

# Profit Builder

principia alliance  
MEMBER

Volume 3, Issue 1

## Special points of interest:

- Getting committed—when polygamy works!
- Feel the power—some oft-overlooked essentials for focusing your business's success.
- Absolutely Fabulous—guaranteeing to attract more business.

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## Planning for Success

Running a business without a business plan is like rock climbing blindfolded. Your chances of making it successfully to the top are slim, and the process will surely be death-defying.

A business plan isn't a just a means of securing financing. It's a step-by-step guide to running your business and creating a product or service that will make it in the marketplace. And like any other map, your plan will have to be adjusted according to your vision for the company, conditions and opportunities in the marketplace and your business's current condition.

A business plan helps minimise the pitfalls of running a business, and be prepared for those that do arise.

To many people, the concept of writing a plan for their own

business is a daunting prospect. But it needn't be. In its essence, a business plan is simply writing the answer to these 3 questions:

1. Where are you now?
2. Where do you want to be at a future date?
3. How will you get there?

### *Where are you now?*

Provide a planning base for your business to establish such things as:

- your business idea
- your current level of sales
- your customer groups
- your products and services
- your pricing policy
- your distribution policy
- your promotional activity
- your overall operation
- your employees
- your finances

Answering the question, "Where are you now?" is often a major stumbling block as most people don't know where to start.

The simple solution is to divide your business planning into 4 key areas: Operational; Marketing; Employees and Finance.

This allows you to analyse your business and create a solid base for planning.

### *Where do you want to be at a future date?*

This is asking you to visualize your business's operation and success at a set date in the future. It's an exercise that is identical to setting your own personal goals but for the fact that the focus is on your aspirations for your business.

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## Benchmarking—why do we do it?

Benchmarking is a careful search for excellence—taking the absolute best standard and trying to surpass it—and not many firms are likely to succeed in the new millennium unless they are willing to do just that.

The experience of all firms who've tried it shows that you

can enormously improve quality in service and efficiency if you:

- Find examples of people or businesses anywhere in the world who do a truly excellent job in performing each of the jobs involved in your business.
- Study those examples with an open mind and a teachable spirit.

■ Never assume that you've either found the best or become the best yourself. Keep searching constantly for better ways. Remember CANI—Constant and Never-ending Improvement.

It's a simple recipe. And a recipe for enormous power.



## Planning for success

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### *How will you get there?*

This is the process of identifying the steps, or strategies, you need to achieve the business goals you've set.

Some of the things you may want to consider at this point are:

- What is the need for what you are offering and what profit margins can you expect?
- What is a reasonable expectation of profitability and when?
- How will the business pay you and any team members?
- What are your estimated expenses?
- What is the pricing strategy?

While these things may have occurred to you already, it's vital to write them down. This:

- reinforces your vision
- gives you a reference point for checking progress
- highlights factors you may not have considered when creating the plan in your head
- helps you determine and coordinate all aspects of business operations
- assists you in determining the risks and benefits associated with any changes
- gives you a means to analyse and determine what

might be the best change to boost your business out of a stagnant situation

- decreases your chances of making a mistake or not considering important factors in your business
- ultimately increases your chances of success.

Business plans are not only for those just setting out on their journey in the marketplace. They are useful when acquiring a new business, forecasting growth, introducing a new product or service, entering a new market, responding to changes in the market or changing a significant aspect of your business.

*We are what we repeatedly do. Excellence, then, is not an act but a habit.*  
Anon

## Customer loyalty = increased profitability

Consider it polygamy of sorts, but if you want to stay in business long and prosper, you have to commit to your customers.

The quality of business revenue is just as important as quantity, and it's loyal customers who represent that quality.

It's great if every customer walks away from your business with a smile, but they should always be compelled to come back for more. And today, mere customer satisfaction is no guarantee they'll return.

Here's 6 hot tips for creating and nurturing loyal advocates:

1. **Preach what you practice**  
Communicate your core values—your business's reason to be—to your team, and to your customers. Clearly.

2. **Play win-win**

Getting the right people—leaders with a sense of responsibility and commitment to treating people well are far more likely to attract and retain the best and brightest employees.

3. **Be picky**

Getting the right customers—know who you want to serve, what their purpose is and what will keep them coming back for more.

4. **Keep it simple**

If loyalty is the goal, simplicity is a virtue. Dismantle bureaucracy wherever possible to remove the barriers to things that “can't” be done.

5. **Reward the right results**

Be sure you're rewarding the right customers and

not penalizing the loyal ones. Woo the ones that want you (customers and employees alike). Like any good relationship, you can't take your partner for granted.

6. **Listen hard, talk straight**

The foundation for loyalty is honest, two-way communication. In creating lasting relationships, make sure you offer the truth as well as an 'open ear'.

Effective loyalty-winners apply the same principles with their employees as with their customers. Maintaining a high standard of commitment ensures strong, profitable relationships, and creates powerful advocates for your business.



## Do incentives work?

In a recent conversation with a business owner, he observed—“It’s often easy for sales people to get the sale, it’s not so easy to get payment.”

After testing various alternatives, he came up with an incentive-based solution. “The trouble for us was that our sales people didn’t see getting checks in as their job. That was for Accounts.

“Now when we set sales targets, if the cash in doesn’t

meet a certain benchmark at the end of the month, the sales people only qualify for half the incentive bonus they get when it does meet the benchmark.

“Suddenly it is their job to get checks in! At the month’s end, they’re on the phone chasing slow payments. It has done wonders for the cash flow!”

The moral of the story? If you give your team incentives for

achieving the right goals, they will achieve them.

And incentives don’t have to be restricted to your sales teams. It all comes down to what you can measure, you can manage. Using your measurement of KPIs, you can determine what goals incentives will be given for.

It will make a significant difference, not only to your business but to your team as a whole.



## A clear and detailed action plan

How are you dealing with your customers?

Customers need to be told explicitly how to act in order to obtain a business product or service. If businesses aren’t proactive in asking for orders, they’re denying themselves perhaps two thirds of their potential business!

Many businesses *believe* they’re doing this but it’s still

left to the customer to act—and maybe forget.

Some examples of how different business have adapted this to work for them:

- “I’ll be calling you in a few days to discuss the options for working on these priorities with you.” *Professional advisor*
- “How would Friday a month away suit you for your next appointment?” *Hair Stylist*

- “How about we send one of our qualified consultants around to give you an obligation free quote for that repair work?” *Tradesperson*

Use every opportunity you have to speak with your clients and determine what it really is that they’re coming to you for.

From there you can agree a clear and detailed action plan to complete the order, making it oh-so-easy to do business with you.

*Set yourself a challenge—  
Look to shift the balance further toward working ON your business, rather than IN it.*

## Information as a resource

Adapted from *Keeping the score*, Alan Williams, McGraw Hill Australia, Sydney, 2001.

A resource is something of value that can be used to help achieve some goal or objective. One of the vital resources of your business is information. To be truly useful it must be:

- appropriate to the user’s decision-making needs
- understandable to the user

- concise yet meaningful
- accurate within reason
- economically produced
- (most importantly) up to date (i.e. valid).

Accurate, up-to-date records provide you with a gauge to your business, acting as an early warning system to identify any emerging problems; they are a valuable planning tool for the future of your business; and they help you control your

current activities to keep your business on track.

Most fundamental of all is the currency of your business information—it must be up to date. Since a decision made today will lead to some action tomorrow, using obsolete and invalid information may lead to your making a worthless decision, or worse, a wrong one.





## Absolutely. Positively. Guaranteed.

Consider this fundamental point.

Whenever a customer makes a purchase, they take a risk that the product or service will work. That fact can and does hamper the decision-making process. So when a business removes the risk, it gains more customers.

Simple, right? But how do you capitalize on the power of guarantees for your business? Like any tool you implement, it must be used correctly. To be truly effective, your guarantee should incorporate these 3 core elements:

1. *Be specific*—that is, the customer understands exactly what will happen if you don't deliver on the promise you've made.
2. *Be blatant*—for example, a Marriott Hotel in the US puts it this way: "If, when you get to your room, it isn't the cleanest hotel room you've ever checked into, the first night's accommodation is on us."
3. *Link the guarantee to a key frustration*—an example from a hospital Emergency Room Care service: "If you have to wait more than 5 minutes for emergency room care, the accounting department will refund 25% of your bill".

The hospital from this last example tracked a 25% increase in business in the first 12 months alone. Pretty powerful stuff!

The key is in building the guarantee into your operational structure and systems—it can't simply be a marketing tool; and it must be so self-punitive that producing the promised result is the only viable option.

Genuine guarantees have real power to attract market attention, to motivate your team, and to improve profits dramatically.

## About our consulting services

We are not your average consulting firm. Far from it.

**We are members of the Principa Alliance—an international network of accountants and business advisors.**

So when you work with us to improve your business, you're gaining access to a global knowledgebase and a wealth of consulting experience that is much

more powerful than any one firm could offer.

Combining our knowledge of your business, the personal relationship we share with our clients and the consulting tools, support and networking power of the Principa Alliance, we can help you achieve more with your business than you imagined possible.

Our goal is to help you build a stronger, more profitable

business, and enjoy a higher quality of life and greater financial and personal freedom as a result.

We can and will do so much more for you than just 'keep the score'.

Contact us today to discuss how we can help you build a business that delivers on its promise.