can also expect to receive responses or comments that you had not anticipated. Keep your survey brief and focused.

To increase your response rate, think about rewarding respondents with a discount voucher, a free gift, or perhaps by entering them in a draw for something more valuable (an iPad for example).

There are many ways to conduct your survey, including:

- By post (include a stamped addressed envelope!);
- A web-based questionnaire;
- By telephone;
- In person.

If you are planning a telephone survey, hire someone to do this who has business experience (as much of the benefit comes from the answers to follow-on questions). To achieve a high response rate, send the actual survey document in advance, with a covering letter asking for the recipient's assistance.

If you're doing a web-based survey, there are a number of popular systems available (Survey Monkey for example: [www.surveymonkey.com](http://www.surveymonkey.com)). An online survey will be your least expensive option and will allow you to survey your customers more frequently (a good idea!).

*Once your survey has been completed, it is important to do something with the information, as a survey creates expectations among your respondents.*

And please, as a minimum, thank all participants who took part!

# #5 Ask your customers how you are doing (part 2)

**Consider gathering a group of customers together in order to discuss your business with an experienced researcher.**

Here's how a focus group may work:

First of all, schedule a meeting at a desirable location, such as a restaurant or a hotel, with either lunch or dinner provided.

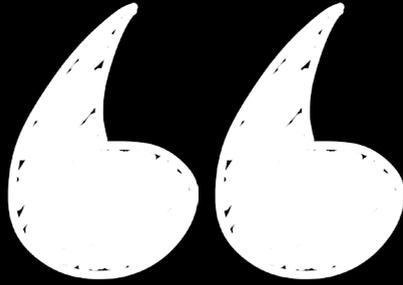
Then, contact a group of customers and ask for their help. Tell them that you would like to get their opinions of your business and that this will be an opportunity to network with other successful business people. You may consider offering to make a payment to cover their travel expenses.

At the meeting itself, welcome your guests at the outset and introduce the facilitator, who should be an experienced, neutral individual, and then leave the room to allow for an open and frank discussion.

The sort of things that the facilitator should be asking will depend on exactly what you want from the session; a good researcher should be able to interview you before the meeting to make sure they are asking the right questions.

You'll certainly want to know what your business gets right, what it gets wrong, and how your business can improve.

*From the facilitator's report, you will gain insight into what your customers are REALLY thinking. You'll then be able to use this information to build an even better business.*



**You'll certainly want to know what your business gets right, what it gets wrong, and how your business can improve.**



# #6 Analyse your value differential

**Use the information gathered from your customers to establish what they value most, and those things you do that, quite frankly, they're not that bothered about.**

Here's a way you can measure this 'value differential':

List the key attributes of your products and services, such as:

- Speed of delivery
- Pricing policies
- Range of products
- Showroom
- Website
- Staff product knowledge
- Staff responsiveness
- Handling of complaints
- Handling of product returns
- Payment policy
- Ordering system
- Guarantees
- Product catalogue
- Regular communications

Then ask your customers to tell you how important each of these attributes are to them on a scale of 1 – 10, with 10 being the most important and 1 the least.

Next, ask your customers to tell you how they rate your company on these same attributes. From this information, you can develop a 'value differential' for each attribute.

**Here's an example of what one might look like for a hotel:**

<b>Attribute</b>	<b>How important is this to you?</b>	<b>How do you rate our business?</b>	<b>Value differential</b>
<i>Room size</i>	7	9	+2
<i>Bed quality</i>	10	10	0
<i>Amenities in rooms</i>	5	10	+5
<i>Friendliness</i>	7	7	0
<i>Hygiene</i>	10	8	-2
<i>Meeting area</i>	5	5	0
<i>Architectural aesthetics</i>	5	9	+4
<i>Late-opening bar</i>	10	2	-8
<i>Room service</i>	10	10	0
<i>Breakfast quality</i>	9	2	-7
<i>Free internet</i>	10	0	-10
<i>Child friendly</i>	0	0	0
<i>Pet friendly</i>	0	0	0
<i>Early check-in</i>	10	5	-5
<i>Free parking</i>	5	10	+5
<i>Automatic check-out</i>	5	5	0
<i>Coffee maker in room</i>	10	0	-10
<i>Price</i>	7	8	+1
<i>Fridge in room</i>	2	10	+8
<i>Gift shop</i>	5	5	0

In our example, number 10, 'breakfast quality' is rated a 9 in importance and the hotel only gets a 2 rating, the value differential is -7 – adding hot food and fresh fruit might be a wise move.

Number 11, 'free internet' is rated a 10 and the hotel gets a 0 – It may be time to include this service in the room price as they do in some hotels.

Number 17, 'coffee maker in room' is rated very important, yet many hotels like this one do not provide one. It would be a relatively minor investment to satisfy customers.

The response to number 19, 'fridge in room,' on the other hand, suggests that this is not a must-have item, therefore providing an opportunity for savings.

From your own value differential analysis, you may discover that there are areas where you are giving your customers either more or less than what they really want or care about.

Armed with this information, you could then consider:

- Analysing your products and services and deciding which must be offered as standard, and which can be offered as optional.
- Creating a 'naked' solution where all extras are optional.
- Introducing new products and services as options to see if they are valued (based on take-up rates).

# #7 Ask your team members

**Your team members will probably know more about what's going on in your business than anyone else, as they are the ones at the 'coalface' and tend to have more interactions with your customers. Ask all of them to respond, and ask them often.**

As with the customer focus group, it may be an idea to use an external consultant, promising absolute secrecy, to get the most honest answers and the highest response rate.

You'll probably want their opinions on a wide range of things, so don't be too prescriptive if the survey takes the form of a questionnaire - allow room for expansive answers. Good questions to ask include:

- If you were in charge, what are three things you would change immediately?
- What things are people not talking about openly, but should be addressed?
- What causes you frustration about working here?
- What other suggestions do you have for the owners of the company?

Other methods include a focus group meeting, run along similar lines to that for your customers, or perhaps department meetings (without managers present!).

*Whatever the method, make it easy for people to respond, and make it voluntary and confidential.*

**Don't just follow your competitors – keep ahead!**



# #8 Keep an eye on your competitors

**Most businesses don't do this (believe it or not), but the information obtained can be really helpful in keeping you out in front of the competition.**

The first thing to do is to make sure you know who your competitors are – they may be obvious for most businesses, but it may be harder if your business covers a large geographical area. If this is the case, read trade magazines and question your customers and suppliers to see who you're competing against.

Once you know who they are, keep an eye on what they are doing:

- Collect their marketing brochures to see how they are marketing themselves and what differentiators they use.
- Consider asking staff or relatives to conduct a 'mystery shopper' exercise to see how their customer experience compares to your business.
- Consider buying their product to see how it compares to yours.
- Follow up your proposals and tenders and ask for reasons why you won (or lost) the work, especially the areas where you were better or worse than your direct competition.
- Ask customers that you have won or lost the reasons why they decided to change suppliers.

*Having gained this insight, prepare an action plan for improvement, and remember that you need to keep ahead of the competition, not just follow them!*

# #9 Keep an eye on what's happening in your industry

**As well as looking at what your competitors are doing, make sure you are aware of developments in your industry, such as new products, new methods, or technological advances.**

By doing this, you can make sure your business is not being left behind, and you can plan funding for the 'next big thing' to happen in your sector.

There are a number of ways of keeping up to date, such as reading trade publications, joining trade bodies or LinkedIn groups, as well as talking to your key suppliers to see if they have any new products in the development stage.

It's also an idea to keep track of other businesses that are at the forefront of your industry. They may not be your direct competitors due to location or differing end users, but by keeping tabs on what they are shouting about, you can be sure you know what you need to be doing to keep ahead of your competition. In today's market it is becoming easier to do this – just follow them on Twitter and Facebook.

# #10 Benchmark your business

**This follows on from the last point really, but focuses on the numbers. Benchmarking is an invaluable tool to get a really good insight into where your business is, in relation to your competitors and industry as a whole.**

Your accountant should be able to benchmark your business for you, but if not, try a trade association or professional body. If possible, try to avoid benchmarking services which are based on data from Companies House, as these are always inaccurate due to incorrect SIC codes being submitted (these identify which industry each company is in – ‘other’ is a very popular option!), and the fact that the majority of companies only submit abbreviated accounts, with no performance figures being disclosed.

A really good benchmarking service should be able to compare your sales growth, gross profit percentage, net profit percentage, working capital management (debtor days, stock control etc.) to others in your industry, both nationally and locally. Some even give your business a ranking for each key performance indicator.

How valuable do you think this information will be when deciding on the areas that you need to concentrate on in order to achieve your targets? Priceless!

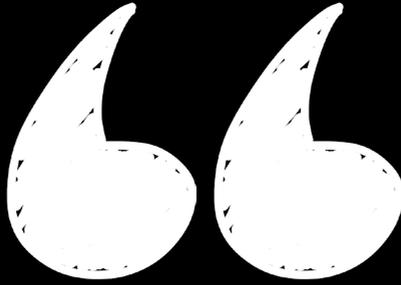


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**Part Two**  
**Dream**

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**Where Do You  
Want To Go?**



**All successful men and women are big dreamers. They imagine what their future could be, ideal in every respect, and then they work every day toward their distant vision, that goal or purpose.**

Brian Tracy



Think back to the time when you were just starting out in business. You probably had a crystal clear picture in your head of how life would be in the future – how much freedom being your own boss would bring you – how your business would look, would feel and would operate.

Chances are that as you started getting busy, these pictures began to get a little cloudy; perhaps you've been so busy you have forgotten what they looked like at all.

Dr. King gave the 'I have a dream' speech, not the 'I have a plan' speech, so before reading on, I want you to rekindle those images you had.

Spend a bit of time daydreaming about taking those first steps of becoming your own boss again. It may be that as you have become older and wiser, priorities have changed, and the images now aren't quite the same as those when you started out – that's fine – what is important is that you have a clear vision of where you want to get to.

# #11 A Word On Goal Setting

**You will no doubt have come across the SMART mnemonic in relation to goal setting before, but I think it's worth reiterating and expanding on here (I prefer SMARTY goals!).**

The characteristics of SMART goals can be summarised as follows:

## **Specific**

A goal needs to be clear and unambiguous. To move from a general to a specific goal, it should usually answer the four 'W' questions:

- What: What do you want to accomplish?
- Who: Who is involved?
- Where: Identify a location.
- Which: Identify requirements and constraints.

## **Measurable**

If you can't measure it, how do you know that you are making progress towards attaining it? The goal therefore needs to be measurable – as the saying goes, "you can't manage what you can't measure."

Measuring progress will also help you stay on track, and seeing the progress will motivate you to reach the ultimate goal.

A measurable goal will usually answer questions such as:

- How much?
- How many?
- How will I know when it is accomplished?

## **Attainable**

Whilst the goal should stretch you, it needs to be attainable. If you feel in your heart of hearts that the goal is an impossible one, you will have little motivation to even try to achieve it. You need to believe it can be accomplished.

## **Relevant**

Clearly the goal needs to be relevant to what you are trying to attain – it needs to matter!

A relevant goal can answer questions such as:

- Why is it important?
- How will it help you meet your objectives?

## **Time-bound**

A commitment to a deadline helps you focus the mind and means there is less chance that it will be constantly put to one side when the day-to-day business of doing business gets in the way.

A time-bound goal will usually answer the question:

- When?
- What can I do six months from now?
- What can I do six weeks from now?
- What can I do today?

*To this list, I would add:*

- Why

Knowing 'why' you want something is vitally important, as you are more likely to do something about it if 'the why' is strong enough.

When asking why, you might decide that achieving the goal isn't actually that important after all.

If you have goals without a 'why', scrub them off your list, and concentrate on those that are really important to you – this way you can focus your time and efforts on the ones that really matter.

*And make sure you write your goals down!*

## **A study was conducted on the students in the 1979 Harvard MBA program.**

One simple question was asked:

### **'Have you set clear written goals for your future and made plans to accomplish them?'**

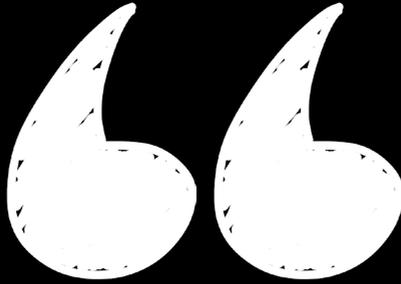
- 3% of the graduates had written goals and plans
- 13 percent had goals, but they were not in writing and 84 percent had no specific goals at all

### **When followed up ten years later....**

- The 13% of the class who had goals were earning, on average, twice as much as the 84% who had no goals at all.
- And the 3% who had clear, written goals? They were earning, on average, ten times as much as the other 97% put together.

### **Some tips to consider when writing your goals down:**

- Write them in the present tense as if you have just achieved your goal.
- Be descriptive – build in feelings and emotions. What can you see, hear, smell, etc.? How will you feel at the moment you've accomplished what you set out to do?
- Read them aloud every day, or even better, close your eyes and visualise the scene, and feel the emotions of finally realising your goals.



**It's the repetition of affirmations that leads to belief. And once that belief becomes a deep conviction, things begin to happen.**

**Muhammad Ali**



# #12 Decide what YOU want...

You own your business for a number of reasons. These may include:

- Providing for your family
- Spending more time with your family
- Being your own boss
- Making money
- Having flexibility
- Building equity

In the most successful owner-managed businesses, the owners' personal objectives are congruent with their business strategies. It is, therefore, essential that you identify what really matters to you before deciding on what direction you want your business to go in.

Once you've identified the goals that really matter, set actions for the improvements necessary in your business to enable you to achieve them.

For the financial goals, I would strongly suggest sitting down with your accountant or financial advisor and plan by 'beginning with the end in mind.'

Let me explain:

Let's say, you have set a goal of retiring at 60, with an annual income in retirement of £70,000.

Your accountant should be able to advise you of the amount of capital / savings you would need to have accumulated by your 60th birthday in order to generate a retirement income at this level.

Assuming your biggest asset will be your business, your accountant might tell you it needs to be worth £2 million in order to give you enough money to service the £70,000 retirement income per year. As most businesses are valued on their capacity to generate profits, your accountant should also be able to advise on the amount of profits your business would need to be generating in order to make selling for £2 million a realistic proposition; or, if your business is more of a 'lifestyle' business, which will not provide a lump sum big enough on exit, your accountant could advise on an investment strategy which would need to be put into place to meet your financial goals.

Either way, you'll then know what your profits need to be to get you to your goal of retiring at 60 with an annual income of £70,000. To give you a fighting chance of achieving this, you'll need a strategy – we'll come to this in part three.

**sbca tip:**

**At sbca, we prepare a 'financial profile' for our clients, detailing current assets, liabilities and income.**

**We then go through it line by line looking at what your assets would need to be worth in order to service the required retirement income.**

**Do the same with your chosen advisor.**

# #13 ...and how this impacts your business objectives

**Once you have decided on your personal objectives, it's time to look at your business to assess if it is helping you achieve those objectives. If not, it's time to make the changes necessary in order for it to do so – after all, isn't this why you started it in the first place?**

Take a look at your current situation, and analyse if running your own business is helping or hindering your progress towards achieving your personal goals.

If it's hindering your progress, consuming all of your time, keeping you awake at night, or perhaps just not providing the income level you hoped it would, it's time to do something about it – NOW!

If you continue as you are, doing it, doing it, doing it, hoping that by 'keeping busy' things will turn out OK in the end, I'm here to tell you it won't.

- You need a plan.
- You need to execute it.
- You need to continually measure your progress towards it.
- You need to spend more time working on your business, not in it!

# #14 Think of the end game

**Spend a bit of time daydreaming about what your business will look like, how it will operate, how people will interact with it, and what you want those people to experience at each interaction. Basically think of the perfect business in your industry – this, in essence, should be your vision statement. In the words of Michael Gerber, the vision statement sets out what the business will look like when it is finally ‘done’.**

The vision statement is not to be confused with the mission statement – the vision statement is a dream of what things will be like when the business is ‘complete,’ your mission will help you get there.

Here are some tips from the book *Liquid Leadership* by Damian Hughes (2007):

## **A vision should not contain lots of facts and figures**

Your vision doesn’t have to contain lots of hard data, such as costs, amounts and volumes. This doesn’t mean that it lacks substance, but your aim should be to focus on the emotions of the listener rather than their intellect (or wallet!)

## **A vision should not be focused on what you don’t want**

Stop reading for a moment and don’t, I repeat don’t, think about an elephant wearing a pink tutu and dancing the can-can.

What did you just think of? That’s right, a dancing elephant.

When creating your vision, you need to pay careful attention to this. It shouldn’t contain what you don’t want or what you want to avoid. Firstly, nobody will be inspired by it, but secondly, and more importantly, they will automatically start to focus on the very things which you want them to avoid.

## **A vision must be exciting**

The vision should allow employees to see beyond the routine demands of their jobs and feel that they are involved in something exciting.

## **A vision must be credible**

If you are looking for people to make an emotional commitment, it's important that your vision is believable. If not, you risk provoking a mixture of disbelief, cynicism and resentment by trying to stretch the boundaries of realism too far.

## **A vision should be persuasive**

Remember, the purpose of creating a vision is to persuade other people to willingly join you on the journey and so they must be able to see a successful and rewarding future for themselves in it.

## **A vision must be relevant**

'What's in it for me?'

This is a crucial question that everyone will want answering before they commit to make the vision a reality. The less that they can understand what the benefit is to them, the less their commitment to it will be.

## **A vision must be easily understandable**

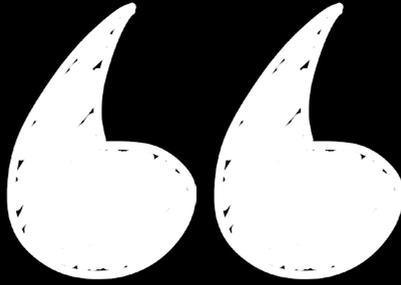
John F Kennedy didn't challenge his people to "strengthen the moon programme" or "create strategic alliances to uncover possible synergies." He simply said that "this nation should commit itself to achieving the goal, before this decade is out, of landing a man on the moon and returning him safely to earth." What is there not to understand about that?

If you can't manage to achieve simplicity through the power of your words, think about how you can achieve it through imagery instead.

## **A vision must make you go 'wow!'**

Once you have created your vision, you need to communicate it. If you can't describe your vision to someone in 5 minutes and get their interest, you need to go back to the drawing board

Creating a vision statement should be one of the first things you do when either starting a business or embarking on a change programme, as it gives a clear direction and destination which everyone can work towards.



**Good business leaders  
create a vision, articulate the  
vision, passionately, own the  
vision, and relentlessly drive  
it to completion.**

**Jack Walsh**





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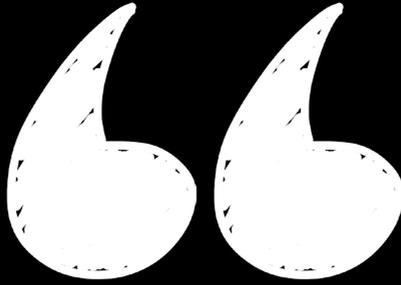
# Part Three

# Do!

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## How To

## Get There



**It doesn't matter when  
we start, it doesn't matter  
where we start, all that  
matters is that we start.**

Simon Sinek



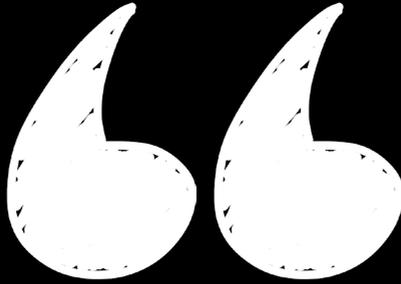
**There are seven ways of growing a business.**

**You can:**

- Increase sales leads**
- Convert more sales leads**
- Price effectively**
- Increase average spend per customer**
- Increase how often people buy**
- Retain customers longer**
- Increase your own effectiveness and efficiency**

**What is to follow will give you the tools to do all of the above.**

**Are you ready? Eyes down, look in!**



**“A leader has the vision and conviction that a dream can be achieved. He inspires the power and energy to get it done.”**

Ralph Lauren



# Lead

If you want to build a business which will serve you, and give you the time and money you desire to do the other things that are important in your life, at some point you will have to employ people to help you get there. It is very rare to achieve these goals by doing everything yourself!

With staff comes the great responsibility of leadership, and leadership is key if you are going to motivate your staff to help you achieve the vision you have for your business.

# #15 Start with Why

**In his 2011 book, *Start with Why*, Simon Sinek suggests that whereas all businesses know **WHAT** they do (make widgets), and some know **HOW** they do it (their unique selling proposition or key differentiator), very few know **WHY** they do what they do. By this he means their reason for existing, their cause and their beliefs, (and that's not to make a profit – that's the result). It is this greater cause which inspires people to work with you, or buy from you. It's what makes people feel good about being associated with your business.**

Sinek argues that people don't buy what companies do, or stand for, they buy why they do it, and he provides biological evidence to support this. The part of the brain which controls behaviour and decisions to act (our limbic, or emotional system) is greatly influenced by knowing the **WHY**. This is because we are social animals, and people want to do business with other like-minded people, people who believe what they believe and have similar values.

If you don't know why you do what you do, how can anyone be loyal to your business? When people understand your **WHY**, trust develops, and when trust develops, you have a long term customer!

We mentioned the importance of **WHY** when we discussed goal setting in Part 2; people really do need a reason to motivate themselves to act, and this goes beyond the traditional reward and recognition system, it's giving people a sense of meaning and purpose.

Have a think about your 'why' and build it into your mission statement and your marketing materials. By doing so, you'll attract the customers and employees who genuinely believe in what you are trying to achieve, and this will go a long way in helping you achieve your vision.

# #16 Map out your strategy

**Your primary role as head of your business is to devise the strategy which will get you from where you are now to where you want to be (your vision).**

I suggest you have a separate strategy document for each of the 7 essential business functions, being:

- Leadership & Management
- Marketing
- Sales
- Customer Care
- Team Matters
- Operational (including IT)
- The Numbers

Each strategy document should state:

- why that particular function is essential to achieving the vision;
- how you are going to measure that the strategy is working (the key predictors / indicators), and;
- what you are going to do, i.e. the 'nuts and bolts' of the strategy.

So, for example, your marketing strategy must describe why it's important to achieving the vision (perhaps by increasing awareness in your particular product or service); how you are going to measure it's working (leads generated by the marketing activities); and then what specifically you are going to do (advertise, set up a referral programme etc.).

Once the strategy has been devised, it needs to be communicated to all involved, continually monitored, developed and improved upon.

# #17 Execute!

**Once you have decided on the strategies necessary to realise your vision for your business, it is, of course, necessary to execute these strategies or nothing will ever get done!**

Executing the strategy is an area where a lot of business leaders fail, because they're so busy working in the business doing their day to day job, they never get round to the job that really matters -driving the business forward.

Execution requires discipline, and as a leader you must take responsibility for getting things done.

W. Clement Stone, who came from an impoverished background and turned \$100 in to many millions (the insurance company he started is now known as AON), used the self-starter 'DO IT NOW' to motivate himself to overcome procrastination and inertia and to actually take whatever action was necessary to achieve his goals.

I recommend that you find your own self-starter to motivate you to take whatever actions are required to move your strategies forward. One such self-starter might be to remind yourself each morning of the clear picture you have of your business when it is 'finished' and the things this will enable you to do as a result, like spending more time with your children, going on more holidays, or buying that luxury asset you have always dreamed of. Whenever you need to take an action, this self-starter should flash before your eyes and give you the motivation to act immediately.

If you think this essential role of leadership will take up too much time in your already hectic workday, I would say:

- you do not have to do everything yourself – in fact, we will come onto the need to delegate later in this book;
- your systems strategy should give you more time to devote to your leadership role, and; with the right people around you, and the right
- reporting systems in place, it probably won't take as much time as you think!

One thing is for sure - you must have the discipline to move each strategy forward if you are to build a great business.

# #18 Make the call

**As a leader, you will constantly have to make decisions about every aspect of your business, and making a good decision requires you to know what you are trying to achieve.**

Failure to make decisions not only puts the brakes on execution but can also result in you losing credibility with the people who work for you, and potentially your suppliers and customers.

I am not suggesting that you make a snap decision every time you are required to make one – some will need further research and / or input from your key advisors, but if this is the case, make sure you take the advice or do the research as soon as practically possible.

In any case, you will probably find that nine times out of ten, your original gut feeling turns out to be the right decision, and any decision is infinitely better than no decision at all.

Once you have made your decision, you must also take responsibility for it. You won't get every decision right, but the more you make the better you will get at the decision making process. And if you do make the wrong decision? As with everything in life, the important thing is to learn from it!

# #19 Inspire your team

**We've already said that driving your business forward is an essential element of leadership, and to make real progress, you will need the support of your team.**

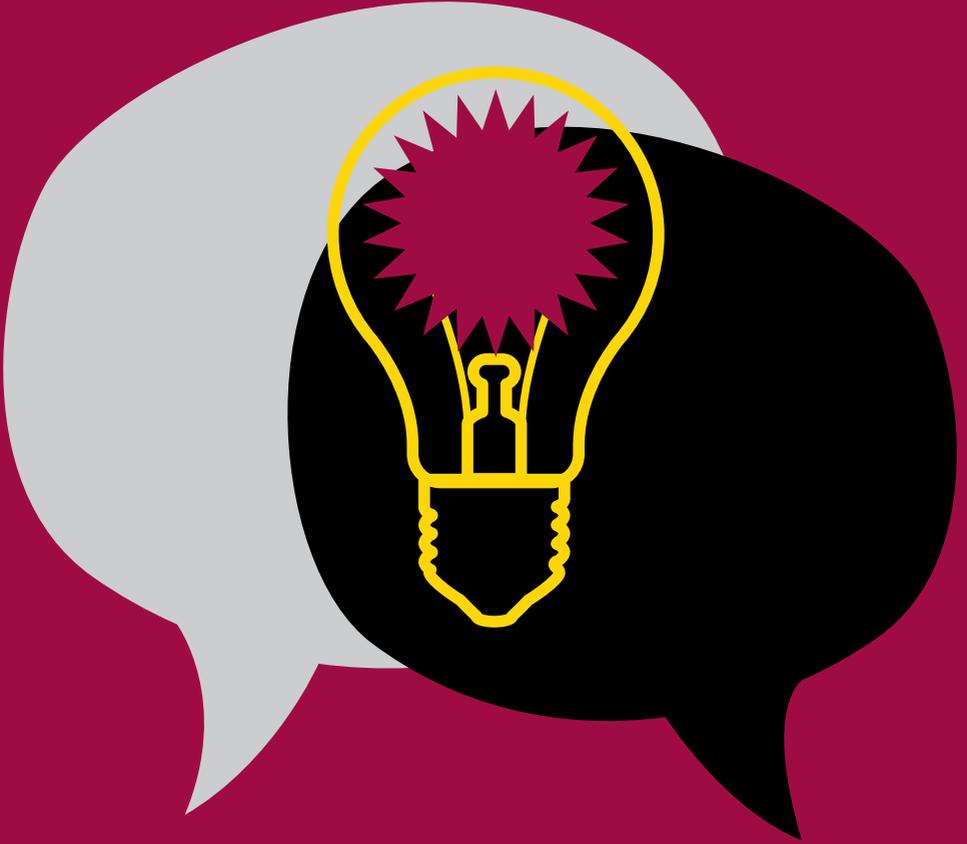
To get that support, you must inspire them to improve both themselves and the function they are performing in your business.

Creating and communicating your vision will go some way towards this. There are many research papers on what motivates employees; what is apparent is that whereas most managers / leaders think financial rewards would top the list, it is in fact, more intrinsic things, such as knowing the direction of the business and what it's trying to achieve.

Challenging your team to achieve defined goals (both personal and business wide objectives), keeping them properly informed of their progress towards reaching those goals, and celebrating successes along the way, can play a massive part in motivating them to give their very best to help you realise your vision for your business.

**Inspire:** *verb*

**Fill (someone) with  
the urge or ability to  
do or feel something.**



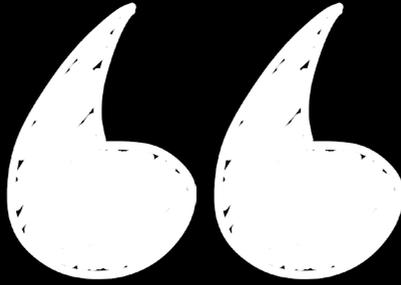
# #20 Communicate, communicate, communicate

**All of the above leadership ideas rely on communication in order for them to have the desired effect.**

You need to communicate your vision to those you have recruited to help you achieve it, you need to communicate the individual strategies you have devised, and you need to communicate every decision you make if they are ever to get put into action. Communication also plays an essential part in inspiring your team. Without communication, nothing will get done.

You must continually look for new ways to communicate your vision, ideas, and progress towards your business's goals, to those that need to know, be it via notice boards, the company intranet, meetings, performance reviews, or even short video recordings published on YouTube.

Your message should also be communicated frequently in order to ingrain it in to the business's culture - the short speech at the Christmas 'do' just won't hack it!



**A vision without a plan  
is only hope.**

**A vision needs a plan  
to make it come alive,  
to make it reality**

Michael Gerber



# Management

Your management strategy will help you translate your vision into the day to day running of your business.

Management is fundamentally about motivating your people and organising your operations so that you can achieve the goals you have set for your business through the efforts of your team.

As such, there are elements of leadership which we discussed above which could also be described as management skills.

# #21 Craft a mission statement

**Your mission statement translates your vision statement into something which all stakeholders (employees, customers, suppliers etc.) can understand.**

Mission statements are becoming a bit cliché in today's business world, but this is primarily because the majority are just attempts at coming up with noble sounding words to hang on the office wall. A poorly written mission statement leaves employees directionless and cynical.

A compelling mission statement, and a good set of values, get straight to the point. The mission announces exactly where you are going, and gives people an overarching sense of purpose which motivates them to make personal sacrifices to ensure the business gets to where it wants to get to.

Effective mission statements balance the possible and the impossible. They give people a clear sense of the direction to profitability and the inspiration to feel they are part of something big and important.

Nowadays most schools of thought believe that mission statements should be written in conjunction with all the people in the company – I disagree. This is your business, and what you want out of it will not be the same as your employees.

Like anything with lasting value, crafting a mission statement requires time, thought and planning. However, the effort is well worth it. In fact, most start-up entrepreneurs discover that the process of crafting the mission statement is as beneficial as the final statement itself. Going through the process will help you solidify the reason for what you are doing and clarify the motivations behind your business.

**sbca tip:**

To help you write your mission statement, try answering these questions, which will help you formulate your WHY:

- Why is this business important to you?
- What is the purpose of this business?
- Who is the target market and why would they be interested in this product/service? Define the customer and their specific wants and needs relating to the business.
- What distinguishes this company from the competition? List the advantages of choosing this company over the others.
- What are the company's values?

# #22 Setting the standards

**Whereas a mission statement announces exactly where the company is going, values describe the behaviours that will get you there.**

In contrast to the mission statement, I think coming up with the values which underpin it should go under wide spread consultation. Getting more participation really makes a difference, giving you more insights and more ideas, and at the end of the process, most importantly, much more extensive buy-in.

Common values such as honesty, integrity, and fairness etc. appear on numerous company websites, and these are all well and good, but I suggest whatever values you come up with, you flesh each out with how they translate to your particular business, so each stakeholder knows exactly how they are to be interpreted. As Sinek puts it, core values are the answer to the following: If your firm was an organized religion, what would your beliefs be and what would constitute a sin? If transgressions of these values are routinely tolerated and ignored, are they really core values?

A good set of values, properly communicated, makes management much easier. They can be used as a benchmark when considering the actions of every employee, and are invaluable when assessing the pros and cons of an important business decision. Value based management also means that decision making can be pushed down the organisation – if your people know the business' values, then they can be held accountable for doing the right things in the right way.

**You can see that decisions would be much easier to make if you had clearly stated values, such as those of Innocent Smoothies:**

### **Be natural**

We want to make 100% natural, delicious, healthy stuff, 100% of the time. For us, being natural is also about keeping it human and putting people first. We want to treat others, especially our drinkers, as we'd like to be treated ourselves.

### **Be entrepreneurial**

Innocent began as a small, entrepreneurial company, and nothing much has changed. We chase every opportunity and try to be as responsive as we can – to our consumers, our customers, and to opportunities in the market. We want to be creative and challenge the status quo. We want to do what we do better than anyone else, and have fun doing it.

### **Be responsible**

It's so important to us to be true to our principles, and to do what we believe is right. We have to be conscious of the consequences of our actions, in both the short and the long term. And we hope to leave things a little better than we find them, and to encourage others to join us too.

### **Be commercial**

We are a commercial business and so creating growth and profit for us and our customers is central to what we do and why we are here. We need to be tough, but at the same time fair. We need to think clearly, act decisively and keep the main thing the main thing.

### **Be generous**

With our feedback for others, with our time when coaching others, with rewards when people deliver, and with our charitable support. It's that simple.

# #23 Form your 'Mastermind' group

**Napoleon Hill, in his book 'Think and Grow Rich' advocated the use of a 'Mastermind' group – a group of trusted and committed colleagues and / or advisors, whose advice and counsel help drive you and your business forward and who, as well as suggesting ideas of their own, provide a valuable sounding board for your own plans.**

I suggest you form your own Mastermind group, which should look for people who have strengths in areas where you perhaps have weaknesses. Such people may include your trusted professional advisors, and perhaps retired successful entrepreneurs who have proved themselves in your particular industry. Their insight can be extremely valuable, as they have often 'been there and done that', and learnt important lessons along the way.

If your business is of a certain size, it may also be appropriate to include department heads who may have specialist skills and knowledge (marketing & human resources managers for example), and who are responsible for achieving the strategic objectives you have set their particular department.

I would always include at least one external advisor who you can discuss sensitive issues with, and who will give you completely objective, honest advice. These people, in effect, act as your non-executive directors.



# #24 Hold monthly board meetings

**You may think Board meetings are only for 'big business', but they have a vital part to play in helping any size of business both grow to the desired size of the owners, and once there, to maintain that position.**

Once you have formed your Mastermind group, you should meet with them each month to discuss progress towards the business's objectives as a whole, any new ideas, progress towards goals set at the last meeting, and set new objectives to achieve by the next meeting.

This last point is where the external advisor is invaluable, as they provide the 'stick' to incentivise you to get things done. Experience shows that when you have to report to someone who will challenge you on any lack of progress or commitment, completing the objectives set starts to come high up on your priority list.

You will also find it is amazing how much you can get done in a short space of time when under pressure to complete tasks. Think back to the periods at work just before you go on holiday – you go flat out to clear your desk!

I recommend that the meetings are precursed with a formal agenda distributed to each attendee to enable them to properly prepare, and a 'to do' list is agreed and distributed after the meeting to ensure that everyone is aware of what needs to be accomplished by the next meeting.

# #25 Delegate, delegate, delegate

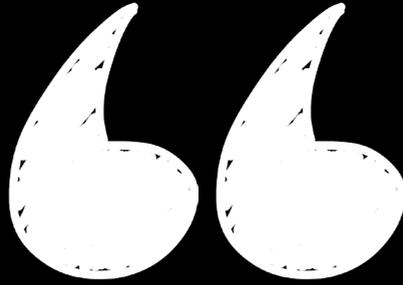
**The ability to delegate is a key management skill, which is not necessarily easy to do well, but it is essential if you are to grow your business.**

You may question why I have called delegation a skill rather than just an act. I have done so because good delegation is a skill, and something which every manager needs to work on. It is not a case of just asking a subordinate to do a task and leaving them to get on with it without direction and support!

Good delegation requires you to clearly set tasks for your team members, defining exactly what is required of them, what the end result should be, and when the task needs to be completed by. You then have to have systems in place to follow up on the tasks you have delegated, offer advice and support so that your people develop (if they come to you with a problem don't just take the task over or they will never learn!), and keep checking on progress to ensure everything is on track. To be clear, delegation is not relinquishing control of the task, it remains your responsibility to ensure it gets done!

Your system strategy (which we will come on to later) will help you delegate much more effectively. If you have developed the right systems, and recruited the right people to do the job, then you will find delegation becomes easy.

Remember, you will never be able to grow your business by trying to do everything yourself. You may find it hard to let go of some tasks, but you must if you are ever going to own a business that works for you.



**What do we own, what do we do, how do we look, how do we act and feel and perform that differentiates our company from everybody else's? The key job of a marketing leader is to pursue that question until everyone knows the answer.**

Michael Gerber



# Marketing

The very first marketing question you should ask about your business is; what differentiates your company from everybody else's? Without differentiation, marketing is futile, a lot of work for little return.

And remember, marketing is for everyone! Receptionists and other front-line personnel usually have more contact with customers than more senior people. When we fly, we have more contact with the flight attendant than we will ever have with the pilot.

Expect and encourage everyone to be a marketer. Everyone from the receptionist to the managing director is there to provide a 'WOW!' experience for each and every customer.

# #26 Define your 'Purple Cow'

**Before you design your logo or write a clever slogan, you need to identify your Unique Selling Proposition (USP). This is what gives you an advantage over your competitors as it differentiates you from them. So what constitutes an effective USP?**

A winning USP:

- Makes you unique compared to your competition;
- Makes a proposition to the customer that you will provide a specific benefit to them;
- Includes a benefit that your competitors can't or don't offer, and;
- Is a strong enough promise that it attracts customers.

Knowing your WHY will give you a head start in this exercise. Examples of successful USPs include Apple's commitment to the most intuitive, sleekly designed technology; Spar's focus on speed and convenience (or opening hours); and Ryan Air's focus on price.

Defining what's unique about your business, and then letting your potential customers know about it, is the most important element in your marketing strategy. If you want to grow your business faster than the competition, this should be very high on your 'to do' list.

Start by asking yourself and your team members to identify the following:

- The business you are in
- Your current and desired customers
- Your competition
- What makes you different
- The unique benefits that you offer your customers

Seth Godin (2003) wrote an interesting book entitled 'Purple Cow'. This extract emphasises the need to be different:

**“When my family and I were driving through France a few years ago, we were enchanted by the hundreds of storybook cows grazing on picturesque pastures right next to the highway. For dozens of kilometres, we all gazed out the window, marvelling about how beautiful everything was.**

**Then, within twenty minutes, we started ignoring the cows; the new cows were like the old cows, and what once was amazing was now common. Worse than common, it was boring.**

**Cows, after you’ve seen them for a while, are boring. They may be perfect cows, attractive cows, cows with great personalities, cows lit by beautiful light, but they’re still boring.**

**A Purple Cow, though. Now that would be interesting. (For a while).”**

**sbca tip:**

Remember, it's more important to be different than it is to be better. As Coco Chanel said, "In order to be irreplaceable one must always be different."

# #27 What's your market?

**Very few businesses are successful if they attempt to appeal to a mass market – you can't be everything to everyone. A useful tool for deciding how to 'position' your products and services is the Porter Generic Strategy Model, developed by Michael E. Porter.**

The model suggests that businesses are most successful when they target one area of the market only. There are broadly three strategies that you could take:

Create a niche, or specialism, so you are seen as the expert in a particular field – the 'go to' business for people with the specific need. By definition, if you go down this route your market is limited, but being seen as an 'expert', means you can charge premium prices.

Adopt a differentiation strategy, where you appeal to a certain customer. Apple is a good example of this, as they persuade people to pay more for a computer by understanding their WHY of 'challenging the status quo', and designing great looking products.

Adopt a cost leadership strategy, where people buy from you because you are the cheapest.

Although I have presented them as three distinct strategies above, you could of course, adopt the cost leadership or differentiation strategies within your niche market, although I would argue that the reason you would opt for a niche strategy would be to enable yourself to charge a premium.

Rolls Royce, for example, goes after a niche market with a high degree of differentiation. Asda, on the other hand, goes after a total market using a low price strategy.

Deciding how to position your product or service will help you write your business plan, focus your marketing, and define your Unique Selling Proposition (USP).

# #28 Develop your brand

**Your brand is how you project your business to the outside world. It is how people recognise your business amongst all the others you are competing against. To get your business noticed, to help increase awareness in your market place, and to make it as easy as possible for potential customers and referrers to remember you, it's essential to create a recognisable brand.**

There are three crucial parts to having a recognisable brand identity: your name, your logo and your strapline. I'm guessing you've got your name already, so let's move onto the other two:

## **Your Logo**

Your logo is central to your company identity, so get one that is colourful and distinctive. Before you begin the process of logo design, complete this exercise.

List 10 adjectives that people now use about your company or about the people who work in your firm. Now list 10 adjectives that you would like people to use about you.

Give the results of this exercise to the people designing your logo. It will point them in the right direction.

There are four common types of logo:

- Your company's name in a distinctive type
- Your company's initials
- An abstract symbol
- A realistic symbol

When considering a company logo, here are some questions to ask:

- **Does it project who we are?** Make sure it reflects your company's values and personality.
- **Does it have movement?** If you want to project the idea that you are innovative and proactive, then develop a logo that has movement (generally left to right).
- **Does it have colour?** People expect things to be colourful, so use a distinctive colour for your logo. Make sure it works in black and white and in different sizes, as your logo may appear in newspapers, magazines or other media.

## **Your Strapline**

The importance of a slogan or 'strapline' is similar to that of a logo. It is one of the key ways you differentiate your company from others.

Think about the most important quality you want to convey about your company – perhaps include all of your team members, so that you can reach a consensus that everyone supports.

Here are some examples:

- **We start where other \_\_\_\_\_s finish**
- **Your success is our bottom line**
- \_\_\_\_\_s for life
- **24/7**
- **Our customers are family**
- **We change lives**
- **Results not excuses**

# #29 Hire a marketing assistant

**Implementing an effective marketing programme involves a substantial amount of effort, but as we shall see in succeeding chapters, much of the work is repetitive and can be systemised.**

You need someone to coordinate your marketing activities who doesn't have other responsibilities that will get in the way. This person can be either full or part time, and could be anyone from a student to a highly experienced professional. Initially, ask them to update the contact management database and launch a direct mail programme, making sure that all marketing correspondence and required telephone follow-up gets done on a timely basis.

An experienced marketing assistant should have the ability to help you devise your marketing strategy and then implement it, but if your budget can't stretch to employing someone with lots of experience, anyone with a bit of common sense should be able to have a positive impact on your marketing efforts. Try asking your local college or university to advertise the vacancy to its students who are on a relevant course.

The attributes to look for in a suitable marketing person would be:

- Excellent social and verbal skills
- Good written communications
- Computer and database experience
- Event organising skills
- Attitude and enthusiasm (the most important!)

# #30 Build a contact management system

**In this business environment, you need to collect and manage a lot of information about your customers, prospects and referral sources.**

To do this, you need a robust contact management system, which incorporates customer relationship management (CRM). This will allow you to keep regular contact with selected customers, prospects and referral sources with a minimum of effort, and help you to manage the sales process. Popular software includes:

- Microsoft Dynamics CRM
- Salesforce
- ACT!
- Goldmine
- Maximizer
- Infusionsoft

In addition to the obvious function of maintaining names and addresses of companies and contacts, contact management programmes have numerous additional capabilities, including:

- The ability to tag each name with multiple attributes such as customer type, industry, profession, specialty, size of business, size of town, number of employees, birthday and SIC code, etc.;
- The ability to sort and create lists by multiple attributes. For example, your contact management programme could quickly identify everyone in the database who is an estate agent who works in a particular city and has a specialty in commercial property;
- The ability to do direct mail without mail merging from another programme, since your contact management system has its own word processing system;
- A reminder system that tells you, amongst other things, when to follow-up on a mail piece – this feature is essential for telemarketing;

- The ability to import mailing lists in various formats;
- A note-taking function that allows you to summarise conversations with a contact. You can also 'attach' documents to a name;
- The ability to email via Microsoft Outlook directly from the database, and; Links to popular software programmes such as Microsoft Office and Sage.

Many contact management programmes also have popular features such as:

- Scheduling
- Phone logs
- Call reports
- Personal calendars
- To-do lists
- Expense reporting
- Automatic dialling
- Customer recognition on inbound calls
- Automatic email capture
- Sales pipeline management

# #31 Develop a lead generator

The main aim of your marketing strategy is to gather as many leads as possible, and therefore you need a system to ensure you make this process as painless and as cost effective as possible. The worst thing you can do is go out and buy a list of email addresses and then bombard the recipients with unwanted emails (if they ever get there – most purchased email lists are out of date in any case!). This type of marketing is known as “interruption marketing” and has become much less effective in recent times due to the sheer volume of junk mail people receive.

In his book ‘Permission Marketing’ Seth Godin (1999) advocates persuading people to offer their contact details by giving them something really useful. Once they have volunteered their contact details, and in effect given you permission to contact them, you can begin the process of turning the prospect into a friend by giving them relevant, useful information. The great thing about this process is you know you are marketing to people who have a genuine interest in what you have to offer (otherwise they wouldn’t have signed up in the first place).

Once you have gained their respect and trust, and turned strangers into friends by giving them something they value, you can begin to turn your new friends into customers.

*So how do you develop your lead generator? The first step is to create your ‘Golden Carrot’ – read on...*

# #32 Create a 'Golden Carrot'

**What is a golden carrot? Answer: something that a customer finds really useful and that you are happy to give away. Here are some examples:**

## **Computer Company**

A booklet explaining:

- Various systems
- How they are configured
- Avoiding problems
- Maintenance backup checklists. This might also include a free disk with shareware and virus protection programs.

## **Insurance Broker**

A booklet explaining:

- The different forms of insurance
- What various terms mean
- How to avoid claims
- Approaches to risk management

### **sbca tip:**

If you're producing a book, consider the print-on-demand services of [printondemand-worldwide.com](http://printondemand-worldwide.com). You can print from 1 copy to 1,000 for a fraction of what it used to cost.

## Solicitor

A booklet summarising legal issues for small businesses, such as:

- Selecting a legal entity
- Incorporation (articles, bylaws, etc.)
- Buy/sell agreements
- Landlord/tenant issues
- Lease issues
- Product liability
- Employment law (hiring procedures, termination procedures, employment rights)

Once you've created your golden carrot, get it distributed. For example, the above law firm would make their golden carrot available to:

- Existing customers
- Prospective customers
- Accountants
- Bankers
- Financial advisors
- Estate agents
- Insurance brokers

You will also be using your golden carrot as a key element of your online lead generation strategy through your 'squeeze page' (more of which later), and also your direct mail programme.

*Now you have your golden carrot, the next stage in developing your lead generation system is creating a 'lead page'.*

# #33 Create a lead page

**A lead page is a web page which has one purpose and one purpose only, and that is to capture your potential customers' contact details.**

A lead page (sometimes referred to as a squeeze page) should contain details of your 'golden carrot', and how it would benefit the person looking. It shouldn't contain masses of information about your business, remember the first stage of this process is turning strangers into friends, we are not looking to sell to them yet!

In a prominent position, usually down the right hand side of the page, should be the form which they must complete to access your golden carrot – here they are giving you permission to contact them about something they clearly have an interest in.

Once you have their details, you should then follow this up with regular emails giving the potential customer some further useful information. These can be set up to go out automatically using your chosen CRM system or the likes of Mailchimp ([www.mailchimp.co.uk](http://www.mailchimp.co.uk)). I would recommend you send an information email each week for 12 weeks.

If the potential customer has not contacted you by this stage, a courtesy call may be in order to ensure the client found the 'golden carrot' useful, and to ask if they have any questions.

# #34 Internet Advertising

**Now you have your golden carrot, maximise its value by driving traffic to your lead page. There are a number of ways to advertise on the internet, the most effective being:**

## **Pay per click (Google AdWords)**

Pay per click is perhaps the most effective method of internet advertising. It works by bidding on key search words or phrases for Google to place your ad near the top, or to the side of the page when someone searches for your chosen words. As the name suggests, you only pay your bid price when someone clicks on your ad. The more you bid, the higher your ad will appear on page 1 of the search results.

With 1 million searches per minute, 25% of which have local intent, it can be a powerful advertising medium, but one which can be expensive if you don't set it up right. Perry Marshall, author of *The Ultimate Guide to Google AdWords*, says people spend 3–4 times more than they should – something he calls 'the stupidity tax', so it's worth spending a bit of time doing some research, or enlisting the help of a professional before embarking on an AdWords program.

## **Banner Remarketing**

I'm sure you have noticed when searching the internet that adverts, which seem directly targeted at you, appear along the top or side of certain prestigious web pages you are visiting (such as YouTube). These are banner adverts which are 're-advertising' websites that you have already visited. They work by reading the 'cookies' stored on your computer, and act as a reminder to come back and visit.

This sort of repetition really does work on the psyche, and can prove extremely effective either if you are trying to create brand awareness, or you want to tempt the user to purchase a specific product.

Again, setting up a cost effective remarketing campaign needs some expertise, and so do get some professional help. There is the option, for instance, of stopping your ads appearing if the user has relented and finally bought your product – these sorts of tricks can save you from wasting your valuable marketing budget!

## **Facebook Ads**

There's a big difference between Facebook ads and AdWords, in that, whereas AdWords work when people are searching for your product or service, Facebook ads actually find the customer.

When designing your ad, you can decide who you want to target by age, sex, geographic area, interests etc. (i.e. your ideal customer), and these will then appear along the right-hand side of the targets 'wall' in the form of sponsored ads.

The best place to send anyone who clicks on your ad is your own business's Facebook page, and once there, you should do everything in your power to get them to 'like' it (this is another great use for your 'golden carrot' – offer it to the visitor in return for a 'like').

The 'like' button is the most powerful button on Facebook, because once someone clicks on it, they open up a communication channel with you which means you can start marketing directly to them.

# #35 Gather testimonials

**What your customers say about you is infinitely more persuasive to a prospect than anything you could possibly say about yourself, hence the popularity of websites such as [tripadvisor.co.uk](http://tripadvisor.co.uk) and [yelp.co.uk](http://yelp.co.uk).**

Many customers are pleased to provide a testimonial if you make it easy for them. When a customer compliments you on your product or service (usually at the point of delivery), respond accordingly:

*“Thank you for your comments. We would really appreciate a written testimonial from you. May I draft something up for you to review and send back to us?”*

Even better, ask them if they would mind appearing in a short video – with some pre-drafted questions and a decent camera on a tripod, it is amazingly cheap and easy to create a good looking video testimonial.

Once you have your testimonials, consider all the ways you can use them:

- Put them on your website
- Put copies in a binder and keep it in your reception area
- Include them in your various marketing brochures
- Have the original testimonial letters individually framed, and hang them throughout the office
- Include pictures of your customers – they will make the testimonial letters even more effective.

# #36 Video killed the radio star

**Video is a powerful medium for generating sales, and with modern camera phones and HD compact cameras, you don't need to spend a fortune to produce one.**

Video can include comprehensive product demonstrations and user testimonials, all without having to make a sales call, and can expand your market area, shorten your sales cycle and reduce the amount of time you would otherwise have spent face-to-face with customers.

If you're camera shy, you could produce a slide show, or a computer based product demonstration, using screen capture software such as Camtasia ([www.techsmith.com](http://www.techsmith.com)) to record your computer screen while you provide the voice over. This is another relatively inexpensive way of producing professional looking video content.

Once made, include video clips on your website and blog. It's also worthwhile creating your own YouTube channel (which is free and relatively straightforward), as YouTube is now one of the largest search engines used.

# #37 Make sure your website is up to scratch

Every company needs an extraordinary website to:

- Attract prospective customers and build credibility
- Enhance relationships with existing customers
- Sell additional services
- Attract talented team members

Whereas the trend used to be to put as much content on a website as possible, current thinking is 'less is more', and with over 60% of internet searches now being done on a tablet or mobile device, it's important that your site is 'mobile friendly'.

Design is extremely important, so get some professional help with this, and don't go too overboard with content – keep it simple and to the point. The key elements are:

- A homepage containing a 'call to action', (call us, sign up for our newsletter, download our free help sheet etc.).
- Your USP. Once people land on your website, they have to find it compelling. You don't want to be perceived as 'just another lawyer/veterinarian/retailer/ or whatever' – you need to be different.
- Who you are, and how you can help your target market – make it less about you and more about them!
- Testimonials – as they can give a very good impression of your business to prospective customers. Client testimonials carry much more weight than anything you can ever say about yourself, as they are 'social proof' that your products or services are great (we've already described how important this is due to humans naturally being social animals).
- A blog, containing articles and tips to demonstrate your expertise.
- A 'contact us' page, so people know where you are and how to get in touch.

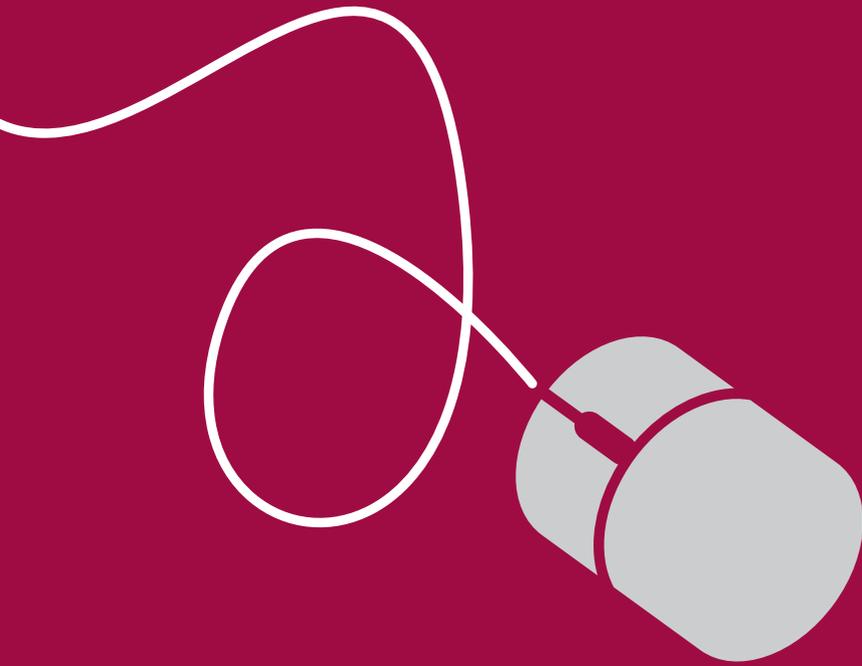
Any images you include on your website should be consistent with the company's brand that you're trying to project. If you're striving for a hip and relaxed representation, for example, you don't want photographs of people dressed in suits and ties! If you are using stock photos, make sure you buy them from a reputable source (such as Shutterstock), or you may find yourself with a big bill for copyright infringement.

As mentioned above, video is becoming a popular way of getting your message across instead of pages full of words – they are especially powerful in the testimonials section.

Once you've got your website up and running, a sound investment is some form of Search Engine Optimisation (SEO) which makes sure that when someone is looking for your products or services, you appear high in the search results. Your aim is to appear on page 1!

**sbca tip:**

**Enter your profession/type of business and your city into a search engine and see where your company appears. If you are not on page 1, it is unlikely that people will find you, let alone contact you. As SEO is complex and constantly changing, most companies outsource this task to an expert**



# #38 Ask for referrals and introductions

**Referrals are the lifeblood of a successful business. There is no better way of building sales than by increasing referrals. They are not only the number one source of new business; they are the leading source of the best new business.**

People like to make referrals – when we make a wise purchasing decision, we want to share it with others as a way of validating our own good judgment and good fortune.

To get referrals, you have to ask for them! If you are talking to one of your customers, you might say, “As you know, we do a lot of work with companies like yours and show them how to manage the cost of raw materials. If you know of anyone you think we can help, would you be willing to introduce us?” Almost every customer will say yes. Not all of them will follow through – but you’ve planted the seed!

You should make sure you have a number of referral strategies to ensure that you keep planting seeds until the opportunity comes for your happy customer to refer you. These strategies should be built into your systems to ensure they happen!

Such strategies may be:

- When you win a new customer
- Each time you have a meeting
- Each time you deliver a piece of work
- Your annual customer survey system
- When a customer tries to negotiate on price

You also need to make sure they have the materials needed to facilitate the process. Give them copies of your company’s brochures, newsletters and specialty booklets. When you do, include a note thanking them for their help then follow up with periodic letters and new marketing materials. In addition, make sure that everyone in your organisation carries good quality business cards, and that you have a great website.

Here are seven more strategies for developing more and better referrals (you may prefer the term ‘introductions’ – it sounds more professional and less intimidating):

1. Provide your customers with a 'WOW' experience.
2. Let your customers know up front that you will be asking for introductions. Explain how your business depends on positive word-of-mouth and specific recommendations.
3. When asking for introductions, be sensitive to timing. It takes practice and experience to do it effectively. The best time to ask, naturally, is when you have just completed a project or assignment. Ask for a testimonial letter – one that he or she would feel comfortable with you sending to new contacts. Also, ask your customers to provide a review of your company on review websites (such as yelp.co.uk).
4. Tell your customers exactly what you want them to do and describe the kind of new customers you are looking for. Then discuss people they might know who meet these criteria. Your customer may offer to make a contact. Ask for a commitment, and let him or her know you will be in touch regarding the opportunity.
5. When you do receive a referral, make sure you say 'thank you', whether or not the referral results in new business. Set up a system so that every referral is properly acknowledged.
6. When you get a new customer as a result of an introduction, find a special way of thanking your referral source again. Send a bottle or perhaps even a case of wine, a bouquet of flowers or a plant – preferably with a hand written card. The most memorable thank you's will be specific to the individual such as:
  - Concert tickets to a favourite band or orchestra
  - A gift certificate to a favourite shop
  - Dinner for 2 at a favourite restaurant
7. At the end of each month ask yourself these four questions:
  - Are all my customers happy?
  - Have I given all my customers enough TLC (tender loving care)?
  - Have I talked to each of my top customers?
  - Have I asked each of my customers for an introduction?

*There is no better way to build your business than through referrals. Like you, most business owners and professionals are looking for new business. If you want people to make referrals to you, find a way to do the same for them.*

**sbca tip:**

Remember the person who is making the introduction is putting their own reputation on the line. It is important that they feel confident that you have the capacity and capability to do the work. Be careful then of saying you're 'busy' as it is the quickest way to dry up referrals. Using the 'B' word reinforces any reservations people may have about your level of service and discourages them from sending you more business.

If you appear unable to handle the work you have now, why would anyone want to send you more? When you're asked "how are you doing?" or "how's business?" the answer is "Business is great...and we're looking for more!"

## #39 Keep in contact (part 1)

**One of the great advantages of technology is that it has levelled the playing field for smaller companies competing with larger ones. The internet gives you the ability to communicate regularly with all of the people on your mailing list.**

When you consider that on average it takes 8 ‘touches’ with a prospect to convert them into a customer, this is a cost effective way of keeping your company in the forefront of their mind.

Using your ‘golden carrot’ and auto-responder emails are a great way to convert prospects into customers, but as described earlier, these campaigns should only run for around 12 weeks.

To keep your business in the forefront of your prospects and customers minds, send out a brief newsletter by email at least once a month. Make it short enough so that the recipient can read it on their computer screen without having to open the entire document. Two paragraphs are usually sufficient. Focus on one issue only and provide enough information to generate a response from people who are interested in the subject. For example, you might answer a customer’s question or describe a pending change in regulations.

Test your email subject lines, as one subject line may result in more opens than another. The best way to do this is by running ‘split campaigns’ where you use different subject lines to different segments of your mailing list.

Always link your newsletter to your website or blog to encourage traffic to these areas; a ‘find out more information’, ‘tweet this page’, and ‘forward to a friend’ link, really helps. Lastly, at the bottom of each newsletter, indicate how the reader can unsubscribe.

Again, I’d recommend using Mailchimp as it makes it easy to design a good looking newsletter, and provides reports on the success (‘opens’ and ‘click rates’) of each publication.

To ensure your newsletter reaches as many relevant people as possible, you need to make sure you habitually collect email addresses of your customers, prospects, and introducers. Your lead generator will play a big part in this, but you could also consider running a month-long competition (with prizes, of course) to see which of your team members can get the most email addresses.

# #40 Produce a brochure

**Basic marketing materials include a company brochure and, depending on your business, various booklets or specification sheets promoting your products and services or the industries that you serve. It's nice to have something tangible to give people – it helps establish credibility.**

Here are some suggestions when designing a brochure:

- Keep it simple – you may only need a few pages. Consider a bi-fold or tri-fold that can be easily mailed in a regular sized envelope or carried in a jacket or purse.
- Any inserts and text should focus on what makes you different from your competitors, and how you solve the problems that your customers most frequently face.
- Include testimonials from customers – they are infinitely more compelling than anything you could write about yourself.
- Keep information to a minimum. The key information a customer needs is:
  - Where are you located and how do I find you?
  - Where do I park?
  - How do I contact you?
  - What's your web address?
- Try to minimise or avoid overuse of the words 'we' or 'our' – instead, use the words 'you' and 'your'.

Now that you have produced your brochure, develop a distribution plan:

- Send two copies to all of your customers and referral sources. Ask them to pass on the second copy.
- Create a display in your reception area.
- Keep a supply of brochures with you, and make sure your other team members do the same.
- If you get the opportunity to make a speech, distribute your brochure to audience members beforehand (by putting a brochure on each chair, for instance). That way, they are familiar with you and your products or services before you start talking and will be more likely to focus on your message.
- Include some marketing literature with each piece of correspondence you send out, both to customers and prospects.

A great website and a general brochure may be all you need to promote your business. But if you specialise in serving specific industries or professions, you will want to have specialised booklets for each industry/profession you serve, or each product or service you offer. They don't need to be expensive, they just need to be specialised and look professional.

# #41 Keep in contact (part 2)

**We've already discussed emailed newsletters are a great way to keep your name in front of your customers, prospects and referral sources. You should also consider sending a printed newsletter from as little as once a year to four times a year to supplement your more regular emailed newsletters. Make your printed newsletter colourful, upbeat and readable.**

Here are some suggestions to make sure they don't go straight in the bin:

- A spotlight on one of your team members. People really enjoy human interest stories, such as marriages and promotions, and it's an opportunity to showcase your talent.
- An article about one of your customers. They will appreciate being featured and you can provide additional copies for them to send to their customers and prospects.
- A letter from you giving a success story, as well as reminding readers that you are looking for more business.
- Attention grabbers such as cartoons, photographs, puzzles or recipes. One professional firm includes regular film reviews — clearly not related to their services, but of immediate and universal appeal.
- A feature describing a recent speech you made, noting that you are always available to make presentations to groups.
- Some technical stuff may be good too!

Company news is appropriate, provided you are brief and stick to subjects that everyone can relate to, such as:

- New employees
- Births
- Engagements
- Marriages
- Awards

**sbca tip:**

Good graphics are essential for maintaining interest, so use them strategically to enhance your newsletter. Remember, your newsletter is an entertainment medium as well as an educational one!

# #42 Run a direct mail campaign...

**Direct mail can be the cornerstone of your promotional marketing programme, but to be successful it needs to be done on a regular basis and is not a job for someone who does it only when they ‘get around to it’.**

The two most important elements of an effective direct mail campaign are firstly to make sure it’s reaching the right people (your target market), and secondly to create a mailshot which inspires a response.

We’ve talked about building your prospect list, so let’s look at the real challenge – developing a compelling mailshot. Here is a 10-point format for a good letter:

## 1. Name and Address

If possible, print the complete name and address of the recipient on both the letter and the envelope. Recipients will read their own name and address and, if they are correct, are more likely to read the rest of the letter.

## 2. Salutation

On routine direct mail campaigns use a formal salutation, such as

*“Dear Mr. / Mrs. \_\_\_\_\_.”*

When you are sending more customised mailings, for example to the members of your local Chamber of Commerce or social club, or to a group of customers, you will want to use their first names. Even though their given names may be Richard or Pamela, they may well be known as Rick or Pam, and it’s important to get this right. An assistant can do phone verification to get this information and then capture it in your contact management system.

## 3. Headline

Start your direct mail piece with a bold headline that grabs the reader’s attention. If you don’t get the reader’s attention immediately, the letter will go straight into the bin. The purpose of the headline is to get the reader to look through the rest of the letter.

## 4. Opening Paragraph

The opening paragraph explains and expands on the headline. It must be compelling enough to keep the reader interested. It takes the reader from the headline into the declarative paragraph. It is often referred to as the 'bridge'.

## 5. Who We Are and What We Do

By now the reader is wondering what this letter is about, who you are and what you want. Having built up interest, you now make a strong declarative statement about who you are and what you do. For example, 'We're your cost-effective alternative to the big chains!'

## 6. Call to Action

Now that you've built the reader's interest, explain precisely what you want the person to do, such as:

- Call me today
- Return the prepaid postcard
- Fill out the online questionnaire
- Come to our open house
- An offer to visit their home
- Free financial planning review

*The 'freebie' concept can be applied to other areas of marketing, such as an open house. Imagine how powerful it is when you say, "come to our open house and receive a complimentary copy of our new software."*

## 8. Signature

Make sure it's signed by the appropriate person, and consider using different coloured ink for this.

## 9. P.S.

A postscript can be a powerful tool to get the recipient to read the letter. Direct mail experts tell us that people often read the P.S. first! Use the P.S. to highlight your most powerful 'freebie' or your most compelling proposition.

## 10. Inserts

More things falling out of an envelope means more things to capture the reader's attention. Examples might include:

- A letter opener
- A copy of an article
- Business Cards – include at least two.

*The recipient may well discard the letter but will keep the cards. You've probably done it yourself!*

I recently received a direct mail piece including a booklet, together with a tea bag and a Kit Kat. A simple handwritten note said "have a brew and a biscuit on us while you read the enclosed,"

Consistency and frequency are the keys to success in direct mail marketing. You'll get a better return on your investment by contacting 300 prospects four times than you will by sending a single piece to 1,200 prospects. Oh, and make sure you use good quality letterhead paper. The direct mail piece you send may be the recipient's first impression of you.



# #43 ..and make sure you follow it up!

**If your business sells goods or services to other businesses, i.e. it is 'business to business' (B2B), telephone follow-up to mailings is relatively straight forward.**

If your business deals directly with end customers, it is 'business to customer' (B2C) and telephone follow-up is more difficult because:

- Most individuals are on a 'do not call' list.
- They are usually not at home during the day.
- Many people have moved exclusively to mobile phone use.

In short, it is usually not worth the effort to call these individuals, so let's focus on follow-up for prospective business customers.

Expect a response rate of less than 0.5% from a mailing alone. Combine it with telephone follow-up within a week, on the other hand, and your success rate may rise to 3–4% and occasionally even higher.

Telephone follow-up needs to be done by a marketing person with enthusiasm. When recruiting your marketing person, ask specifically about his or her willingness to do telephone follow-up and telemarketing. If the response is lukewarm (e.g., "It's not my favourite thing to do, but I'll do it if it's part of the job"), he or she is unlikely to be successful at it. The most successful marketing people are those who enthusiastically "smile and dial." If your marketing person can't or won't do phone follow-up, hire someone else on a part-time basis to do it, perhaps from their home.

## **Making Calls**

If you've done your homework and have a good mailing list, you know the specific person you want to contact. If you don't, try asking for a specific job title. That individual may be helpful and can act as a conduit to the decision maker. If you can establish a rapport with the receptionist quickly and easily, he or she can be helpful. "I'm hoping you can help me reach the right person..."

## Scripts

We have all experienced the telemarketer who reads a prepared script and found it to be an instant turnoff. A simple, flexible, friendly approach is needed. Here are some suggested phrases/questions/topics that you might adapt to your own use (use 'open' questions where possible, i.e. What, How, Why):

*"Good morning. This is Diana Corbett and I'm calling from Patrick & Company, a local office supplier."*

*"I recently sent you some information and I wondered what you thought of it?"*

*"I believe you have recently opened a new business – tell me a bit about it?"*

*"Let me ask you a few questions to see how we can help you best?"*

*"Tell me what pleased you most about the service you've received?"*

*"Is there anything about your current supplier you're not happy with?"*

*"When is best to arrange a meeting with one of our representatives? / just to get acquainted / to see if we could save you money / at your offices or here, if it's more convenient for you / at no charge, of course."*

## Get An Appointment!

This is your key objective.

*"Is tomorrow morning convenient or would you prefer the afternoon?"*

- Schedule something, even if it's days later
- Follow-up with a confirmation email, brochure and map (if appropriate)

If you are unable to get the appointment now, request permission to keep in touch. For example, ask for permission to send them your e-newsletter; invite them to a speech you are giving locally; or promise to get in touch when you have more information relevant to their business.

## Conclusion

Each marketing person will figure out what works best for them – it is a matter of experience and practice. It takes time to get results, but consistency is key.

# #44 Become an expert in your field (part 1)

**One way to gain exposure and credibility is to write articles for industry publications.**

- Make the article highly readable and full of practical tips – stay away from technical jargon (unless that's what readers crave!)
- Come up with a title that will capture people's interest. Including numbers in the title will usually do this, for example:
  - How to Shed 2 Stones Before Summer
  - 7 Steps to Looking Your Best
  - 13 Common Financial Mistakes Retirees Make
  - 12 Ways to Boost Your Internet Sales
  - 5 Steps to Getting the Best Deal on a New Car
- At the bottom of the article, ask for a 'footer' which identifies who you are and what you will send the reader. For example:

*"Jenny Davies is a well-known dietician and fitness trainer. Call 0875 xxx xxxx for a free copy of her new recipe book, 100 Ways to Eat Happy"*

# #45 Send press releases

**Press releases are a fundamental part of a marketing programme. They are inexpensive, take little time to prepare and are effective when done consistently. Set up a system for generating press releases so that you are prepared each time something noteworthy happens.**

Compile a list of media contacts likely to be interested in newsworthy items, such as product announcements and special events. There are a number of online press release outlets - an internet search will identify the most popular. This includes contacts at newspaper, radio & TV stations, magazines, and trade & industry publications. Since the media will not come looking for you, it's your responsibility to create a steady stream of noteworthy items – and it may take a number of press releases before one gets picked up.

Call each media contact and get the correct name, title, address, phone number and email address of the individual to whom press releases should be sent. Then send at least one press release each quarter.

Tips for preparing a good press release:

- Keep it short – one page is usually sufficient.
- Use double spacing.
- Send a digital photograph, noting what the picture is about.
- Address the press release to the name and title of the appropriate person.
- Write 'for immediate release' in the top left corner of the page.
- The headline should be underlined and should be followed by a brief summary of the following article (known as a 'standfirst').
- Be factual in your wording. Avoid unnecessary elaboration.
- Answer who, what, when, where and why in the first paragraph.
- Flesh out the details in the following paragraph(s)

- Send a brochure, background information on the firm, or information on the subject matter in order to validate yourself, the firm and the event.
- End the press release with '###' to indicate that there is nothing to follow.
- Remember to also include names, addresses and a phone number.

If you get a follow up call:

- Return it immediately – journalists are always 'on deadline' and they will use another story if you do not respond quickly.
- Immediately send additional information if it is requested.
- Ask when the piece might appear.
- Send a thank you note.

# #46 Become an expert in your field (part 2)

**Speaking at events and conferences is a great, cost-effective way to attract new customers. It allows you to connect with a large number of people at one time.**

Public speaking rates high on the fear scale for some people, so it's not for everyone! But if you stick to topics that you know a lot about and keep it simple, you will generally get a good response. Add a useful hand-out and you are all set. To improve your presentation skills, join Toastmasters or a similar group.

There are many organisations that invite outside speakers, including:

- Chambers of Commerce
- Adult education classes
- Service clubs (Rotary, Lions, etc.)
- Trade groups
- Professional associations

Don't wait for them to call you! There's usually some competition for these speaking 'slots'. Send letters to your selected organisations detailing what you have to talk about – to get maximum impact, make your speech title provocative, such as:

*"Never Buy Another Server!"* (for a speech on cloud computing)

*"What Are You Doing After Lunch?"* (for a speech on long-term planning)

*"Never Pay Tax Again!"* (for a speech on estate planning)

# #47 Run seminars and webinars

**Seminars are an excellent way to attract new customers and impress existing ones. The purpose of running a seminar is to generate enough interest in the subject matter that participants will want to follow it up with a one-to-one appointment where you can provide all the answers!**

When running a seminar, consider the following:

- Choose a subject that is topical and relates directly to your audience.
- They will be asking “what’s in it for me?”
- Target your audience by only inviting people you know will be interested in the subject matter.
- If you are not doing the talking yourself, make sure you have experienced speakers who know the subject matter well.
- Provide a summary of the key areas you want to address in the seminar. Back up your outline with relevant examples.
- Run the seminar at your place of business if you have appropriate facilities, otherwise hold it at a local hotel.
- To reduce your costs and expand your target audience, consider running a joint seminar with another relevant business.
- Send a covering letter together with your invitation for the seminar.
- Include a standard response form or faxback form to make it as easy as possible for your customers/potential customers to reply. Make sure you include a map showing the location of the venue, contact details and a ‘reply by’ date.
- Follow up the invitations by email and telephone in order to generate more participants. Be sure to also contact those people who have accepted, just to remind them.

The best time to run a seminar is in the early evening or early morning. This reduces the impact on a customer's / prospect's work day.

- The ideal length of a seminar is between 45 minutes and 1¼ hours.
- This gives you the opportunity to have 1 or 2 speakers.
- At the end of the seminar, make sure you have hot food and appropriate beverages. This is the ideal opportunity to network with customers/potential customers and to get appointments. Giving name badges to all participants, including your team, will aid this process.
- The day after the seminar, have your marketing person follow up and ask the questions, "did you enjoy the seminar?" and "would you like to be invited to the next one?"

Running webinars may be a good alternative to doing seminars; after all, it cuts the costs dramatically, meaning that you can afford to do them more often. They will also help you to reach a wider audience.

# #48 Participate in trade organisations

**Another way to raise your profile, and to cement your status as an industry expert, is to join trade organisations – both your own, and those to which your customers belong. Choose ones whose meetings you think you will enjoy (or you will find reasons not to participate) and then get actively involved. Volunteer for projects that have high visibility within the organisation, and treat these positions as you would any other professional obligation.**

Here are some specific steps to take with your own trade association and with the organisations your customers belong to:

- Read the association's publications.
- Call the editors and pitch article ideas.
- Write and submit articles.
- Distribute reprints of any articles you write to your entire database.
- Write letters to the editors.
- Join their online forums and answer questions.
- Provide comments on their blogs.
- Go to meetings and conferences.
- Get on a committee.

Volunteer to speak (or find a speaker).

# #49 Exhibit at trade shows

**Trade shows provide an opportunity to present and demonstrate your products and services to prospects and other ‘industry influentials’. They provide a vehicle for getting widespread exposure and direct feedback on how your products and services are perceived. It’s an idea to send invitations to prospects within the geographic area of the show and take advantage of all the free publicity.**

The cost of making face to face sales calls has increased dramatically over the years, and it may take five to seven calls to close a sale. Closing a qualified trade show prospect is often much less expensive.

Things to consider:

- Determine the best shows to attend in the coming year and get prior year attendance numbers and pricing.
- Investigate whether you can get ‘speaking slots’ at the events.
- Review the activities that typically take place at a particular show and determine how to attract people to your stand.
- Run a raffle to encourage prospects to leave their business cards – offer a prize such as a bottle of Champagne if their card is pulled out of the ‘hat’.
- Make sure you’re able to sell and take orders on the spot.

# #50 Gifts & Gimmicks

**People love gifts, gimmicks and giveaways. The trick is to have something to distribute that will keep your name in front of your customers / prospects and will get them talking to their friends and contacts about you and your business.**

I'll leave it up to you to decide what's most appropriate for your target audience, but make sure you have your logo in a prominent position and, if there's room, include your strapline.

And remember, the idea is to get people talking about your business, so go for something amusing, quirky, funky or of exceptional quality.

# #51 Let's have a bite to eat (part 1)

**Taking customers to lunch, dinner or breakfast, or just buying them a cup of coffee, is a good way to solidify relationships and generate referrals. During mealtimes, people tend to be more relaxed and are more likely to openly discuss their issues, giving you an opportunity to propose solutions. At some point in the conversation, customers usually ask, “so, how are you doing?” or “how’s business?” This is an opportunity to tell them that things are going well, that you are looking for more customers and would appreciate any referrals.**

You should also establish a programme of regular lunches with your other referral sources and introducers – this helps to build up good relationships and keeps you at the forefront of their mind should anyone they meet require what you have to offer. If you're paying, they'll look for ways of returning the favour, and perhaps feel morally obliged to put some referrals your way (assuming you've asked them to!)

# #52 Join a business referral group

**Business referral groups bring business people together on a regular basis, usually over breakfast or lunch, for the express purpose of generating business for each other. The best known groups are the Chamber of Commerce and BNI.**

Only one person from each profession or type of business is generally permitted. Each member is expected to generate a certain number of referrals each month and there's a system for 'keeping score'.

If you have people in your company who want to develop a personal referral network, this is a good place to start. You may need to participate in more than one group before you find the right fit.

# #53 Let's have a bite to eat (part 2)

**If it's appropriate to your style of business development, consider organising business-to-business lunches where an outside speaker gives a brief talk on a topic of interest to your guests, such as a bank economist to discuss the economy, or a financial advisor to discuss saving options for retirement.**

Invite a small number of your customers, and ask each of them to bring a guest; the remaining seats are for other members of your team. Try to ascertain the names of all guests in advance so you can contact them directly beforehand to introduce yourself and your business.

An ideal venue for business-to-business lunches is your own conference room, if it's big enough. Otherwise arrange for a private dining room at a restaurant or hotel.

Here's a suggested format:

- Start at 12 noon and end promptly at 1:30 pm.
- Allow 15 minutes for socialising, and then have lunch.
- After everyone has eaten, have your speaker address the group for no more than 10 minutes.
- After the speech, allow time for questions and answers and interaction within the group.

Business-to-business lunches are an excellent device for bringing together referral sources (particularly customers) and their business colleagues, friends, or family members. Shortly after the event, send each guest a letter to thank them for their attendance and include some promotional materials for them to pass on. If any prospects attended the lunch, make sure you call them and arrange a follow-up meeting.

# #54 Use social media

**Social media utilises the internet to maximise contact with your current network. It helps you to grow your group of connections at an exponential rate, and is quickly becoming THE marketing tool.**

The main social media outlets are:

## **LinkedIn**

LinkedIn allows you to link to other professionals in your industry and community. Look for 'contacts' and 'connections.'

How you can use it:

- Branding for you and your company (free profiles).
- Business development.
- Recruitment.
- Make connections through your contacts and potentially generate business for you or your customers.
- Use the platform to research prospective customers.
- Identify ideal job candidates by reviewing their online CVs.
- Use targeted advertising. For example, you can target LinkedIn members who are business owners, are based in the area you work in, and have 50 - 100 employees.
- Join groups in which you have an interest or expertise and build communities with fellow professionals and companies.
- Contribute to 'discussions', with valuable advice and insight (but never overtly 'sell').

## **Facebook**

Facebook is more social than professional. It allows you to connect with ‘friends’ or become ‘fans’ of businesses.

How you can use it:

- Branding for you and your business (free profiles).
- Recruitment.
- Make connections with others who become friends and fans.
- Share specific information with specific ‘groups’ of your friends.
- Recruit individuals and stay in contact with former employees.
- Use Facebook advertising to identify potential customers (see #34)

## **Twitter**

Twitter provides online news and views in 140 characters or less. The goal is to develop a dialogue with other users. Due to the limit on the number of characters, an entirely new language has been born. Develop ‘followers’ and find people to ‘follow’.

How you can use it:

- Branding.
- News delivery and receipt.
- Opinion delivery and receipt.
- Share what’s on your mind with your followers and find out the thoughts of the people you are following.
- ‘Retweet’ interesting items to followers, including links to your ‘blog’.

### **Tips to maximise the results of social networking:**

- Educate instead of promote. People will switch off to your message if you do not add value.
- Connect your current customers with each other to help them develop new business. LinkedIn is perfect for this.
- Be regular and consistent with your communication. All sites have 'feeds,' and you need to be regular with your updates to make sure you are included in your network feeds. Set a goal for a weekly update, and if there's no news, provide a popular quote for the week.
- Create a firm-wide policy. Set the expectations for your company.
- Who can use the sites? How are they to be used?
- Don't expect the phone to ring as soon as you create your profile. You need to engage with your community by, for example, commenting on other people's posts. To increase visibility, be a regular contributor to other tweets, blog posts and LinkedIn/Facebook updates.

### **Activities particularly suited to social networking include:**

- Recruiting – For internal and external jobs.
- Engaging – For improving relationships with current customers and targeting new customers.
- Educating – For demonstrating specific skills, talents and expertise.
- Observing – For monitoring public comments and opinions about your business.

# #55 Break some compromises

**Historical precedents within a particular industry force customers to make compromises or concessions.**

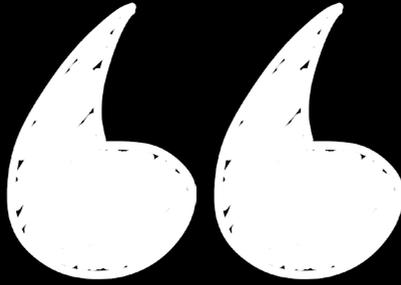
Why, for example:

- Do most hotels prohibit you from checking in before 2pm? (Hotel maids generally start work at 8am or 9am. Accordingly, there are made-up rooms available by mid-morning).
- Is it so hard to buy a used car with confidence?
- Do supermarkets not provide childcare?
- Do retailers quote broad delivery times? (“We’ll be at your house between 9am and 5pm”)

In your industry, what do customers have to put up with ‘just because’?

Think of the companies that have succeeded by breaking the ‘wait time’ compromise, whether it’s roadside recovery (‘in under an hour’), shoe repair (‘while you wait’), cinema ticketing (‘print your own’) or the punctual plumber (‘paying you if they don’t show up on time’).

So break some of your own compromises, change your opening hours, offer a pick-up service or let customers pre-order over the internet. Make it one of your USPs.



**There is only one way to get anybody to do anything, and that is by making the other person want to do it.**

Dale Carnegie



# Sales

**Your marketing strategy has given you a great prospect list, and has developed a wide referral network – you now have a lead generating system!**

**All this is worthless unless you convert these leads into customers, and this is where your sales strategy comes in.**



# #56 First impressions count

**There's no second chance to make a first impression, and potential customers make most of their judgments about you and your business within the first few minutes of meeting you or your team, so consider the following:**

## **Dress**

Establish clear guidelines as to what is acceptable, and make them congruent with your brand image – if you're trying to come across as a trendy design boutique, having everyone dressed in a suit and tie isn't creating the right impression.

Customers may have expectations as to how people in a particular business or profession should be dressed, so you need to know your target audience. If in doubt, remember it's easier to dress down than dress up.

## **Enthusiasm**

There's no substitute for enthusiasm. A customer wants to know that you and your team are 100% committed to your products and services.

## **Professionalism**

This is achieved when members of your team:

- Know everything about your product and service; challenge the customer's ingrained thinking to open up new possibilities and solutions that support the customer's goals and aspirations;
- actively listen, and respond swiftly and appropriately;
- keep their promises

# #57 Make your reception area special

**Your reception area communicates the message you want to convey about your business, so make it special!**

It goes without saying that the area should be clean and clutter free, and make sure it is consistent with the brand you are trying to convey and what's expected by the customers you are hoping to attract. There's no point spending a lot of time and effort on your marketing activities for the prospect to be confronted with something inconsistent with the image you have built up.

As well as the basics, try to add the 'wow' factor wherever possible. By doing so, your business will hopefully be the one that sticks in their mind, so even if you don't convert the prospect on this occasion, it will have been a memorable experience for them. Here are three ideas:

## **Show a video or slideshow**

Install a plasma screen in your reception area and run a 5-10 minute slideshow or video. This gives you an opportunity to make people aware of your complete range of products and services.

## **Offer a drinks menu**

Instead of the typical "Can I get you a cup of coffee?" let's be different. Present your customers with a menu of available drinks, and if you are serving coffee, be sure it's the best – there's nothing like a 'proper' cup of coffee.

## **Create a theme**

When you're deciding what to put on the walls of your reception area, have a consistent theme. Anything unusual, particularly if it's related to your personal interests, will get people's attention.

- Framed photographs of what your street looked like 100+ years ago (readily available from your local historical society).
- A collection of rugby shirts or autographed photos.
- A selection of paintings by one of your customers.
- Pictures of the company's team as children, or doing their favourite recreational activity.

Your reception area may be the only part of your business that a visitor sees, so make it interesting and different.

# #58 Preparation is key

**You've spent a lot of time and effort to build your lead generation system, and leads are finally coming through the door. It would be a shame not to convert any of these leads into customers due to a poor, ill planned sales process.**

We will talk about systems later on, but it's worth touching on the subject here, as a good sales system is essential to maximise your conversion rate.

Before your 'sales' meeting, if you are meeting a business prospect (rather than an individual), do a bit of research to find out about them, their business, and the industry in which they operate. Find out what problems or challenges the company is grappling with, and at least an idea of how your product or solution can solve this, or accelerate growth. This will allow you to ask some relevant questions, help you understand the environment in which they are trading, and will gain you important credibility.

Research may not be possible if you are selling to the general public, but you should be able to research market trends, or current fashion / buying patterns. Prepare a basic 'script', or at least a list of possible questions, to ensure you make the most of your initial meeting with them.

In either case, be sure to focus on the benefits of your product or service, and how these will satisfy a need or want of the customers.

# #59 Be a good listener

**Once you have prepared for the meeting with a customer or prospective customer, make sure they do most of the talking. Although you will need to demonstrate that you are competent to solve their problems and that you have properly researched for the meeting, ensure you listen to what they have to say. You need to show genuine interest in them if you are to be successful.**

Always ask 'open questions', i.e. those that require more than a yes/no answer – typically these will always start with 'What?', 'How?' and 'Why?'

If necessary to gain a proper understanding, ask for clarification or elaboration of a customer's statement, and ask if it's OK to take written notes – this tells the prospect that what he/she is saying is important.

**Don't interrupt!**

**Don't argue or contradict!**

**Repeat back the prospect's goals, issues or concerns to reinforce and clarify.**

Only when you fully understand the customer's aims, ambitions, frustrations and problems, tell them what you or your product can do to help solve them, and back it up with how you have already helped people in the same position. Try to use a linking phrase to convey the benefits – a magical phrase to use is "...which means that...", as in "our (product/ service) can (benefits of product service), which means that (key frustration / problem will be solved).

# #60 Chunk down costs, extrapolate savings

**When it comes to setting a price for your product or service, there are a number of simple techniques you can use to make it more attractive to the customer, and which help you achieve the maximum price without leaving money 'on the table'.**

The first two you may wish to consider are chunking down costs and extrapolating savings. Let me explain:

Have you noticed how most advertisements for charities tend to ask for a small recurring donation? You often see phrases like “please donate just £1 per day”. Imagine how successful the advertisement would be if it said “please donate £365 a year?” Through trial and error, they have learnt the power of ‘chunking down’ the cost, and how it can have a dramatic positive impact on how many regular donors they attract.

Try and think of how you can apply this same technique when selling your product or service – if possible, quote a weekly or monthly figure (by spreading the cost over the expected useful life), or a price per item (even if they only come in boxes of 100!).

The other idea here is extrapolating the savings the customer can expect by using your product or service. The timeframes to use will vary on what you are selling, but the lifetime of the product usually gets the highest figure.

Using the above two strategies in tandem (“for just £10 per week, you will save £2,000 over the next 5 years”) can prove a very powerful selling tool.

# #61 Decoy pricing

In his book **Predictably Irrational**, **Dan Ariely (2009)** described the power of decoy pricing, in the now famous example using the **Economists subscription pricing structure** which at the time was.

Economist.com	SUBSCRIPTIONS
OPINION	<b>Welcome to</b>
WORLD	The Economist Subscription Centre
BUSINESS	Pick the type of subscription you want to buy or renew.
FINANCE & ECONOMICS	<input type="checkbox"/> <b>Economist.com subscription</b> - US \$59.00
SCIENCE & TECHNOLOGY	One-year subscription to Economist.com. Includes online access to all articles from <i>The Economist</i> since 1997.
PEOPLE	<input type="checkbox"/> <b>Print subscription</b> - US \$125.00
BOOKS & ARTS	One-year subscription to the print edition of <i>The Economist</i> .
MARKETS & DATA	<input type="checkbox"/> <b>Print &amp; web subscription</b> - US \$125.00
DIVERSIONS	One-year subscription to the print edition of <i>The Economist</i> and online access to all articles from <i>The Economist</i> since 1997.

I know what you're thinking – who would pick the middle option? Well, the answer is no one – the results were as follows:

Subscription type	Price	Participants
Economist.com subscription	\$59	16
Print	\$125	0
Print & Web subscription	\$125	84

So what is the point of the middle one? Dan thought the same thing, so he re-ran the experiment, this time removing the middle option, with the following results:

Subscription type	Price	Participants
Economist.com subscription	\$59	68
Print & Web subscription	\$125	32

As you can see, the decoy middle option massively affected the buying decision (and therefore revenue), so it wasn't such a waste of print space after all.

*How can you apply decoy pricing in your business?*

# #62 Offer 3 options or service levels

**Offering customers various options during the sales process is a great way of ensuring you are achieving the maximum price in terms of what the customer is prepared to pay. There is also an argument that the buying decision becomes more about which option to pick, rather than whether or not to buy in the first place.**

This can be packaged in a number of ways – perhaps a 3, 4, and 5 star service, or bronze, silver and gold. If you sell different products of the same type, they could be marketed as economy, standard and premium.

You'll notice in all of the above, I've listed 3 options. This is because research shows that this is the optimum number – any more and the buying decision gets harder and so it decreases the chance of a sale.

When pricing each option, make the difference between the premium and standard options lower than the difference between the standard and economy option. You will find most people go for the middle one (so make this one the one that you really want to sell), and if the premium isn't that much of a jump up, they are more likely to upgrade. Some people will always go for the best, so by offering this option you're giving yourself the best chance of achieving the maximum price the customer is willing to pay, and the peace of mind you didn't 'leave money on the table'.

# #63 Anchor your price

**Buyers like to feel like they have got a good deal – people just love a bargain!**

One way of making customers feel good about their buying decision is to ‘anchor’ the price of what you have to sell so they have something to compare it to. This could be displaying your competitors prices (if you are competing on price), displaying a really expensive item next to a cheaper alternative, or, following on from the point above regarding offering different service levels, presenting the most expensive option first.

The reason this works is because in order to come to a conclusion on price, the brain requires something to compare it to. If you are providing this comparison, you are giving your customers the information they need in order to come to a conclusion, and what’s more, if you anchor this price quite high (as high as you can justify), then research shows you are likely to get a higher price than you would have done for the ‘cheaper’ alternative, as the customer perceives it to be a great deal when compared to anchor.

# #64 Bundle your products or services

**Bundling products or services is a fantastic way of selling more than you otherwise might have done to your customers.**

Think of ways of how you can bundle your products and services into packages or bundles. If you sell car cleaning products, you could put together a 'valeting pack' containing all the main products someone would require to clean their car. If you are a service business, you could package various services into one 'product', for example a vet could create a 'new pet' product, which includes a check up, vaccinations, flea treatment, micro chipping and neutering.

By bundling products, you have the opportunity to include items which customers do not usually buy (but you think would be of use to them), and at the same time make the buying experience more straightforward, both of which should increase overall sales.

Furthermore, although bundles are usually slightly discounted compared to buying the individual products, this doesn't have to be the case. By making the buying decision simpler, and perhaps marketing the package in a certain way (such as a 'premium' package), it may be possible to achieve a higher price!

Another variation of bundling is selling a selection of items together for a discounted price – the supermarkets are experts at this with offers such as 'any 3 for £5'.

# #65 Offer money back guarantees

**Most companies offer an implicit guarantee of their products, while others overtly say “our products and services are guaranteed”; but these promises do not mean much by themselves. If you want your guarantee to make a difference, make it specific and credible.**

For example:

- If we don't arrive within the time frame we promised, there will be no charge.
- You may return any item within 60 days of purchase, for whatever reason, for a full refund (and we'll cover the postage!)

Risk reversal, which is what guarantees basically are, is an incredibly powerful selling and marketing tool. By removing all the risk of people doing business with you, it makes it so much easier for them to take the decision to buy from you in the first place. And since your competitors may not offer such an explicit guarantee, it could be one of your key differentiators.

# #66 Increase your prices

Many of us resist the idea of raising prices for fear that our customers will go elsewhere. We may think that price is the deciding factor behind most buying decisions, but this isn't true. Buyers seek to maximise value rather than go for the lowest price, and if you adopt some of the strategies outlined in this book, you are well on your way to demonstrating that you add greater value than your competitors have to offer. So, raising prices may be an ideal strategy to improve your turnover and profitability.

1. If your present gross profit margin is...	20%	25%	30%	35%	40%	45%	50%
2. And you increase your price by...	3. Your sales would have to fall by the following before your profits decline...						
2%	9%	7%	6%	5%	5%	4%	4%
4%	17%	14%	12%	10%	9%	8%	7%
6%	23%	19%	17%	15%	13%	12%	11%
8%	29%	24%	21%	19%	17%	15%	14%
10%	33%	29%	25%	22%	20%	18%	17%
12%	38%	32%	29%	26%	23%	21%	19%
14%	41%	36%	32%	29%	26%	24%	22%
16%	44%	39%	35%	31%	29%	26%	24%
18%	47%	42%	38%	34%	31%	29%	26%
20%	50%	44%	40%	36%	33%	31%	29%
25%	56%	50%	45%	42%	38%	36%	33%
30%	60%	55%	50%	46%	43%	40%	38%



# A case study

## Elizabeth runs a bakery in a small town, offering a selection of breads, cakes and pies.

During an annual review meeting with her accountant, Elizabeth focused on pricing policies and how she marked up her bakery items. Elizabeth said “I was intending to raise my prices next year, but there is another bakery in the area that is about 10% cheaper.”

She then discussed the fact that she had a loyal customer base, had some special items that were not available at the other bakery and was always being complimented on the quality of her products.

Her accountant then showed Elizabeth the effect of a 10% increase in prices, and the fact that she could afford to lose 22% of her sales volume and still make the same amount of money. They also looked at the consequences of a 10% reduction in prices and how much extra volume she would need to generate to make the same amount of money. Elizabeth discovered that she would have to sell 40% more baked goods to make the same level of profit as she was already making.

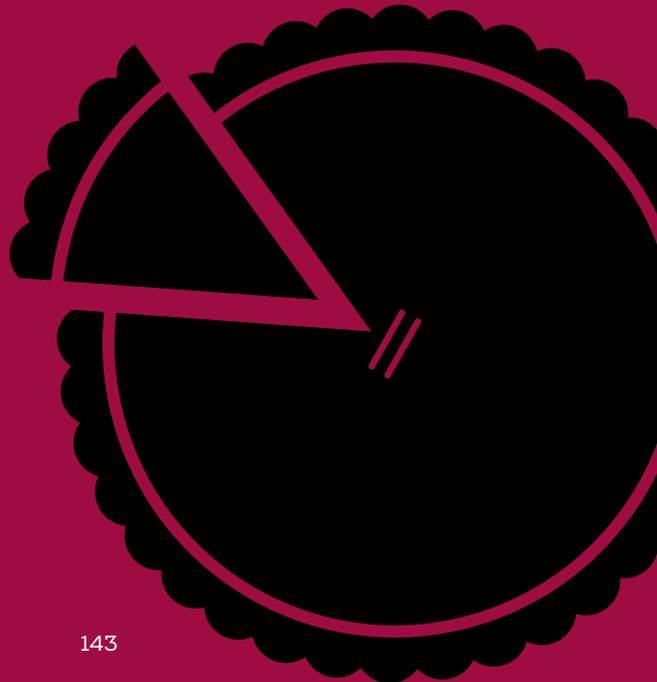
Here’s what the analysis revealed:

Elizabeth’s Bakery	Last Year	As a % of Revenue
<i>Sales</i>	£293,842	100%
<i>Direct Costs</i>	£190,932	65%
<i>Gross Profit</i>	£102,910	35%
<i>Expenses</i>	£26,138	9%
<i>Depreciation</i>	£26,138	1%
<i>Net Profit</i>	£74,318	25%

<i>Reducing expenses by 5%</i>	Will increase profits by £1,307
<i>Increasing sales by 5%</i>	Will increase profits by £5,146
<i>Increasing prices by 5%</i>	Will increase profits by £14,629
<i>An increase in prices by 10%</i>	Will equal the same profit as before even if you lose volume of 22%
<i>A decrease in prices by 10%</i>	Will equal the same profit only if you increase volume by 40%

Attracting new customers is not just about lowering prices! In small businesses, it is the value you add to your customers, as well as being different, that's important!

Ask your accountant to perform this sort of business modelling on your business to estimate what the effect of price increases will have on your bottom line. It may be one of the best investments you make!



# #67 Handling objections

**If, when you try and close a sale, the prospect is not in a position to commit to a purchase (and make sure you do try and close – people will only buy from you if you ask them!), try the following technique:**

First of all, keep quiet! The prospect will probably try and fill the void by giving reasons for not going ahead, and you want to hear them all.

Once they have finished with their objections, clarify each one to ensure you fully understand their concerns, and acknowledge that you can see why they may see them as a problem.

When you are sure all objections have been 'aired', come up with potential solutions, such as "If I can do this, for this price, have we got a deal?"

If they still don't commit, then there must be another objection which they aren't telling you about, so you need to repeat the process above until you have covered all objections.

Before ending the meeting or call, always arrange another – this effectively gives you permission to chase them up. You will have a better chance of the prospect agreeing to this if there is a valuable reason to do so, so try and think of a further incentive.

# #68 Send welcome letters

**This is a good way to cement relationships with new customers. Welcome letters provide you with an opportunity to:**

- let new customers know how important they are;
- promote your other products and services;
- ask for referrals.
- Your welcome letter might include:
  - A warm welcome to the firm
  - A reiteration of your service commitment
  - Contact information
  - A request for referrals
  - 2 business cards
  - Your firm's brochure

Set up a system to send welcome letters automatically. You only get one chance to make a first impression, so don't omit this simple step. Make it a step in your new customer setup system so that it never gets overlooked.

**sbca tip:**

Email has taken over most interpersonal correspondence, so there's something special about receiving a personalised card or letter through the letterbox. Many successful entrepreneurs send several cards a day, customised with the company's logo, as an efficient way of staying in touch with customers, suppliers and other contacts. Encourage your staff to do the same – perhaps even make it company policy!

# #69 Develop an information sheet system

**Many of your customers will face similar challenges, so develop an information sheet system to help you cross sell and up sell products or services.**

Here's how such a system could work:

- Write a one-page list of information sheets covering topics which are of interest to customers, or known issues which you know they generally face, and which your product or service can help with.
- While a customer is waiting to see you, have your receptionist hand him/her a clipboard with a list of the information sheets, and a request to "please tick the ones you'd like, and I'll print them out for you."
- The receptionist then puts together a promotional pack (using the brochure we talked about earlier), enclosing the selected information sheets, and brings it to you. You can then give it to your customer – this should lead to a broader conversation and additional opportunities.
- As an additional courtesy, provide your customers or prospects with the facility to request your information sheets online. Ensure you have a system for following up these – it gives you the perfect opportunity to have a discussion on how you can help.

# #70 Create a WOO chart

**This is another cross selling tool which can be very effective for generating additional opportunities to help your existing customers.**

The 'windows of opportunities' (WOO) chart is a simple reference chart, so you can see at a glance areas where you might be missing chances to better serve your customers.

To create your WOO chart, list all your customers down the left hand side of a page, and all the services you offer across the top, to create a grid.

Now, go down the list and mark the services or products which the customers currently purchase from you, and mark 'n/a', those which are not applicable to the customer. The empty boxes represent your "windows of opportunities" to cross sell services.

Work through this list each time you come into contact with the customer (perhaps not all at once as you might overwhelm them!), and either tick the box if you manage to sell the additional service or product, mark in red if the customer is definitely not interested, and mark in amber if they are not interested right now, but may be in the future (this way you can keep track of what you need to follow up).

The chart should be used only as a guide of what opportunities there might be. Never try and sell a customer something which is clearly not in their best interests just to get a mark in the box!

# #71 The simplest cross selling tool of all?

**When I was at university in Leeds, I worked at a pub called The Original Oak in Headingley. At the time it was tremendously busy, and one of Tetley's best performing pubs.**

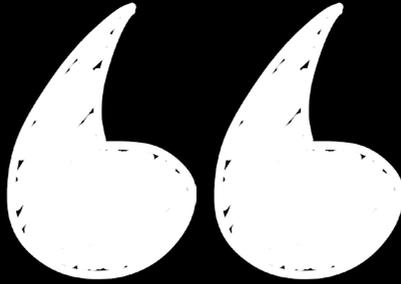
As bar staff, we had a script drummed into us before we served our first drink, and it was explained clearly to us that we might have a visit from a 'mystery shopper' at any time to ensure we were following the system.

With sights of three to four people deep at each bar (there were three of them!) not unusual, I'm convinced this simple script put thousands each week into the till.

And what was this amazing script, which generated so much in extra revenue? After we completed the order, we simply had to ask "Would you like anything else with that?"

Just seven words, repeated at each sale, probably added thousands each week to turnover.

Have a think about simple systems like this that you can use in your business to increase the amount each customer spends with you. I think you'll be surprised by the results!



**“There is only one boss. The customer. And he can fire everybody in the company from the Chairman on down, simply by spending his money somewhere else.”**

Sam Walton



## **Customer Care**

**Once you've got 'em, make sure  
you keep 'em!**

**As we've discovered, keeping customers  
for longer, and getting them to buy from  
you more often, are two of the seven key  
ways of growing your business.**

**If you look after your customers properly,  
and they feel compelled to tell their  
friends, family and contacts about your  
excellent customer service, profits will  
be a consequence.**

# #72 Answer the phone!

**It sounds obvious, but it's amazing how many businesses seem to take an age to answer the telephone. If you really care about your customers, don't keep them hanging on the phone – aim to have it answered within three rings. If necessary, invest in a telephone system which allows 'overflow' calls to be transferred directly to other extensions.**

Customers talk to your receptionist more often than anyone else in the business, yet most receptionists have less than ten minutes of telephone training! Check with your local Chamber of Commerce, as most of them run training programmes on receptionist skills. Ask friends to call your office and report back on their experience. Some companies pay their receptionist a bonus for each new customer appointment, just to emphasise the importance of how the phone is answered when someone calls your business.

Once you've decided how best to deal with calls, have a company session to make sure that everyone answers the phone in the same friendly manner. For example, "Good morning, Angel & Company, this is Carol. How may I help you?"

Also consider what customers hear if they call your office outside of normal office hours. Listen to your recorded message if you have one. Is the message upbeat and friendly? Is it consistent with your company's values? Is it current and up-to-date? If you don't have a recorded message, seriously consider getting an answer phone to ensure you don't miss any opportunities.

# #73 Under promise, over deliver

**It's hard to define good customer service – if it was that easy everyone would be doing it, but you won't go far wrong if first of all you manage your customers' expectations, and then go on to exceed them, or put another way, under promise and then over deliver.**

In a retail environment, it will probably be your competitors who set the benchmark of what constitutes 'normal' customer service, and therefore you should always be surveying your competitors to ensure you are one step ahead, and always looking for ways to exceed the industry norm. This is a non-stop process, as if your competitors are doing the same thing, it won't take long for your "new" idea to become the industry norm.

As a service business, you have the opportunity to manage expectations, and so it's important not to over promise, as no matter how much better than the competition you are, the customer will feel let down if you don't live up to your own hype.

A variation on theme here is to always do what you say you are going to do! By saying you are going to do something by a certain time, you are in effect managing the customers' expectations, and if you don't follow through on your promises, the customer is unlikely to be going around singing your praises. All this sounds like common sense, but you would be amazed what people say in order to secure the sale, and then don't have the systems to follow through on their promises. Make sure you have that system in place!

# #74 Say thank you!

**Being successful in business is about relationships, and an effective way to maintain long-term relationships is through regular thank you letters. This needn't take up a lot of your time, especially if you develop a system with templates covering a number of different occasions.**

Such occasions that may warrant a thank you letter, include:

- When you've just completed a job.
- When a customer has referred your business.
- When a customer has praised an employee.
- When a customer has made a complaint (for giving you an opportunity to put it right).
- When a prospect has attended a meeting (even if you didn't make the sale).
- At a certain time of year (Christmas for example).

Handwritten letters are especially nice to receive (and shows just how much you care), especially in this day and age when e-mail has become much more prominent.

If you think this may be too time consuming, it might be an idea to have some postcards printed, which you can write a short message on by hand.

# #75 WOW your customers

**‘WOW’ service can be observed when a customer doesn’t just say “thank you”, but “you were fantastic!”**

Good service isn’t enough anymore – you need to ‘WOW’ your customers each time they interact with your business. Not only does it make the customer feel special and less likely to defect to one of your competitors, but it increases the chance of them talking about your business to their contacts.

Think about each time your business comes into contact with its customers and potential customers. Jan Carlzon, the CEO responsible for turning around Scandinavian Airlines (SAS) called these interactions ‘moments of truth’ in his book by the same name. He emphasises the need to ‘WOW’ your customers at each of these moments to demonstrate that your business is their best alternative.

Have a brainstorming session with your team to identify how you can build ‘WOWs’ into your systems and procedures. For example, if you don’t have a particular product in stock, offer to find it, get it and deliver it, even if you have to buy it from a competitor! This type of ‘WOW’ service wins customers for life. If you track the lifetime value of a good customer, you will find that this kind of extra effort almost always pays off.

Before you put this book away, develop a ‘WOW’ process for your company.

Here’s an example from a professional services firm when a new client is invited to the office:

1. Each new (prospective) client is sent directions to the office.
2. An assistant calls to confirm the time and location of the meeting and to find out what the client likes to drink (during office hours!)
3. A space is assigned in the car park and a sign says 'Reserved for Mandy Maxwell'.
4. When Mandy Maxwell arrives, the receptionist stands up and greets her warmly.
5. The receptionist already knows what Mandy likes to drink, so doesn't need to ask.
6. The receptionist offers to take any calls to Mandy's mobile while she is in the meeting.
7. The receptionist offers to have Mandy's car valeted by the local mobile valeter, free of charge, while Mandy is in the meeting.

*What would it take for your customers and prospects to say 'WOW'?*

**sbca tip:**

**When you are sending a welcome or thank you letter to one of your customers, include at least 2 business cards and a brochure if you have one. Make it easy for people to refer you to new prospects!**

# #76 Customer recognition

**Make everyone in your office responsible for being a 'clipping service.' Ask them to clip out anything they see in a newspaper or other publication relating to a customer or friend of the company.**

Also, sign up for Google Alerts and socialmention.com with all your customers' names. Whenever a name shows up, you'll get an alert. When they are mentioned, send them a congratulatory email, or even better, a hand written note (assuming it's positive). If it is negative, and you can help them resolve the issue, get in touch to see if you can be of service.

**sbca tip:**

**In addition to tracking your customers on Google Alerts, put in your company name and the names of all your team members. It could be interesting!**

# #77 Encourage customer feedback

**If you are serious about customer service, you should be constantly looking for feedback on how you are doing, and giving the customer every opportunity to complain. This may sound strange, but a complaint is like gold dust to an organisation which prides itself on customer service. Let me explain:**

Generally, we British people don't like complaining – instead we decide not to shop at the offending outlet any more, and more worryingly, tell anyone who is prepared to listen about how dreadful the service or product was – that is apart from the very establishment who needs to hear it most – yours! In recent years this has become much more of an issue with the use of social media to air dissatisfaction.

By encouraging feedback, and making it extremely easy for customers to complain, you are firstly giving the customer the opportunity to get the complaint off their chest (and therefore making it slightly less likely that they will feel the need to tell other potential customers), and secondly, it gives you the opportunity to learn from your mistake, adapt your systems and staff training to ensure it doesn't happen again, and perhaps the biggest benefit, it will give you the opportunity to turn the customer from a “bad advert” for your business into a “good advert”. If handled correctly, you could also end up with a customer for life.

*“How so?” I hear you ask. Read on.*

# #78 Resolve complaints

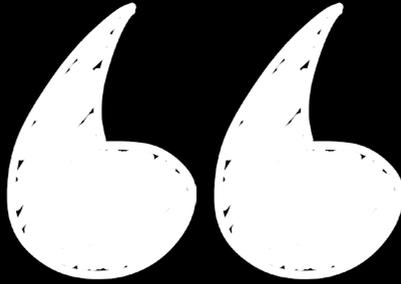
**If your customers have complaints that are appropriately resolved, they can become better customers than those who haven't complained. Handle a complaint badly, and you can find yourself in the local newspaper (and not for good reasons!).**

Have a system for handling complaints, and make sure all customer facing staff are properly trained in them. I'll leave it up to you to decide how to separate the genuine complaints from those from people who are the professional complainers who are just after a freebie, but a suggestion would be:

- Listen to the complaint and repeat it back to show that you understand the problem;
- Sympathise with the customer, even if it's just a perceived problem;
- Respond quickly, and as we've said before, do what you say you are going to do.

It's also a good idea to authorise your people to fix problems without any "run around", just as they do at Ritz Carlton Hotels, Southwest Airlines, Scandinavian Airlines, and Richer Sounds to name but a few companies that are renowned for their customer service.

Give your people the authority to send a customer a bottle of wine, flowers or whatever is appropriate – this becomes part of your company's 'WOW' factor.



**Be honest and fair with the  
people who work for you,  
since your success will be  
achieved through them.**

Pete George



## Team Matters

We've already said that if you want to build a business that works without you, you'll need to employ people at some stage.

When you hire someone to represent your business, you are placing enormous trust in them, so it is imperative you select the right people, and get them doing the job as you want it done.

If you hire good staff, they will be a valuable resource in helping you develop your business. It's also great to have a team around you with whom you can share the successes, however small.

Make no mistake, building a first-class team is a massively rewarding experience, and makes the day to day business all the more enjoyable.



# #79 Draw up your organisational chart

**In Part 2 we talked about ‘beginning with the end in mind’ when setting your personal and business objectives, and that is exactly what I want you to do when thinking about how your organisation will look when it is ‘finished’. That is, how it will look when it is producing the income you need to attain your objectives.**

Try this thought process to help you develop your team structure:

- Think about the roles that your business will need to create in order to achieve your vision. Note that it's the roles, and not the people themselves.
- Remember to include all the different functions required in a successful business (human resources, finance, operational etc.). You should also be able to work out how many "operational" staff you need to produce the level of turnover which you have already decided you need to meet your objectives.
- Next, insert the names of the people who are currently doing this role (or 'vacant' if no one is doing it yet!) In a small business, people's names will probably appear more than once, and as owner manager, your name will appear quite often!
- If you want time to do the things you love, your job now is to get your name out of the operational boxes, so it's just left at the top of the organisation.

*Here's how....*

# #80 Write position statements

**For each of the roles you have identified in your organisational chart, you now need to write a position statement.**

Position statements are more than a list of duties – they set reporting and behavioural standards.

Good position statements will:

- Make it clear who the position holder reports to and who reports to them.
- Highlight the results / objectives required by that position;
- List the specific quality standards relevant to that position;
- List the specific tasks that position holder must undertake; and
- List all the general behaviour standards for which everyone in the company is responsible.

The position statement should form part of the employees contract of employment (I would ask them to sign their position statements to confirm their understanding), and be used as a basis for the appraisal and training process. Remember, team members may have more than one position statement if they fill more than one role in the business.

The position statements will form the basis of the systemisation process we will talk about later. This will be the key in helping you build a successful business.

# #81 Get the right people on the bus

**This is an analogy taken from the book ‘Good to Great’ by Jim Collins. In it, he likens your job as leader to that of a bus driver (the ‘bus’ being your business). He argues that truly great companies first make sure they have the right people on the bus, the wrong people are off it, and then those right people who are left on the bus are in the right seats.**

If you think about your current staff, you probably know who is ‘right’ and who is ‘wrong’, but are unwilling to do anything about it because of the hassle, upheaval, and the threat of legal action if you get it wrong, but let’s be clear, if you want to achieve your aims and ambitions, you will have to act.

Many companies now use personality profiling as part of their recruitment procedures to ensure they are hiring the right people that “fit” into the organisation. Profiling is also a valuable management and personal development tool, as it helps individuals and management understand behaviours better, and helps them get the best out of themselves and their team. Perhaps the most common in the UK is the DISC assessment tool.

In his book *Winning*, Sir Clive Woodward (2005) describes a conversation with some senior officers of the Royal Marines who had been putting the England Rugby Elite squad through their paces before the 1999 World Cup. When he asked the Officers for an honest assessment of the players, they replied: “There are some of your team who we would not go into battle with”. When Sir Clive probed deeper, the Officers said that no matter how talented people may be, if they do not have the right attitude they sap all the energy from the whole team.

After a disappointing 1999 World Cup, Sir Clive went on to define who he wanted in his England team to give them the best chance of winning the next in 2003. He came up with two types of team member:

**Energy Sappers**, to define the team members who moaned, complained and resisted change. We all know these sort of people – they usually always sigh and tut at suggestions, and bitch behind fellow colleagues backs. Not only do they affect the attitude and enthusiasm of the whole team, but they usually take the most managing, causing you the most stress.

**Energisers**, to define those team members who are open to new ideas, do everything they can to make the organisation / team successful, and motivate those around them.

*Who would you rather have on your bus?*

# #82 Hold regular team meetings

**We've talked before about the importance of communication. To keep everyone well motivated and in tune with what your business is trying to achieve, it's a good idea to hold regular weekly or monthly meetings with all your team members to reiterate how the strategy is to be achieved, and giving them updates on how you are progressing.**

They are also a good opportunity to ask employees for their help in the process. Benefits include:

- A sense of 'togetherness';
- Addressing employee concerns;
- Identifying new opportunities;
- Keeping everyone focused; and
- Giving team members an opportunity to speak openly and frankly about business issues.

The meeting needn't last long (half an hour to an hour), and you should be disciplined in the start time. You will find that those who stroll into the meeting late each week are the energy sappers we spoke of above, and they shouldn't be allowed to disrupt the whole workforce.

If you are concerned about the amount of time this will take up, one way of keeping the meetings short, is to conduct them with everyone standing up!

However you conduct them, as long as you keep them upbeat and fresh, you will find they really do help keep your employees inspired and involved to develop the business.

# #83 Incentivise your team

**Most incentive programmes are sales-oriented because it is relatively straight-forward to measure outcomes, but sales are not necessarily the best indicator to set your incentive structure on. You will have to decide which best suit your business, but strategies other than sales you might consider include:**

## **Customer / Client Service**

As we discussed in the previous chapter, putting the customer at the centre of your strategy will pay dividends in the long run, as they are more likely to come back and refer your business to others. As such, it is well worth designing an incentive programme which revolves around customer service excellence (you could use customer feedback for example). If you put the emphasis on customer care like this, it sends a message through the entire organisation and provides an indicator of how your customers view your business. If they are positive, profits will be a consequence, if they are negative, you know you have to act quickly!

## **New Ideas / Suggestions**

This is another one of my favourite incentive metrics. As leader, one of your main jobs is to drive the business forward and constantly improve the way things are done. By incentivising your team to come up with suggestions on how to improve things, you are tapping into a number of ideas from people who are doing their particular task day to day. Combine this with new ideas on how to improve customer service, and you are on your way to quickly building a business which is appreciating in capital value.

## **Others**

Other incentive programmes may be appropriate for activities such as personnel recruitment or cost containment. The list can be endless if you put some thought into it, and they are a cost effective way of building a great business, which isn't relying on you for all the ideas.

## **Include the Whole Team**

Forward-thinking companies use incentives for their entire team to keep everyone focused and motivated. Sales incentives may not really be appropriate for the administration team who may be unable to make a direct impact on sales growth. Have a think about adopting some of the strategies above which can include the whole team.

## **What Incentives?**

Structure your incentives around whatever your team members find most rewarding. This may be cash, but merchandise, gift certificates, extra holidays, or travel may be even more effective. Your accountant should be able to let you know what you can give to employees in a tax efficient manner.

Set your incentives so that they encourage teamwork – it's important that most people win. Make the time frame short enough so that team members can visualise the end result.

# #84 Conduct performance reviews

**Many small businesses have no formal employee appraisal systems, and whilst there is a case to say that in an environment with only a handful of employees they shouldn't be necessary (the argument goes that you should know if there are any issues), I do think organisations benefit greatly from a structured meeting on a one-to-one basis.**

Whereas the team meetings enable you to get your message across on issues which affect the entire business, and your teams' role in it, it should not replace any sort of individual employee meeting.

With employee reviews that happen once a year, there is a danger that you just get a snapshot of the employees thoughts on that particular day (which may not be going so well!), and as everyone has their ups and downs, I believe short monthly or quarterly meetings are the way forward. These do not need to be formal affairs, just an agreed time to sit down together and have a chat about how things are going. The benefit of having short meetings more often are that things aren't allowed to fester, and any good ideas the employee may have, or immediate training needs, can be implemented quicker.

If you really don't like the idea of conducting employee reviews, there are two tools in this book which will take the pain away, and make it far easier if you have any shortcomings to broach

The first one is the position statements we have already mentioned. As standards, responsibilities and processes have been written and agreed to by the employee, it is fairly easy to benchmark the employees' performance against them.

Secondly, if you are going to implement a personal one page goal achievement plan for each employee (more of which later), then this too is a useful tool to use during the review process to assess performance in each of the key metrics that you have set.

However you structure the meetings, the sort of things you may want to have on the agenda are:

- Successes since the last meeting
- Items brought forward from last meeting
- Key results/targets
- Review current work
- Discuss any current challenges
- Resolve any work issues
- Resolve any personal issues
- Discuss any training needs
- Any other items
- Items to carry forward to next meeting
- Time of the next meeting.

It's a good idea for both parties to do at least some preparation for the meetings, so agreeing a set agenda helps focus the mind on the issues which each party wants to raise.

# #85 Other little gestures

**A happy team will have an enormous impact on your business. Not only will you have less 'issues' to deal with, but happy people perform better and this invariably leads to vastly improved customer service.**

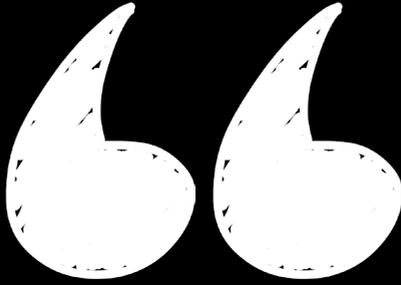
There are many small or no cost ways in which you can improve morale and motivation, and I suggest you have a brainstorming session to think of ones that suit your organisation.

We have all read about the offices of Google and Innocent drinks which are fun places to work, with pool tables and beanbags etc., but you don't need to go this far to have a similar effect.

Small gestures such as sending personal birthday cards, or remembering employees' important anniversaries go a long way. You should also never forget the power of a 'thank you' or 'well done' when a job has been well performed.

Making the working environment fun, such as holding competitions between staff, having away days and doing things for charity as a team, also help improve the culture of the workplace, and help 'energise' the whole team.





**The system is the solution.**

AT&T

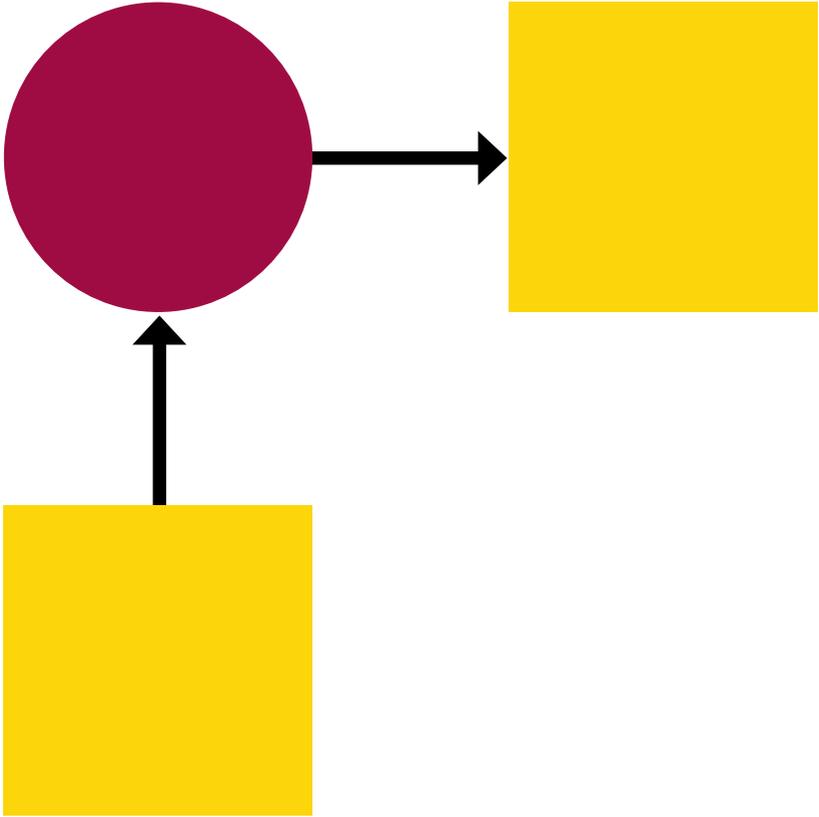


# Operational

Your operational strategy sets out how you do whatever it is that you do. There can be two separate businesses in the same industry which make virtually the same product, or deliver the same service, but how that end product or service came to be can differ greatly.

This is where your business can create a competitive advantage by doing things better, and perhaps cheaper, than your nearest rivals.

Basically, your operational strategy boils down to 'How we do things around here!'



# #86 Systemise everything

If you've not guessed it already, I have a passion for systemising businesses. Some research carried out by a Sheffield firm of accountants in the early 2000's discovered that fully systemised businesses were valued at up to 86% more than an business with no or very few systems in place. And it has another great advantage; as just about everything that happens in a business is repetitive, if the right systems are put in place, it means that they probably don't have to be done by you! All this has the following knock on benefits:

- It gives you more time to do the things you want to do;
- They ensure your business gives a consistent, error free, service;
- They improve efficiency and reduce costs because your employees don't have to keep reinventing the wheel;
- They help with staff development, allowing staff to learn new skills, quickly and easily; and
- They make it far easier to delegate tasks, meaning you can get on with working ON the business rather than IN it.

I understand that all businesses don't make 'widgets', and in a service business for example, things happen out of the ordinary, but even for unpredictable businesses, there are numerous day to day tasks that can be systemised, giving you the time to concentrate on what you do best.

Systemisation is the key concept of 'The E-myth Revisited' by Michael Gerber (1995), which for me is one of the best books written for small businesses, and one of the great guide books for entrepreneurs.

# #87 Types of system

**In his book 'The Process Edge', Peter Keen (1997) describes five main types of systems:**

## **Identity Systems**

Identity systems define your business to all those that matter, i.e. customers, employees, and its owners. These systems are the ones which attract new customers, retain customers, and tend to have a big “pay-off”. These systems are those which deliver your “USP” to the market, so they include systems on how you market the business, interact with customers, the scripts your staff use etc.

Identity systems will revolve around the following, all of which we have already covered:

- Leadership & Management Systems
- Marketing & Sales Systems
- Customer Service Systems

## **Priority Systems**

Priority systems are those which support the identity systems, and although not necessarily apparent to the customer, they are critical because the identity systems would fail without them. These too could make a big impact on revenues. These systems are those that deliver the product or service - such systems will include:

- Operational Systems, including service delivery, production, innovation etc.

## **Background Systems**

Background systems include all those that could be classified as 'back office' such as systems in the finance function and human resources. Keen argues that although these processes should be systemised, they are more about reducing costs than increasing revenue, and therefore they should not be given high priority in the systemisation process. I would also suggest that some of these are the functions that you should consider outsourcing to enable you to concentrate on building your business.

Background Systems include:

- Team Systems (recruitment, appraisals etc.)
- Finance Systems
- Administration Systems

## **Mandatory Systems**

These are those required by law, such as filing accounts, tax returns, and health & safety processes etc. Again, not a huge amount of time should be spent on these systems when the identity and priority systems have yet to be completed. The systems are more about cost control than growing the business. You should also consider outsourcing these functions.

Such Systems include:

- Accounting
- Health & Safety
- Industry Regulations

## **Folklore Systems**

These are systems which exist in your organisation just because ‘we’ve always done it like that’, even though no one remembers quite what their purpose is! These include such things as habitual reports created each month even though they are no longer a key indicator of your business. These systems should be identified and abandoned immediately!

When starting to systemise your business, I suggest you start with those systems which make the most impact on your revenue and profits, i.e. those described above as Identity and Priority Systems. Such systems might include how you deliver your USP – if that’s one of excellent customer service, the systems will revolve around greeting customers (scripts etc.), training customer facing staff with technical knowhow, and dealing with complaints quickly and efficiently.

I would also give high priority to abandoning folklore systems, so waste is kept to a minimum. Finally, I would suggest you look at your back office and mandatory systems, and assess whether it is worth outsourcing these to specialists, or spending the time designing systems to make them more cost and time efficient.

# #88 How to write effective systems

**Having identified the most important operations to systemise, it is now necessary to document them.**

Each system should have:

- An objective
- A 'why', so that everyone understands the reason for the system. This has two benefits; firstly it helps lessen resistance from team members as they understand the reason behind what you are asking them to do; and secondly, it's a good test to ensure the system is required in the first place – if you can't think of a 'why', it probably doesn't need systemising!
- The detail of the system; describing the actions that need to be taken to achieve the objective. These can take the form of scripts, checklists, templates, and even videos.
- Someone responsible for the system, to ensure some sort of accountability.

I have found the best way to write a system is to use the 'post-it note technique'. This involves writing each step of the system on a post-it note, and then 'mapping' it on a wall, showing the flow from start to finish.

Once you have your post-it note map, test it to ensure you have not missed any steps, and that everything is in the right order. Remember, anyone should be able to follow it, so don't make any assumptions! As an extreme example, if you are writing a system to make a cup of tea, 'go to the kitchen' will not help someone who has just walked into your office – you need to tell them where the kitchen is!

Systems should be kept as short as possible, so try and keep them to specific tasks. If a certain task is carried out in a number of different processes, they can be linked to each rather than repeating the same task in each document. You will probably find that most of your systems flow into one another, and therefore the last step might be to 'go to system X.'

When you are happy that the system is correct, transfer each post-it note step onto your chosen medium, linking it to any checklists, videos or templates which may be required along the way.

Once complete, it's of course vital that you communicate it to your team, and give the necessary training on operating the system (although this should be minimal if it's a well written one).

It is also important to measure or assess the results of the system on an ongoing basis to ensure it is achieving its objective. If you have written a referral system for instance, make sure you have a system to measure how many referrals that particular system is generating so you know if it needs improving in any way.

# #89 Kaizen

**Kaizen is the Japanese term given to the practice of continuous improvement, and should be adopted in all you do. Not only will this practice keep you ahead of the competition, it will increase efficiencies and hopefully give you more time to enjoy with friends and family!**

As alluded to in the last chapter, your systems should be constantly reviewed to ensure they are still relevant (i.e. they haven't become folklore systems), and improved to ensure you are making the most of new methodologies and technologies.

You needn't take on this responsibility all by yourself. The idea behind Kaizen is that it involves everyone in the organisation. Indeed, the best ideas usually come from the people that are actually working with the systems every day.

This being the case, incentivise your team to come up with better ways of working (perhaps using some of the ideas we talked about earlier), and allow your employees the time to experiment with, and test, any improvements to the current way of working which they think might work.

It's also well worth ensuring that all new recruits are asked for their input and ideas, as it may be that you can adopt some of the working practices and systems from their old employment if they are an improvement on your own.

# #90 Outsource

**As we've already said, there are certain systems which you should consider outsourcing. More and more businesses are outsourcing various functions in order to focus on their main areas of expertise.**

Ask yourself these questions:

- What are we doing that is not one of our core proficiencies?
- What do we do that we don't do well?
- What could we potentially outsource?

As an example, many companies have outsourced their entire accounting function to their accounting firm, achieving significant savings in the process.



# #91 Invest in the latest technology

**Technology is a major driver of business profits. The list of innovations available to increase efficiency and serve your customers better is endless, but you may want to consider implementing the following in your business:**

- Document management systems (going paperless)
- Electronic workflow
- Multiple monitors
- On-line secure portals for exchanging documents and contracts (allowing electronic signatures)
- ‘Cloud’ computing
- Customer relationship management (CRM) software.

We’ve talked about CRM software before – this would be number one on my list. Number two and three would be going paperless, and utilising cloud technology respectively.

## **Going paperless**

There are significant benefits to going paperless:

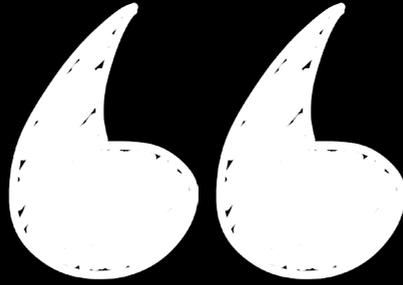
- Increase in productivity
- Elimination of storage space
- Reduction in expenses
- Ability to work remotely
- Better customer service
- Protection of documents

- Happier team members
- And in these days of 'corporate responsibility', there are also the environmental benefits to consider.

### **Cloud computing**

There are also significant benefits to being in the 'Cloud':

- **Investment** – Cloud computing shifts a large portion of your IT costs from a capital outlay to a regular operating expense.
- **Expense** – Reduced IT expense as there's no need for expensive servers, hardware or IT departments.
- **Access** – Access your data from anywhere in the world with an internet connection.
- **Scalability** – Add users/programs/applications on an as-needed basis, allowing you to adjust your system for seasonal peaks and troughs.
- **Speed** – Applications are infinitely quicker due to the capacity of the host's larger operating systems.
- **Security** – Data is backed up (in real time) and stored in multiple secure locations. The threat of having your servers stolen, subject to natural catastrophe such as fire or flood, or being otherwise compromised goes away.



**However beautiful  
the strategy, you should  
occasionally look at  
the results.**

Winston Churchill



## The Numbers

As I'm an accountant, you may be thinking this section is all about the 'Financials', and although they are vitally important and will be given their due attention in what follows, there are many more important numbers which you need to monitor if you are to achieve the goals you have set yourself and your business.

I've hinted on a few occasions you need to constantly measure the performance of the above strategies to ensure they are having the desired effect, and are helping you to get to where you want to go.

# #92 Write down your long term goals

**We discussed in Part 2 the importance of goal setting, and how it is a key element to running a successful business. We also discussed you having a far greater chance of reaching those goals if you write them down; and so to get from where you are now, to where you want to go, you'll need a written business plan.**

Most businesses don't have any kind of plan, and some have a business plan running to many, many pages that never see the light of day. To avoid falling into one of these two extremes, I suggest you start with some simple targets, pinpointing what you want to achieve. Here's an example, using the personal goals we looked at in Part 2:

- In five years' time, I want the business to be worth £2 million.
- To achieve this, it must make annual profits of at least £500,000.
- To achieve this, it must have sales of £10 million.
- We need to increase our sales by, on average, £1 million a year.
- To do this, we will need to increase leads by 5%, improve conversion rates by 50%, increase prices by 2%, etc.

*Now you have your basic long-term targets, it's time to 'put some meat on the bones'....*

# #93 Set forecasts and budgets

**Once you have identified your long-term targets, you need some short to medium term financial forecasts to enable you to compare your current results with. This comparison will give you comfort that you're going in the right direction (or let you know your current strategies aren't working!). Most companies prepare forecasts just to satisfy some outside party, such as a bank, but they are a key management tool, as highlighting deviations from forecasted numbers allows you to take corrective action more quickly.**

Your medium term forecasts (usually spanning 3 – 5 years) will be dependent on assumptions and estimates, so it's important to be conservative, but you don't have to go into minute detail with these.

Your short-term budgets (the next 12 months) should go into more detail on each of the major costs of your business, and detail specific targets you need to hit on a month by month basis (turnover, gross profit levels etc.), to ensure you're on track to meet your medium to long term goals.

Once drafted, share them with your team, making sure everyone understands them. Ensure everyone agrees that they are achievable - if your team aren't willing to agree on them, you'll need to decide if you've set the hurdle too high, or if you've got the right people on the bus!

# #94 Prepare management accounts

**It's vitally important that you continually compare actual performance to the forecasts to ensure you are on track. To do this, you should be preparing periodic management accounts – at least quarterly, but ideally monthly.**

Management accounts should be a lot more 'user friendly' than the statutory accounts your accountant produces for you each year end. We all analyse data in different ways, so make sure your management accounts are presented in such a way that you find them easy to quickly interpret – this may involve presenting them in graphical form, or having a 'results at a glance' summary detailing your key data.

Another key difference between management accounts and statutory annual accounts, is that they should contain the important variances between the current figures, those of comparative periods, and those of your budgeted results for the period.

As well as the management accounts themselves, which detail all your financial information, a good management information pack should contain details and variances for your key drivers and underlying success factors. Let me explain what I mean by these terms, before showing you a great tool for bringing all the information together on one page.

# #95 Identify your key drivers

**Having set your budgets and forecasts, achieving them becomes much more possible if you identify the 'key drivers' which are necessary to make them reality. These are often non-monetary targets, but nonetheless can have a big impact on your bottom line.**

Key drivers will vary from business to business. Here are examples of some which are often used:

## **Sales Drivers**

- Number of referrals asked for / received
- Number of sales calls made
- Number of leads generated
- Number of leads converted
- Number of customer contacts
- Number of mail shots sent out
- Number of Tweets (which are of value to the customer!)
- Number of testimonials requested / received
- Average transaction value
- Number of new customers
- Number of customers lost

## **Cost Drivers**

- Average purchase / manufacturing cost of your product
- Average production wage
- Average sales person wage
- Production wastage
- Number of sales returns
- Fleet fuel consumption
- Leads per marketing campaign
- Fixed overheads
- Marketing spend

## **Cash Drivers**

- How long it takes to collect your debts
- How long you take to pay your bills
- How long it takes to invoice work in progress
- How long you hold stock before it is sold
- Capital spend

Of course, the above are just a few general examples. You need to spend time to identify the key drivers which have the biggest impact on your bottom line. Once identified become obsessive about measuring them and constantly try to improve upon them. This may be by designing better systems to increase sales, or improving efficiencies.

**sbca tip:**

One crucial bit of advice is to stick to measuring the important drivers. You may be able to think of hundreds, but trying to measure and analyse too many would be a never ending job. The operative word here is 'key'.

# #96 Other success factors

**It is also important to measure 'qualitative' factors which may have just as much, or even more, impact on your bottom line.**

Again, qualitative factors (also called underlying success predictors) will vary from business to business, and will depend on your vision, your values, and your unique selling proposition to name but a few.

To give you an idea of what I mean by qualitative factors, here are some which might be applicable to a veterinary practice which puts client service at the top of its agenda:

- Team happiness score
- Client feedback score
- Client waiting times
- Investment in your team
- Number of staff suggestions to improve service
- Number of 'wow factors' implemented
- Number of client complaints

# #97 Manage your business from one page

**The key drivers and underlying success factors identified above, are key predictive indicators, i.e. they are the numbers which will drive performance. The 'headline' figures such as turnover and gross profit which you have gleaned from your management accounts make up your key performance indicators.**

These are the statistics you track to determine how well your business is doing. If you've been running your business for a long time, you will probably have developed your own KPIs, even if only on an informal basis.

Now is the time to formalise them and set up a system to measure and report them on a regular basis – at least monthly. The method we use at SBCA with clients, which keeps all the vital KPIs on a single page, is our one-page 'Goal Achievement Plan' (GAP), which measures how you are doing in all the metrics that you have identified as being central to achieving your goals, and comparing them to targets you have set for each one.

You should present or distribute your GAP to everyone on the team to share with them the successes, and the areas where you are not quite coming up to scratch. By doing this it keeps everyone focused on what you are trying to achieve, gives an excuse to celebrate the small 'victories' along the way (thus boosting staff morale), and gets your team thinking of ideas to try and improve the areas which are not quite hitting target.

To get maximum value out of your one-page GAP, it should form the basis of a 'holding to account' meeting with your Mastermind group on a quarterly basis. During this meeting your external advisors should be given free rein to challenge you on the progress of each metric, and together you can set targets and tasks for completion before the next meeting.

Taking the idea of a one-page GAP further, you could set one for each member of staff, detailing their own targets. As mentioned previously, this could then be used as a basis of performance reviews.

The one-page GAP is a great way of making sure you are on the right track to achieving your ultimate goal of building a great business. If there's one idea you implement from this book, please let this be it!

# #98 Benchmark your numbers

**We discussed the detail of how to benchmark your business in Part 1 when assessing where you are now in comparison to your competitors.**

Benchmarking should not be a one off event. You should benchmark your figures annually to check how you are performing in comparison to the rest of those operating in your industry.

Over time, you should be able to build up a picture how your key performance indicators compare with the rest of your competitors, and see if the strategies you are adopting are helping you improve your ranking. It is only by comparing yourself with others in the same line of business that you will be able to measure if you are improving at a quick enough pace, not only keeping up with the competition, but getting ahead of them.

There may be some metrics which you are ranking in the top quartile, but others where you are not performing so well – this gives you a clear indication of where to focus your efforts.

# #99 Always remember cash is king!

**'Turnover is vanity, profit is sanity, cash is reality' – a well known business saying which Hilary Devey reminded me of when I was watching an episode of Dragons' Den, and one which is vital you remember, especially during a period of growth.**

Lack of cash is a common killer of small businesses, and one I find some business owners find a hard concept to grasp when they have a business which is growing rapidly and making good profits.

The phenomenon is known as 'overtrading', and occurs when cash resources become stretched, even though sales are going through the roof. This usually happens because you need to invest money in delivering the product or service before you will get paid for it, and the quicker you are growing, the more money you need to invest to keep on top of orders.

When you are operating like this, it only needs a customer payment to be a few days late, or a bad debt, to swallow up all the available cash resources that you need to pay your immediate costs – this is why cash management is essential, especially when business is booming. Historically, these short term crises could have been covered with an overdraft, or short term loan from the bank, but as we have seen during the recent banking crisis, this form of funding has become much more difficult to secure.

Ensure you understand your cash flow patterns, prepare cash flow forecasts, and monitor your actual cash against them monthly (or more frequently if things are really tight).

Also ensure you have good credit control systems in place to make sure you are getting paid on time – something which often gets overlooked when you are busy!



# #100 Track your personal wealth

**You are obliged by statute to prepare a balance sheet for your business at least once a year, and by doing so, you can keep track of how it is performing and growing, and therefore assess whether or not it is on track to meet the goals you set in Part 2.**

However, very few business owners track their personal wealth in the same way, even though these are the numbers that really matter in the grand scheme of things. After all, the reason you are in business on your own account is because it gives you the opportunity to build personal wealth.

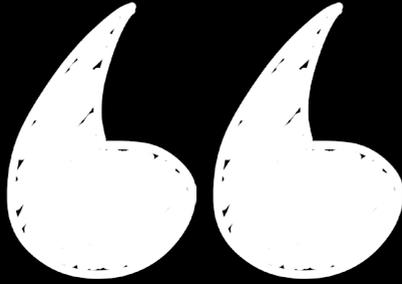
I would also suggest that your financial profile suggested in Part 2 is updated regularly so that the performance of all your assets and investments (not just your business) can be considered, and your strategy altered as necessary. This should incorporate a business valuation, along with an estimate of the material tax bills which you will suffer in order to realise your assets.

Depending on what stage of life you are at, you may also consider asking your accountant to estimate your Estates liability to Inheritance Tax, which with careful planning, is one of the easiest taxes to mitigate to a very low level.

**Just Do It!**

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**Enough words – it's time for action.**



**You don't have to be great  
to start, but you have to  
start to be great.**

Zig Ziglar



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# #101 Just do it

**So, you've arrived at the end of the book. Hopefully you now have some practical steps to help you realise your personal and business aspirations.**

The question is though, will you follow through and actually implement the ideas which caught your eye, or will you just put it on your bookshelf and let it gather dust?

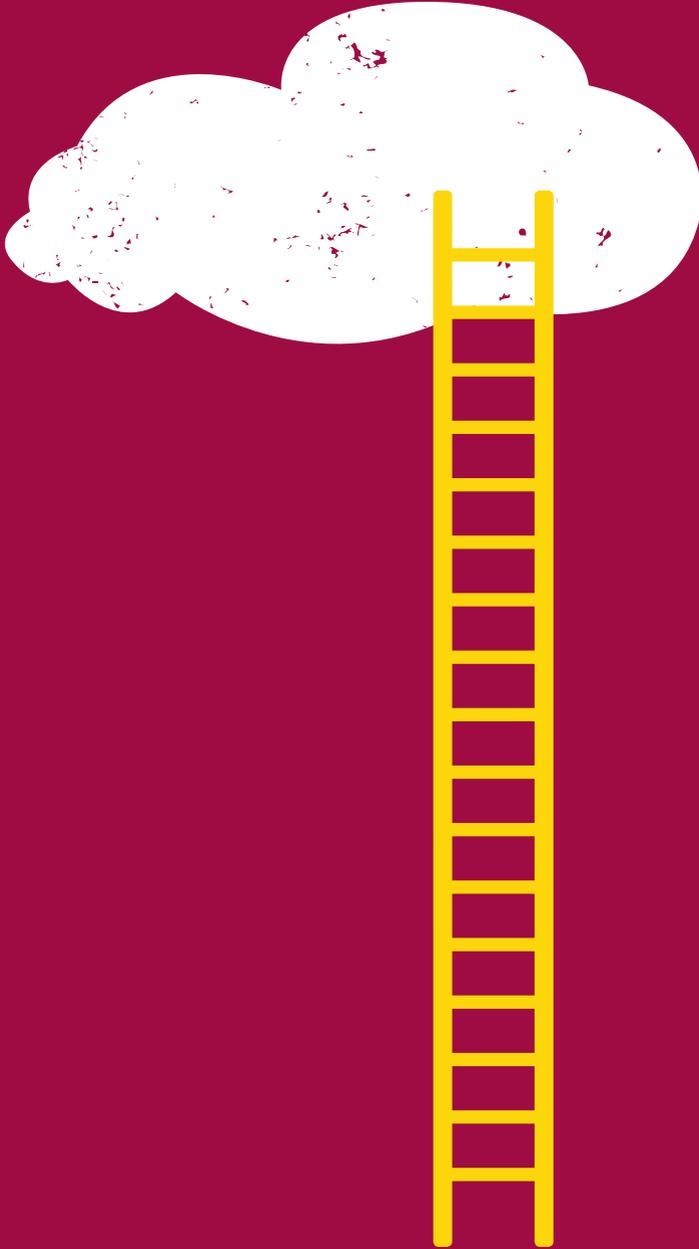
I dare say the majority of people who will read this book may set out to implement some of the ideas, but once back at the office, facing the day to day workload, it will soon get forgotten, and with it, the chances of you building a business to give you all the non-business things you want out of life.

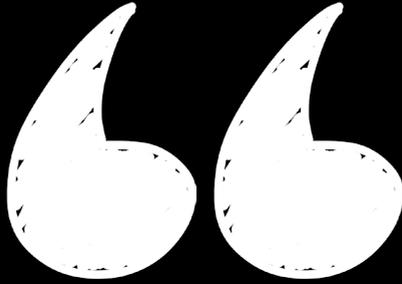
If you are serious about building your business, no doubt you will have jotted down the ideas which appealed to you on the "anti-failure to implement plan" pages at the front of this book. You now need to go and execute them!

Here's a few which I hope are on your list:

- 1. Appoint your Mastermind group, and make sure you give them licence to hold you to task when it comes to doing what you said you were going to do.**
- 2. You MUST identify and develop your key differentiator – your 'purple cow' which makes you different from your competitors.**
- 3. Select the strategies from each of the 7 essential business functions that suit your business (make sure systemisation is one of them!)**
- 4. Write an action plan, so named because it encourages you to put your ideas into practice. For each initiative, write down:**
  - Who's going to do it?
  - When is it going to be done by?
  - What resources are needed?

- 5. Select your key drivers and underlying success factors, and measure progress on them using the One Page Goal Achievement Plan.**
- 6. Meet with your Mastermind group regularly to monitor progress and create mini-milestones so you know you're making progress.**
- 7. Get everyone involved and reward people for results.**
- 8. Celebrate your accomplishments with all of your team members.**
- 9. Repeat the successful ideas and experiment with new ones – always look to improve the way you do things.**





**You can, you should, and  
if you're brave enough to  
start, you will.**

Stephen King



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To the Controllables, I love you guys. Remember: Think lucky, be lucky. (And to the Uncontrollables - your understanding is greatly appreciated!)

Finally and most importantly, to my wife and daughter. To Vicky, for your patience and support; I don't say it often enough, but I love you dearly. And to Holly, your arrival meant more to me than you will ever know, and you have never failed to make me smile since.

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