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# MAXIMISING YOUR POTENTIAL...

## *continuing the journey...*

**Last issue we started the journey in maximising your potential in business. By now you should have a clear vision of where you are headed, you've assumed 100 per cent responsibility for your success and have worked to adopt and maintain a positive mental attitude helping you hold the right beliefs, take the right actions and produce the right results for you.**

This article kicks off focusing on an important area of business: **Your Ideal Client**. Then we will move into the **Seven Key Areas** that will have a direct impact on your profits.

### **Target Your Ideal Client to produce results**

No matter what stage of development your business is presently in, all small business owners want more revenue. That is ALWAYS priority number one - and to be honest, it should always be.

Without Sales and Marketing there would be no business. So it would be fair to say that Sales and Marketing are the lifeblood of every business. As Peter Drucker once said 'Business has only two functions - marketing and innovation'.

The key to dramatically increasing your sales and marketing results is totally dependent on your ability to attract - not just more of any client to your business - but more of your ideal clients.

Your ideal client is the one who not only buys

your product or service, your ideal client is one who buys your product or service and raves about it again and again. They literally share your passion for what you do. These are clients who really want what you have to offer - instead of just needing what you offer. They don't just use your product or service, they love your product or service.

Ideal clients mean fewer headaches, returns and complaints. They're a pleasure to deal with and they'll not only buy from you once, they'll keep buying from you forever, or if you offer a one off product or service, your ideal client will be willing to tell their friends and family to buy from you. These are the type of clients who will spend more money with you than the average client ever would.

They'll send you boatloads of referrals and will offer you unsolicited testimonials. They'll brag about you on all the social networking sites - which garners you tons of free publicity. When you properly and specifically identify your ideal client, you'll soon find you're working less and earning more - a lot more.

So how does this impact your business in the

long term? Well, it has a huge impact on any future products or services you develop, and any future sales and marketing activities you implement.

Because you want to deal with more of your ideal clients, you will find yourself developing more products and services that your ideal clients want. You will develop sales and marketing pieces and processes that will attract more of those ideal clients rather than just any client. In fact this is an important point to make: Is your current marketing targeting just anyone with a pulse that may just buy your product and service? Or; Are you truly targeting your marketing to reach not only your target market but the ideal client within that target group?

If you can get this part right, you will be setting your sails in the right direction. In fact, it's this Sales and Marketing component that I have discovered is the major reason for the tremendously high failure rate of small businesses today. Businesses are simply targeting the wrong type of clients. They are working harder not smarter.

### Here's the challenge

Every small business owner I work with on a daily basis wants to immediately develop their marketing program so that they can ultimately increase sales and profits. When I speak with them, they're already putting together various pieces of marketing collateral such as postcards, brochures, flyers and of course, their website.

Unfortunately, when I assess their business and compare their product or service with their 'ideal client profile', in the majority of cases the marketing they're planning to use or are currently using will never reach the clients they are truly trying to reach.

The benefits of knowing who your ideal client is:

- Helps define your niche market
- Makes your ideal client easier to find
- Makes it easier to sell your products and services to
- You get a greater return on your marketing dollar
- The lifetime value increases.

### Time to take action

- Take some time to write down and identify who your ideal client is.
- Define your niche market
- Know what your ideal client wants. People don't buy what they need they buy what they want.

### 7 Ways to Increase Profits

Now this is an area I could write a book on, in fact I have! If you would like to learn more about this or, in fact, any of the key points outlined in this article or the past issue, then visit [www.vision-alliance.com](http://www.vision-alliance.com) and purchase a copy of my new book *Franchise Profits*. In the meantime let's have a quick look at how you can start focusing on these areas in your business.

**1. Increasing Leads.** Leads are prospects or potential customers. Before you can increase the number of leads, it's important to know what your numbers are. How many leads are you getting every day, week and month? What marketing activities are attracting the best leads and what are producing none at all? By knowing the numbers, you can start to measure the results and will soon be able to direct your business to where the best leads are.

**2. Boosting Conversion Rates.** I am sure you understand what a conversion rate is. For those that don't, put simply, your conversion rate is the difference between those who could have bought and those who did buy your product or service, or the percentage of people who did buy against those who could have but didn't. Most business owners believe they have a high conversion rate, however, when measured, they are horrified to find out their conversion rates are not as high as they had originally thought. It's hard to boost anything if you don't have a starting point. So start measuring your conversion rates before you start thinking you don't need to increase them.

### 3. Boosting the Average Sale Value.

McDonalds are great at this. Their 'would you like fries with that?' message has made them additional millions each year. Think of some ways that you can upsell, cross sell, offer larger units, or package products together to boost the average sale value every time a customer buys from you. You will be amazed at the difference it makes to your dollar results.

### 4. Increasing the Purchase Frequency.

How can you get your customer coming back to your business for more and more often? Those who can think of more ways to get their customers coming back again and again will dramatically impact their bottom line for the better. Most retail stores have their frequent buyer cards now, perhaps you can offer product upgrades, develop a back-end or even develop an ongoing membership club to get your customers coming back more frequently.

**5. Margins.** Your margins are the percentage from each sale that is profit. Your profit is what's left after ALL costs have been taken out. There are many ways that you can increase your margins. They include: reducing expenses, increasing prices, outsourcing, using low cost or no cost distribution channels and increasing overall productivity. Focusing on all or just one can impact your bottom line.

**6. Lifetime Value.** Most business owners underestimate the Lifetime Value of a customer. Lifetime Value refers to the amount of revenue and profits the business owner expects to receive from their clients over the term of their relationship with them. By knowing the Lifetime Value of your client, you will begin to know how much you can spend to attract a client and will possibly determine where you will spend your marketing dollars in order to attract your new client.

### Here's how you can quickly calculate the Lifetime Value of a customer:

#### Lifetime Revenues

100 (sale amount) x 4 (#of time they purchase) x 5 (the number of years they stay with you) = \$2000

#### Lifetime Cost of Goods

20 (cost of product or service) x 4 (#of time they purchase) x 5 (the number of years they stay with you) = \$400

#### Lifetime Profit

Lifetime Revenue \$2000 – Lifetime COGS \$400 = Lifetime Profit \$1600

By understanding the Lifetime Profit alone you will begin to understand exactly what you can spend to attract the right clients to your business.

Your Lifetime Value is the difference between the Lifetime Profit and the Lifetime Marketing Costs. (you will need to work this figure out also)

Lifetime Profit \$1600 – Lifetime Marketing \$600 = Lifetime Value \$1000

**7. Increasing Referrals.** To really maximise the potential in business, it is vital you have a number of raving fans, (ideal clients) associates, friends and family referring business to you. To drive your business with referrals it's important you actually have in place a solid referral program which allows you to proactively build your business through referrals, rather than just waiting for them to just turn up. Some ways to drive more referrals to your business could include: reward programs, two for one offers, new customer thank you letters, paying referral fees, and customer recommendations just to name a few. Start thinking today about how you can implement a proactive referral program into your business. ❖

**Tania Allen is Author of the newly released book *Franchise Profits* and is the founder of Vision Alliance, a Franchise Consulting Firm delivering holistic solutions to both franchisees and franchisors. With more than 20 years experience Tania and her team are passionate about helping you maximise your potential in business and in life.**

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