

## Do You Know the ONLY Four Ways to Grow Your Business?

Many people think growing a business is a complex process, but it is simpler than most think. In fact, if you're seeking suggestions as to what guidelines to follow here are four that should become your guidepost.

- Increase the number of customers (of the type you want);
- Increase the transaction frequency;
- Increase the transaction or value of "average sale"; and
- Increase the effectiveness of each process in your business.

Okay, this seems easy enough. In fact, it may appear to be too easy, but companies really need only to focus and commit to these functions for optimum success in the area of growth.

### Increase the Number of Customers (of the type you want)

Getting business through the door often proves to be the most challenging and expensive aspect of growing a company. It's tempting to assume that you automatically need to seek new business without making sure you've already tapped the business you have. However, finding a brand new customer can cost significantly more – some experts estimate six times as much – than working with the customers you already have. What exactly does this mean? You already have a customer base that is sold on the services you provide. This captured audience is just waiting for you. Some of the best advertising you could ever have is the kind that a satisfied customer will do for you. These customers also provide a higher chance of finding you the type of business you want versus whatever simply walks through the door. If your company is business to business, ask customers for referrals to other companies that operate with a similar mindset. If your company is business to consumer, engage activities that draw new customers from your current customer base.

### Increase the Transaction Frequency

Once you have the right type of clients (that means the kind you enjoy working with and those who pay on time), you want to ensure that they not only stay with you, but increase the amount of business they do with you. A one-time only customer may not seem like the best one for you. Yet, if the customer is the perfect fit in the type of business you're looking for, you need only to foster the relationship. Customers will come to you for different reasons. They may have been told about your service from someone else, or found you on their own. The point is that the customer may initiate the relationship, but it's up to you to nurture it and make it grow. When you offer exceptional customer service and let the client know how much they are appreciated, you will create a client that returns again and again.

### Increase the Transaction Value, or 'average sale'

Business owners are often passive about the amount they sell to a customer. However, if a customer seeks you out, you have to remember they are looking to you for your expertise. Cross-selling is not only a benefit to you, but to the customer as well. When you bring more value to the customer through multiple services or products you provide them with more opportunity. In turn, you have created a more valuable customer relationship, which is easier and more cost-effective than creating a new one. And, as customers come back more frequently, their average sale often increases.

Increasing price should also be considered, but is sometimes difficult since clients become accustomed to a certain cost. However, when you are able to break down price, volume, fixed costs and variable costs you'll find that increasing your cost means truly applying the correct price to reflect the value of the service or product you offer. Some companies have taken a lesson from fast food restaurants, and have started offering "package" deals. This pushes the customer to a higher price point with the perception of receiving a "discount" on the overall order. This technique may be used in many industries.



*Our mission is to provide information and strategies to business owners and managers for improvement in the effectiveness of its business management so that key objectives can be realized.*

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## Do You Know the ONLY Four Ways to Grow Your Business? (cont.)

It's important to keep in mind that companies can lull into a comfy, cozy state of cost coma. One manufacturer, for instance, had not changed prices in 10 years. By increasing the price of just one product, the company increased profits 11 percent. The average sale is a powerful growth mechanism.

### **Increase the Effectiveness of Each Process in Your Business**

How many of us just jump into work and do it? There may not necessarily be a defined process, but who has the time to figure out if there's a better way of getting things done? The truth is that the time you take to increase your business's efficiencies will have a direct affect on a project's outcome and, ultimately, your profitability.

Business is a group of people carrying out a series of processes. If the processes in place aren't running as smoothly as possible, you can lose a considerable amount of time – and money – on things such as overcompensation for mistakes, inadvertent doubling up of manpower, and troubleshooting problems.

Taking the time to evaluate how business is generated, whether or not the customer service chain is efficient, and where time is lost in the moving of products or delivery of services can provide you with more information for scrapping a system or improving on one that is seeing a significant return on investment.

Performance measurement is the machine that runs a well-performing company. Contact us today to learn more about the four ways to grow your business!