

CERTIFIED BUSINESS BUILDING ONLINE COURSE - SESSION 16:

- **Business Building Lessons**

Lessons from a Surfer

As I looked out over the peaceful beach I noticed a lone surfer enjoying the thrills of riding the waves. The water was challenging because the waves weren't very high – there wasn't much to ride on and yet, this surfer was making the most of it. Time after time he caught a wave and rode it all the way in to the shore. I observed something special about this particular surfer – something that enabled him to get the same successful result even in difficult conditions. The knowledge and application of this secret is what separates many successful businesses from those that perpetually struggle.



What is it that separates those surfers who catch the wave every time from those that only catch it some of the time? What is it that separates the businesses that oscillate between feast and famine from those who are reaping the abundance? The answer is systems. This star surfer had a good system and he stuck with it on each and every ride.

The specific details of implementation are different between one field and the next, but the underlying reasons for the degree of success or failure can easily be categorized. Those who are highly successful and repeat their success over and over again have the right systems in place.

Systems for Production

Systems are absolutely essential for consistently performing at a high level of efficiency. McDonald's, for example, is famous for the systems that they have in place. Their systems have allowed them to outperform all of their competitors! Far from being boring or a waste of time, the development and then the tweaking of systems is a large part of the reason for the success that they have enjoyed over the last half century.

In order for you to get the full benefit of systems in your business, those systems must be committed to paper and then reviewed and tweaked from time to time. Having your systems committed to memory and not paper will hobble your ability to grow and train others efficiently.

Systems for Marketing

The hallmark of those that oscillate between feast and famine is the lack of systems in place for bringing in new clients. You might say that they bring in new clients on occasion with random acts of marketing. Not a formula for success! New clients are the life blood of your business. Having systems in place to bring new clients in is just as important as having systems in place for the performance of your service or the production of your product.

The right Internet strategy can fill your pipeline with your ideal clients. Invest time in putting the right systems in place or tap the right people who can do it for you. With the right systems in place, the results become predictable. You can count on them – day in and day out.

A One Cylinder Engine for your Business?

Have you ever noticed little cars with big sounds? I get a kick out of the way some kids “fix up” their ride by adding this coffee can size muffler. The result is something that sounds more powerful than it really is. In the end it is still a small car with a small motor, it just makes a lot of noise. Not a powerful sound, just loud. I don’t care much for loud little cars, but I’ve always liked the deep sound of the muscle cars of times bygone. Those 8 cylinders sound like the purring of a big powerful cat. What does all of this have to do with growing your business?



Let’s look at a couple of ways to add more power to your business.

A one cylinder engine doesn't have much power.

Don’t put all your Eggs in one Basket

My grandmother used to use the expression – don’t put all of your eggs in one basket. This made a lot of sense on a farm. If all the eggs were in one basket and the basket fell, it wasn’t a pretty sight. If the eggs were in more than one basket, and something happened to one of the baskets, there would still be eggs in the other basket. In other words by distributing the eggs into more than one basket, the overall risk for the eggs was lowered significantly.

Businesses that receive their flow of customers from one source are in a similar situation to the farmer with all of his eggs in one basket. If anything happens to that basket, the result is not pretty. For the long term health of the business it is important to ensure that your streams of customers are flowing in from more than one source. This ensures that your business and your income are better protected.

If the primary source for new customers is the phone book, look to add a new way for customers to find you. If your primary way of finding customers is networking, look to add some type of print or on-line advertising to reach new customers.

More Cylinders = More Power

There is a reason that 8 cylinder cars have more power than 4 cylinder cars – they have more cylinders at work producing power. Each cylinder transforms a raw material (fuel and oxygen) into a finished product (power and exhaust). The more cylinders that are working, the more power is produced. To carry the car analogy a bit further – your business doesn’t run on gasoline, but it does run on customers.

You add more cylinders (more power) to your business when you add new streams of customers. Customers come as a result of your marketing activities and word of mouth referrals from previous customers. Expanding your marketing activities so that you multiply ways that you are actively pursuing new clients adds great power to your business.

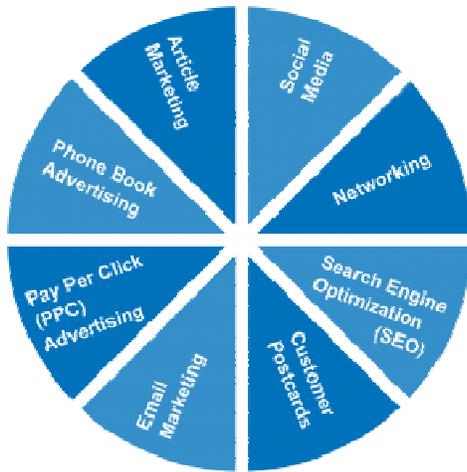
Adding power to your business can be a bit overwhelming, but the result is definitely worth the effort. Don’t try to do it all at once – that will just wear you out and won’t be sustainable. Instead, look to add a new marketing or advertising element one at a time. Building in this way will strengthen the foundation of your business and over time provide you with the power to serve many more people through your business than you are right now.

What's in Your Marketing Pie?

My grandmother made the best sweet potato pie in the whole world. The combination of ingredients was perfect and the subtle balance of flavors made for an experience that was memorable. If you've never heard of sweet potato pie, be sure to try some the next time you're in the Southern part of the US. Every good potato pie has a mix of ingredients coming together to form the right balance. The same is true for your marketing...

Importance of Diversity

Without a diversity of ingredients, you don't have a pie, you just have sweet potatoes. The diversity of ingredients is important for a couple of reasons.



Firstly, the whole is greater than the sum of the parts. In other words some people who will become your customers will do so only after seeing your marketing message in more than one different place. It is not uncommon for the response rate to an advertisement to be greater the second or third time it is run.

Secondly, diversity spreads the risk around. If one of your advertising methods were to encounter a glitch, a diverse marketing pie ensures a minimal impact on your bottom line. This means that a successful marketing pie is not about seeking the lowest possible customer acquisition cost, it is about seeking the variety that will ensure your profitability when faced with challenges to your marketing efforts.

Possibilities

Here is just a sampling of some of the marketing ingredients that you may want to test out as you seek to perfect your marketing pie.

- Social Media
- Email Marketing
- Pay Per Click (PPC) Advertising
- Search Engine Optimization (SEO)
- Networking
- Article Marketing
- Customer Postcards
- Phone Book Advertising
- Billboards
- Magazine Advertising
- Creative Business Cards
- Cross Promotion
- Press Releases
- Trade Shows
- Catalog
- QR Codes
- Snail Mail Campaign
- Strategic Partnerships

Experimenting with New Ingredients

Looking at a list of possibilities can be a bit overwhelming, considering your time and energy are already fully committed. The key to experimenting with new ingredients is to add only one (or at the most two) new ingredients at a time. Focus on streamlining the process for using a new ingredient and be sure to measure the results. After you've mastered the new ingredient and are pleased with the result, it's time to add another ingredient.

The ideal marketing mix is different for each company. Your ideal marketing mix is essentially about reaching your ideal prospects in a variety of places where they will be receptive to your message and where it is feasible for you to do so.

What do Growing Businesses Know that you don't?

There are two ways a business can grow and prosper in any economy:

- 1) Through sheer luck, or
- 2) Through conscious awareness

The problem with luck, even good luck, is that it doesn't last forever. Sooner or later it runs out.

Conscious awareness in business is a way of life with companies that grow and thrive consistently over time. The secret to their success is that they know that although anyone can get lucky some times, success that lasts is no accident.

Growing a business for the long-term is the result of a way of life. Let's take a look at two metrics that great businesses use to ensure their continued growth.

Measure what Matters

The first key is that great businesses know what matters and they measure it.

You may have heard the old expression – “What gets measured gets done.” Depending on your objective, there are different things that matter. For example there are certain numbers that the IRS wants to know from your business and the others aren't important to them because the only thing the IRS is really interested in is collecting the taxes it says you owe. A banker, when you're applying for a loan, wants to know everything the IRS does about your business, plus a lot of additional information because what the bank is really interested in is your ability to repay the loan (mortgage scandals notwithstanding).

CLV = ?



As the owner of a business, your objective is to grow your business.

Determining the average customer lifetime value (CLV) of your customers is a big step toward growing your business through conscious awareness. The awareness and understanding of this number in your business will have a wide-ranging impact on your decisions regarding everything from advertising to attract new customers, to investing in ways to extend

the life of the customer's relationship with you, to the way you service your customers. Determining your average customer acquisition cost (CAC) provides great insight into the effectiveness and efficiency of your marketing efforts. Essentially once you know how much a customer is worth to you over the time that you keep them as your customer and how much it costs you to bring in a new customer, you are empowered to ask smarter questions about growing your business and make better decisions.

In a tough economy, knowing your numbers takes a lot of the stress off you because instead of the ulcer-producing approach to running your business by gut-instinct, you're able to run it by the numbers.

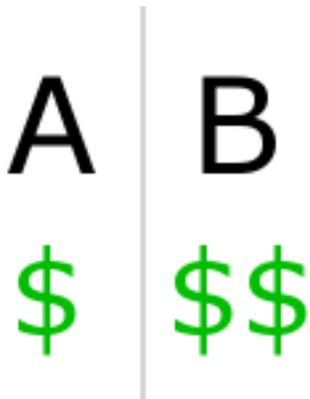
In a good economy, knowing your numbers allows you to make the best possible use of the opportunities that present themselves.

Don't be intimidated by the complexity of calculating these and other metrics for your business. Doing this kind of analytical-ninja work enables you to solve tomorrow's problems today and grow your business for the long-term.

How to Make your Advertising Make More Money

Introduction to split testing

Split testing is a method of direct response advertising in which two versions of an advertisement are run instead of just one. The goal is to determine which version of the advertisement produces a greater response rate. In order for the response to be tracked accurately, the response must be able to be tied back to the original ad. For direct mail, this is done with a unique department code that is assigned to each ad. For local businesses, this is done with a coupon or even different bonus incentive offers for each ad version. For Internet pay-per-click (PPC) advertising, the "click rate" and "conversion rate" are compared between ad versions.



The winning ad is the version that achieves the highest response rate in a test. Sometimes the results will be dramatically different and at other times the two ads will achieve very similar response rates.

Rinse and Repeat

The result of split testing an advertisement is that you learn what achieves the best response rate with your audience at that time. The real objective here is to constantly improve your response rates so that your ads are consistently achieving the highest possible responses. This happens by discarding the losing ad, keeping the winning ad, and creating a new variation of the winning ad for your next test. Your next ad campaign will contain the winner of your last ad split test and a new ad. Think of this as advertising evolution. Instead of survival of the fittest, you have survival of the winningest.

How can you make your advertising make more money? Test every ad. Only then will you be sure that your advertising is achieving the highest response rates.

**CERTIFIED BUSINESS BUILDING COURSE - SESSION 16
QUESTION & ANSWERS**

NAME: _____
ADDRESS: _____
PHONE: _____
FAX: _____
E-MAIL: _____

Please be sure to fill out the information above, complete the test and e-mail or fax it back to us at iridology@netzero.net or 530-878-1119. We will grade your question & answer session and will let you know if we have any questions or concerns.

- 1) What is one system that you could put in place in your business in the next month that would improve your results and/or free up valuable time?
- 2) What systems do you currently have in place to attract new clients?
- 3) What is another way for customers to find you?
- 4) What is another type of print or on-line advertising you can use to reach new customers?
- 5) What new marketing or advertising element can you add to your business?
- 6) What's in your marketing pie? And what marketing ingredients should you experiment with next?
- 7) What numbers do you need to know and keep up with?
- 8) What numbers are you tracking in your business?
- 9) How can you make your advertising make more money?
- 10) How quickly can you put split testing to work for you and your business?