

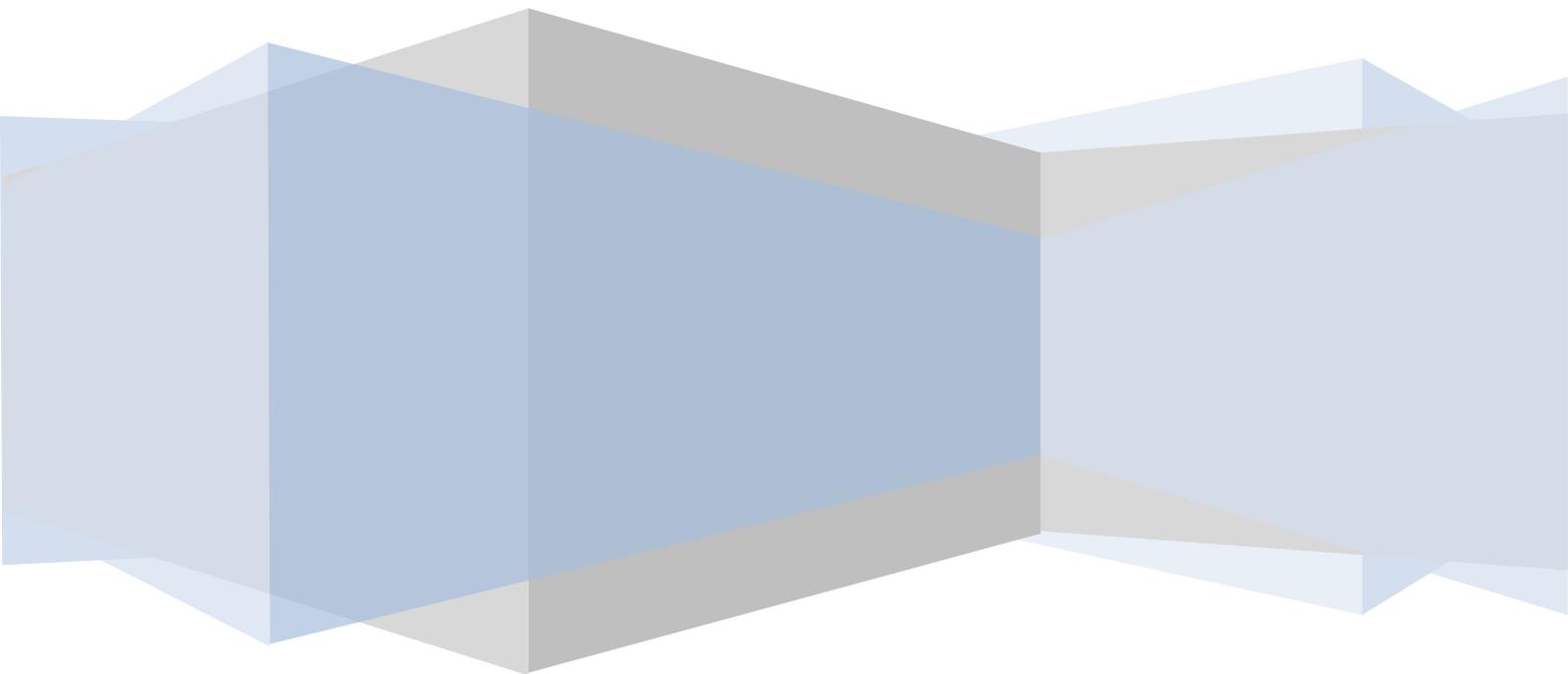
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10 Steps to turn your business around

Or how to grow your business

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Welcome to our free guide to start your Business on the path to growth. Whether you are a new business or established put these steps into action and you will see changes to your bottom line.

This guide pulls information and material from our experience at having successfully run a business, in profit every year since 2000; combined with tips from the best in the industry.

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Step 1: Does your product/service satisfy your market?

Those businesses that are successful are those that provide products and/or services that meet the needs of their customers in some way. Customer satisfaction is not merely a term coined by marketers it is a real facet of business success. Do your product(s) / service(s) **satisfy** your customer's needs?

Your products and/or services should provide a solution to an unfulfilled need in the market place. The process of business success BEGINS with discovering what products customers need and want to buy. You'll be facing an uphill battle if you provide something you want to produce and then try to convince someone to buy it.

So your first step to turning your business around is to take a long, hard, honest look at your products/services. Use the following questions to help in your review:

- Do my products/services really meet customer's needs?
- What needs do they meet?
- Am I certain these needs are real?
- How do I know these needs are real?
- How do they meet those needs?
- Could they meet those needs better?
- What feedback do I have from existing customers?
- How could my products/services be improved?
- Can technology help make improvements?
- Do they use the latest technology available?
- Are they reliable?

Step 2: Market your products and/or service

Having a brilliant product or service in the world will do you no good if your potential customers do not know about it. This is where Marketing comes in; Marketing is the process of drawing potential customers to your product/service.

Marketing your business is a process of establishing prices, letting potential customers know about products & services, and then making them available – while generating profits for the business.

Two key principles stand out.

1. Company policies and activities should be focused on satisfying customer needs.
2. Profitable sales volume is far more important than maximum sales volume.

Marketing begins with research. You can't be successful selling in or to a "market" you don't understand.

Market research does not have to be costly, nor does it have to be a complex process. It can be as simple as surveying a cross-section of your customers. Other market research techniques include analysing demographic data such as population changes, gender, income levels, age ranges, education levels and other information.

Whatever method you use, your focus should be on gathering enough information to determine:

- Who your potential customers are;
- What their needs are;
- and what products they would consider buying from a business like yours.

Market research should answer questions such as:

- Who are your existing customers and potential customers?
- How would you describe or profile your customers?
 - Where are they located?
 - And, most importantly, are you offering the kinds of products and services customers want --- at the best place, at the right price, and in the right amounts?

Market research is not a perfect science, but understanding your market is critically important. There are many ways to conduct research, simply and easily. Some helpful methods include:

- Use the Internet. It is an incredible research tool. Use it, with “search engines” to find local demographic data, competitors, view site maps, find documents and much more.
- Develop simple customer surveys. They can be very helpful and you will be surprised at what you can learn.
- Review local maps. They are a great way to understand an area and to put a “market” in perspective.
- Use economic development agencies and trade groups. They are powerful resources available to help find all types of market and demographic information.
- And lastly, don’t be shy about learning from your competitors – studying their customers, what they sell, traffic levels and any other market information you can find out.

Step 3: Review/Identify your target market

To be successful in business you need to maximise the use of the resources you have. You need to get the best return on any investment made; this is especially true for marketing your business. It can be incredibly easy to throw huge sums of money away on ineffective marketing campaigns. Owners of small businesses usually have limited resources to spend on marketing. So step 3 to turning your business around is to review where you are currently spending your money. Are you effectively targeting your market? Concentrating your efforts on one or a few key market segments - target marketing - gets the most return on investment.

There are two methods used to segment a market:

- Geographical segmentation...
That is, specializing in serving the needs of customers in a particular geographical area. For example, a neighbourhood convenience store may send advertisements only to people living within a one-mile radius of the store.
- Customer segmentation...
That is, identifying people who are most likely to buy your products or services --- and then targeting those groups. For instance, if you are in the business of selling surf boards, you want to target people who are engaged in or at least interested in the sport of surfing. Reaching out to baby-boomers in a retirement magazine may bring in a few energetic prospects, searching for their youth, but you probably won't sell a lot of surf boards.

Some of the factors to consider when you are reviewing / identifying your target market are:

- location,
- age,
- gender,
- education,
- profession
- income
- interests

Learn to know your customers better than anyone.

Step 4: Decide your message

Once you are clear who your potential customers are you can now turn your attention to how you “talk” to them. What messages are you currently sending to your potential customers, what language are you using and is it appropriate for your target audience. For example, if your potential customers are men and women fresh from education in their early twenties and your adverts are written using words your parents relate to then you have a mismatch and are likely turning away potential customers before they even have a chance to consider your products/services.

You need to make sure the way you describe your products/services focuses on the needs of your target market, your potential customers. The most effective way to do this is to focus on what they will get from using your product or taking your service.

People buy from the heart so make sure your advertising uses powerful emotive words and your product/service descriptions focus on how they will benefit from buying them.

You must consider how much emphasis you will place on each of the following:

- product/service quality
- what, if any, guarantee will you offer
- lead time for delivery – how long will your customer’s have to wait for their product
- Delivery method – if you post your products are you going to charge postage?
- Discounts offered?
- Sales incentives, additional products that you offer below cost to entice customers to buy from you and not a competitor

Step 5: Decide HOW you will get your message to your target

Once you have developed a clear message in language that your target market can relate to and pushes their “hot” buttons you need to think about how you can most effectively get your message to your target. For example, if your target market are professional people who commute to work and you pay for advertising space in a retirement magazine, you are wasting your money.

There are a multitude of options available to get a marketing message to a target audience. In this digital age you will considerably reduce your potential sales if you do not have a web presence. A good website can generate sales while you sleep, and they do not have to be expensive. These days there are many services available that even without any IT (computer) knowledge you can produce a quality website.

Here are just a few ways you may consider for promoting your business:

- internet paid per click advertising such as google or bing
- search engine optimisation
- internet banners
- radio spots
- local magazines
- local newspapers
- national newspapers
- flyers
- coupons
- surveys
- TV (if funds available)
- On car promotions

Whatever methods you choose to use to get your message out you need to ensure you have a great sales process to convert the interest generated into paying customers.

Small firms often have limited funds to spend on advertising, so it’s absolutely critical to deliver consistent good salesmanship to retain customers. To maximise your return on your advertising investment you want to ensure you

get as much repeat business as possible. A customer who has already bought a product or service from you is well placed to want to buy another. This, of course, assumes the quality of your product/service matches your customer's needs and presents value for money for them. Without these key ingredients you will be wasting money on refunds or handling customer complaints. It is worth remembering that bad news travels fast. You may hope that satisfied customers tell their friends and family about your products; you can guarantee they will tell everyone they know if they are unhappy with your products/services.

Consider also what image you want your business to reflect to the public. Do you want to portray yourself as a business that cares about the environment for example; or one that contributes to the local community by sponsoring local events.

Step 6: Pricing Strategy

Pricing is about setting the price, including establishing discount levels, for your products and services.

Remember business success is all about generating profit. Without profit your business will not last long. Without profit your business cannot grow.

The right price is critical for maximizing revenue and profits. Generally, higher prices mean lower volume and vice-versa. However, if your products or services are unique and different from competitors, you may be able to charge higher prices without a reduction in volume.

There are a number of pricing decisions you can make to support a sound marketing strategy for your business. Learn from the success of others and your own buying habits. It is important that you keep abreast of changes in the marketplace because these changes can have an effect on your bottom line.

Consider also whether you want to invest in “loss leaders”. A loss leader is a product or service that you sell at reduced price to encourage customers to buy your principle product or service. For example, many professional service providers such as life coaches offer a free introductory session to encourage people to buy into a longer term commitment to their services.

It is important here to do your research. Find out what your competitors are offering, what price do they charge? what loss leaders do they offer? It would be unwise to simply try and match a competitor’s offer. Make sure you know your costs and margins.

Step 7: Cost Analysis and Cash Flow

Many of the businesses we have worked with over the years came to us because they were running out of money. Having a great product is a key component of a successful business, knowing who your potential customers are and how to reach them with an appropriate message is imperative; but equally vital and often overlooked is the issue of cash flow.

It is vital that you have enough money to keep your business going. Let's have a look at a simple example to illustrate this:

Need identified: Weight loss in new mothers
Product ABC facilitates fat burning

Cost to produce ABC	\$150
Advertising costs	\$100
Other costs	\$ 50
	====
Total all costs for product	\$300
Product sale price	\$350
Profit per product	\$ 50

However, the product is offered for sale on a price plan where the customer pays \$100 up front and the remain \$250 over the next 6 months

	Month 1	Month 2	Month 3
Total costs to produce product	\$3000	\$3000	\$3600
Product sales / mth	10	10	12
Income from new sales	\$1000	\$1000	\$1200
Income from payment plan from previous sales	\$0	\$420	\$420
Total Income	\$1000	\$1420	\$1620
Cash flow	(\$2000)	(\$1580)	(\$1980)

Although the sales volume is sufficient to cover the production costs, it can be clearly seen that within just 3 months this business is in debt to the tune of \$5560, due to an inappropriate payment plan that did not take cash flow into account.

This example obviously oversimplifies all costs involved, but it is a good illustration how ignoring cash flow can quickly bring a business into peril.

So step 7 to turn your business around is to take the time to fully understand where your money is going, where it is coming from and what is the cash flow position.

Step 8: Review processes / reduce costs

Always unpopular, though vital, is step 8 – review the processes of your business and make sure that you have reduced wastage to the absolute minimum. All businesses will experience wastage to some degree. Staff will not be working at 100% efficiency 100% of the time; materials can be wasted during a production process; mistakes happen. There can be many reasons for wastage. Unless you keep a handle on them they can quickly eat any profits you are making.

A good place to start here is to consider the processes involved in your business. What happens, *exactly*, from a customer deciding to purchase your product or service and the moment your product or service is delivered to your customer? Points for consideration include:

- How the product is made
- How do materials needed get to your site
- What is the supply chain – how many links? What costs do each link take?
- What is the process to make the product
 - Are materials sitting around unused for long periods tying up money when they could be better used elsewhere
 - What level of wastage in the process is there – could savings be made by altering the shape of a component? Product?
- What are the materials used for advertising?
- How long do items take to be ready?
- Are there any unnecessary steps in the process?
- What is the location for placement of adverts? Are there any travel costs involved
- What alternative media could be used that may cost less

One element of any cost review is to look at the costs involved in administering the business. It is surprising how easy it is to fool ourselves, thinking we are busy and that our time and that of our staff is being used productively and always contributes to profits. In reality money can easily be wasted on administrative processes that are unnecessary.

If you have staff, review what each contributes to the profit of the business. Is the role performed vital?

A useful rule of thumb to employ when looking to balance the time and effort involved in administering your business with time and effort that will yield a direct impact to the profit of your business; is the 80/20 rule.

The 80/20 rule: Spend 80% of your time / the time of your business on activities that will directly impact profit and 20% of time on “background” or administrative tasks.

Examples of tasks that directly impact profits are:

- Selling to customers
- Placing adverts / running marketing campaigns
- Making the product with minimum wastage in the fastest possible time
- Collecting payments from customers
- Talking to existing customers introducing new products or services to them

Examples of activities that can be called background or administrative tasks – still vital to the smooth running of a business but not directly yielding profit:

- Developing a website
- Preparing advertising material
- Wage and salary processing
- Preparing accounts

A good illustration of where the 80/20 rule is not observed is a sole trader who spends most of his day tinkering with his businesses website – deciding colour schemes, changing layouts etc. He ends the day feeling he has worked hard on his business yet the reality is that he spoke to no customers, sold no products and generated no leads.

So rule 8 is to make sure that what is being done is actually going to yield results for your business, and as we have seen for a business results equals profit.

Step 9: Monitor

Monitor every facet of your business – costs, effectiveness of marketing campaigns, skill levels of staff, competitor activity and customer satisfaction.

We talked about the effect of minimising costs for your business in step 8.

It is vital to know the effectiveness of any marketing campaigns you run. Knowing how many leads are generated or sales produced from a campaign is vital in determining whether your hard earned funds are being put to good effect. It makes no sense spending money on a google adwords campaign if the sales you get are less than the cost of running the campaign. Remember, with marketing that there can be a time delay in running a campaign and sales being generated so take this into account.

Skill levels can have a big impact not only on the success of your business but on how it keeps ahead of the competition; especially if you use technology in any way. Technology changes all the time, you need to keep abreast of any changes and determine how they can help you save time, reduce costs, improve product performance etc. Spending money training staff can significantly reduce costs in the long term.

Monitoring what your competitors are doing, both in terms of products or services and in terms of their marketing activity. As an initial strategy, identify five business competitors in your area. Start a file on each, identifying their strengths and weaknesses. Keep files on their advertising and promotional materials, as well as their pricing strategies. Review these files periodically. Remember, a company is not likely to continue a strategy if it doesn't work. Pay particular attention to strategies that are repeated. And, always, ask yourself – “what can you do to improve upon what your competition is doing?”

Customer satisfaction. Follow up with your customers, learn from what they say. Customers are an invaluable source of information that we can use to grow our businesses or change aspects that are costing us unnecessarily.

Business success comes from satisfying customer needs and providing incredible customer service.

- **Survey your customers** – this is a simple, but very effective way to learn about your customers. Ask them what they like and dislike about doing business with you. Ask them how you compare to the competition and what additional things you could do to benefit them. Inquire and listen to your customers – powerful.
- **Follow-up on every sale** – all right, maybe not every sale, but make an effort to ask many customers about their experience with your business. Learn from this exchange. Make improvements based on what customers tell you.
- **Find ways to up sell** – Once a customer has committed to a purchase explore ways you can add an additional product or service to that sale. For example, in a jewellery store a customer has decided to buy some earrings you can up sell by showing them a necklace that matches the earrings. This is a particularly powerful time – your customer is committed, they have demonstrated they like your products or services so offer them more, perhaps use a discount as an incentive.

Step 10: High impact strategies

There are many strategies available to help reach new customers and keep existing customers which in essence is what is needed to turn a business around. Below we list some high impact strategies; each of these costs little to implement and has been proven to be effective and easy to implement:

- **Write an article** – on a topic that adds value to your community and mentions your company. Local newspapers are always looking for fresh, interesting articles for their readers. Many small businesses have gotten free advertising from articles that support the community and mention the company. The key ---prepare an article that is interesting and has a local flavour. An advertisement, **disguised** as an article will never get published.
- **Have an online presence** – the internet is a great way for you to reach potential customers. For example, a restaurant would want to make sure that its menu, phone number, and address can be found online. Also consider online advertising services like GoogleAds, which can help you reach more of your target market at an affordable pay-per-click rate.
- **Start a blog** - it is estimated that there are over 100 million active blogs. They are powerful communication vehicles and are a mainstay of the under 30 crowd. The bottom-line, starting and/or participating in a blog can be an excellent strategy for reaching customers, especially the young at heart.
- **Free samples and gifts** – people love free stuff. Admit it, how many times have you gone out of your way to get a free gift? What better way to attract prospective customers than to give something away? Food and beverages are natural candidates, as are pens, mugs and other articles. In addition, free samples have historically produced great successes, from the free nibbles that launched cookie stores to the mass mailings and giveaways that introduced products ranging from cereals to Post-It notes.
- **Seminars and demonstrations** – as we just mentioned, people love free stuff. This is particularly so if it's helpful. Free seminars and demonstrations can be very effective. Look for ways to help your customers and add value to their knowledge base. Once you have

helped them and gained their confidence, then introduce them to your products and services. Make sure you give participants an easy, compelling way to buy your products or services before they leave. Many successful sales have been generated through free seminars and demonstrations.

- **Good Signage** – is an excellent way to get the attention of customers. Signs, even very simple ones, are very effective marketing tools. How many times have you purchased something, because it was brought to your attention by a sign? Signage is also necessary to help, direct and inform customers. Do not under-estimate the value of good signage.
- **Loyalty cards** – people love to feel they belong. You can generate additional sales by having customer loyalty schemes, maybe you offer a product at a discount for your members each month. Note, here as with many of the strategies discussed offering something of value will be 100 times more effective than offering something your customers can not use. The better you know your customers the easier it will be to find offers and incentives that will directly appeal to them and encourage further sales

We have covered many ways you can turn your business around. Follow these simple steps and you will notice a real difference to your profits. If you are new or even just considering a business implementing the tips outlined here will get your new business off to a flying start and set you up for continued success. Earlier we talked about learning from others. This is one of the most powerful strategies a small business can apply. Observe, listen and know your customers. Study your competition. Be alert. Watch for new trends, look for weaknesses and follow what works. There is no shame in learning from others and there is much to be gained by staying alert.

If you want more help or want to take advantage of our personal tailored service then contact us either by email or phone.

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Our business is YOUR success