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PLANNING TO BOOST SALES

A LOT OF THE ANALYSIS A BUSINESS OWNER DOES IS RETROSPECTIVE, BUT A MARKETING PLAN IS ALL ABOUT THE FUTURE. AND IT BEGINS WITH THINKING BIG. **ROB HARTNETT** EXAMINES THE MANY SMALL STEPS NEEDED TO BRING BIG IDEAS TO FRUITION

TWO OF THE MOST IMPORTANT ASSETS IN A BUSINESS ARE THE BRAND AND THE GOODWILL BUILT UP OVER time. This is what people buy when they buy a business, be it a franchise, a new business, or a large corporation buying a small innovative business that has attracted a market they want.

What establishes that brand and builds that goodwill over time? Sales and marketing. Of course, that's taking for granted you have a quality product and excellent customer service. They are mandatory in today's market, not options. However, we've seen too many great business ideas, excellent innovations, and too much high quality product out-sold and out-marketed by products of lower quality. That's the difference great marketing can make.

There are seven ways to drive profit in any business, and these are made up of either increasing revenue or decreasing costs. Five ways to increase revenue are to increase the number of leads, your conversions into sales, the average sales value, the number of times per year that clients buy, and the profit margin per sale. Two ways to decrease costs are to decrease the variable cost per sale and your fixed overheads.

The focus of this article is on creating a marketing plan and addresses the first five, so let's have a look at how an increase in revenue would impact on profit. Marketing can affect each of these five variables and so it is vital that you have a sales and marketing plan.

The great thing about a marketing plan is that it looks forward. Most reporting done in business is historical—BAS, taxation, management reports and the like, they all talk about the past. The marketing plan should contain what is going to happen in the future. It is a place where you need to be able to think big. So get excited about could might be, and how you plan to achieve it.

To get excited about what could be, don't do a marketing plan based on 10 percent growth. What about 30 percent or 60 percent growth? What would need to happen to make this a reality and, most

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importantly, what would it mean to you personally—a new car, a family holiday, less stress, more staff to reduce your workload?

At least run a couple of scenarios in your sales and marketing plan, such as one set of numbers on 15 percent growth and one on 30 percent, just so you can see what issues may prevent you from achieving these numbers.

As an example, I had a client who wanted 40 percent sales growth in the next six months but his current production capacity by his own admission could only sustain a 20 percent increase. Further research showed it would take six to eight weeks to hire the additional staff to deliver the extra 20 percent, so we kept the goal of 40 percent and just extended the timeframe to 12 months.

Start by defining your business. You and your salespeople need to be able to answer these three questions succinctly from a customer's point of view: Who are you? What do you do? Why does it matter?

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Then, define your customer. Who are your ideal customers? Can you define them, can you talk about how they live, what they do, and how your business comes into contact with them?

Develop your message. It is far more important to work out what we are going to say before we decide where we are going to say it. This is a common mistake of business owners who, for the reasons above, book ad space and then work backwards to create an ad that is usually due yesterday.

In my experience there are three ways that small business owners typically go about their marketing and advertising in Australia. To the question 'why do you advertise here?' I frequently hear these answers: we have always advertised here; we heard some of our competitors were doing it so we thought we better do it and not miss out; in the end we did it to get the sales rep off our back.

These responses are common and they usually occur because the business has not completed a marketing strategy. When you have an understanding of who your target market is, what their path to purchase is, and what your budget dedicated to acquiring these customers is, you can make an objective decision.

Having this level of understanding means decisions are based on fact and strategy, not emotion or fear of missing out. To make what we are going to say work, we have to understand our business through the eyes of our customer and not our own. In developing our message we are trying to find out what our customers feel about our brand so we can work on developing the positive aspects and reduce any negatives. This is also the area where we can tell our story and start to define where we want our brand to be.

ACQUIRING CUSTOMERS & SALES STRATEGIES

This section of your plan should discuss how the business is going to acquire new customers and this should include new market segments, new channel partners and even new channels to market such as online.

It should include a breakdown of the revenue and the profit margin expected through each of these channels.

You also need to consider strategies for reselling to existing customers. This section is vitally important, but for some reason it is the poor cousin to acquiring new customers, which is crazy as it is a well-known fact that it is roughly five times less expensive to sell to an existing customer than to acquire a new one.

Your sales strategies are important in retaining customers as well. What customers would be better maintained via a consistent online or telesales relationship than by infrequent face-to-face calls?

The sales and marketing tools you need include advertising, personal selling, public relations (PR), direct marketing and sales promotion. Advertising includes print, electronic and online. Under online comes search engine marketing. Your budget for advertising should include creative, design and media costs. If you are using an agency then make an allowance for account/project management.

I recommend planning your media out as much as you can to take advantage of the discounts on offer for forward bookings, and leaving some dollars in the budget to take advantage of opportunistic situations that may come your way—such as, a full page ad for the price of a half page in a magazine you know your target market reads.

Many business owners are surprised that personal selling is a marketing tool. Personal selling is great for some businesses and not good for others. Personal selling includes outbound sales, telesales, and account management. It is an area that can make or break a brand very quickly and that is why all your marketing messages, from what you say in an advertisement to what your salespeople >

> say in meetings, needs to be consistent.

Public relations can be one of the most cost-effective ways for small business owners to gain exposure. However, it needs to be well-planned and not ad hoc. If you are not good at writing and don't have the connections or the confidence but feel you have a good story, then get a professional PR person to assist you. It will be money well spent.

Direct marketing includes direct mail, email, and text and multimedia messages (SMS and MMS), and it has been the big growth story in marketing over the past 10 years. Consumers are bombarded by marketing devices from a variety of sources, so direct relationships are key. They are key because they imply trust.

And it's important to remember the size of your database is not as important as how good your relationship is, and how much trust you have with the clients on the database. So don't use email or SMS when trying to establish a relationship with a new buyer.

Sales promotion is included in the sales and marketing plan and is usually planned around seasonal changes, new product introductions, or to combat a competitor launching a new product or dropping price. Experienced marketers normally have two or three sales promotional ideas more than they need just in case the first ones don't work or a competitor comes out with a similar offer.

Plan sales promotions with your partners (if you have them) as this ensures you are in their marketing plans and locks out your competitors early.

WHAT WILL IT COST?

In terms of ballpark numbers, most established organisations use a rule of thumb of three to six percent of turnover for advertising (three percent for business-to-business and six percent for retail or consumer goods). In the start-up growth phase of the business or when introducing a new line or additional business, I suggest a budget for up to 10 percent.

The most important thing is to do what works. To do this you must keep measuring what marketing and advertising you are doing, and the results. I recall the CEO of a major retailer being asked why with such a household name he continued to spend on advertising. He replied that stopping the advertising spend would have the same effect on his business as uncoupling the locomotive from the passenger train. Sure, the passenger cars would travel along for a while, but they would soon stop and most likely start rolling backwards!

In terms of salespeople, they need to bring in two to three times their salary to justify their employment. You need to know your numbers in terms of what type of salespeople you need to have. For example, do you need face-to-face, if so how often? Could a combination of telesales and account management give a more efficient result for your business?

While it's another cost, it is vital for your staff to undertake sales training. And it doesn't need to be expensive. Sales training needs to cover the areas of product training, customer service and sales, and presentation skills at a minimum. Product training can be done in-house and should be done constantly. If you distribute products, then ensure you have the company you distribute for come in regularly and update your team on how to sell their products.

A finance client of mine includes regular sales training for clients on when and how to include finance in the sale of manufacturing equipment. They even provide ready reckoners to calculate loan payments and a hotline to call for assistance on complex deals. ●

** Rob Hartnett is an author and managing director of consultancy Business Performance International (www.businessperformance.com.au)*