FOCUS ON PROFITS NOT JUST REVENUE!

Revenue Builds Your Ego

Profits Build Your Net Wealth

ALFRED J. MCCOMBER

Focus On Profits

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Introduction: Leverage the Good Ideas of Others

Charles H. Duell, the Commissioner of the US patent office in 1899, is now famous for (supposedly) having stated, "Everything that can be invented has been invented."

Umm… Really?

The late Buckminster Fuller offers us another, more important perspective. He created what we know to be the "Knowledge Doubling Curve". He (and others) observed that:

- Knowledge doubled in 1800 years between 100 BC and the year 1700.
- Knowledge doubled in 200 years between 1700 and 1900.
- Knowledge doubled in 50 years between 1900 and 1950.
- Knowledge doubled in 20 years between 1950 and 1970.
- Knowledge doubled in 10 years between 1970 and 1980.
- Knowledge doubled in 8 years between 1980 and 1988.

You get the picture.

Knowledge now doubles (in business) every 6 months to 18 months – 6 months for the online world and 18 months for the corporate world.

On *average*, human knowledge is doubling every 13 months. According to IBM, the build-out of the "internet of things" will lead to the doubling of knowledge every 12 hours.

Here's the key lesson and you don't have to wait until the end of the book to discover it.

Just because everyone in your target market or geographic area operates their business the same way does not mean that it is the most *efficient*, *enjoyable,* or *profitable* way. In these pages, you have the opportunity to *see* more powerful alternatives that others may have discovered *outside* your field, then pull them back in and adapt them to your current situation.

This book allows you to see more clearly the possibilities that exist around you to make more money in your business without having to spend exorbitant amounts of money to produce spectacular results.

Your goal should not only be to *see* differently but to *think* a little differently as well. With new insight, you can make the most of every opportunity that you have, but you can also make the most of

- your capital,
- your time,
- your facilities,
- your staff,
- your equipment, and
- your goodwill.

You can't "make the most" until you understand the wide range of possibilities that are available.

Most people spend their whole lives in one field of work and all they know is the field they are in. It's similar to traveling the world. You leave your small town and go to the big city, and you see and experience all types of new things. You find that people in the big city do things a little differently and perhaps are more effective in certain areas than you are because they utilize different methods, systems, or bases of knowledge.

However, then you find that people in other areas of the country might do things 20% or 30% or 50% differently. Then you travel to other countries on the same side of the world and discover greater variations. Then you travel to any other 20 points in the world and find another 20 different, but effective, systems.

Ideas start "appearing" as if by magic. But it's not magic. It's a revelation! However, you don't get the revelation unless you're willing to explore.

If you only learn from your own industry in your own (relatively) small part of the country, you are limiting yourself to the smallest fraction of the yield that you might make. Business owners in New York can learn sales and marketing strategies from other business owners in the same state, but can also learn from dentists in New Zealand, insurance salespeople in Australia, clothing store owners in England, and investment bankers in Hong Kong.

Most people don't have the right mindset and think that a more efficient, enjoyable, or profitable way is impossible. However, in your hands is a book that provides you with the glasses to *see* differently. With a new vision comes the awareness that you can grow your business quickly and efficiently simply by standing on the shoulders of creative men and women from different corners of the globe who have successfully implement sound business principles and creative ideas that *work*.

At the point where the "lightbulb goes on" in your head, the responsibility passes to you. You must change the way you do something, or your outcome will always be the same. One of my favorite quotes (presumably by Ben Franklin—though some attribute it to Einstein) is:

"The definition of insanity is doing the same thing over and over again but expecting different results."

You should realize that there are people around the world in your field who have already discovered far more powerful, efficient, profitable, and enjoyable ways of doing things than you are aware of. There is no reason that you must reinvent the wheel yourself. It's much easier and safer to borrow proven, successful strategies and processes from outside your field and apply them to your business practice. They have the highest possibility of improving your results and the lowest possibility of wasting your money.

Most people spend their whole life in one field, and this creates a problem. They become an expert at what their industry teaches, but this becomes the major bulk of their sphere of knowledge. Their industry does not necessarily operate at maximum productivity or efficiency. Most of what these people do is learned from someone else in the same industry and no one gets better.

Tunnel vision may be hurting your business, but funnel vision will bring you great success. If all you know is what your industry knows, this is tunnel vision. You must realize that there might be 20, 200, or 2,000 other ways to market your business, to gain new customers, and to make a profit, and you need to borrow the success secrets wherever you can find them. By doing so, you give yourself much greater leverage.

You want an exponential, quantum leap advantage over other businesses and the ideas in this book will help you begin that journey.

But be careful. Ideas are dangerous. They're also addictive. You try a few things and watch your business grow and you'll be changed forever.

It's my promise.

As you read, think of your business, and take notes. Implement. Test. Try again.

One final note. In every chapter, you'll see a box that looks like this.

> If you were to implement the ideas from this chapter into your business, by what percent could you increase your revenue?
> (Be conservative with your estimate and write the number in the space provided.)
>
> %

Whenever you do, take the time to think through what you've read and give a conservative estimate of the impact you'll see in your business if you apply what you've learned.

You don't have to shoot for the stars. Think in terms of 3%, 5%, 7% or 10% impacts. When we get to the end, you'll see how to add up your numbers and I believe that your results will amaze.

Onward…

Super-Compelling Marketing

It’s easy to write about certain topics like celebrities, technology, or social media. Everybody wants to know about these topics. But what if your business is botany, supply chain logistics, or cognitive psychology? How can you make these topics compelling when your subject is, according to others, boring?

Here’s the bottom line: People have problems they don’t <u>want,</u> and you provide solutions they don’t <u>have</u>.

Secondly, people are far more motivated by pain than they are by solution.

Third, the foremost place to capture a prospect’s attention is in the headline of an advertisement. This could be the first thing you say on a radio ad or the Subject line of an email.

Fourth, if you focus your headline on someone’s pain, you’ll capture far more attention than if you fail to do so. Let me explain.

The late advertising genius, David Ogilvy, said, “On the average, five times as many people read the headline as read the body copy. When you have written your headline, you have spent eighty cents out of your dollar.” To make your marketing super-compelling, focus your attention on the headline.

If you are given one day to write a powerful advertisement, it wouldn’t be a waste to spend 3 – 4 hours working on your headline.

And *in* the headline, you’ll capture more attention if you show people a problem they *have* that they don’t *want*. Consider this example from the ad of a child psychologist:

“Are You Tired of The Yelling, Screaming, And Belligerent Attitude of Your Child?”

Who is going to read this? It’s only the parents of yelling, screaming, or belligerent children who will be compelled to read further. People without children will gloss over it. Parents with troubled children won’t be able to get enough.

Compare that first headline to this one which the same psychologist previously used without success:

“Tools and Resources from Dr. Brown”

Not compelling at all, is it? Even with all our shiny social media tools, writing great headlines is still important. You can be a masterful storyteller and write killer content, but none of that matters if no one reads it.

Headlines are the closest thing marketers have to a “silver bullet.” Whatever you do, don’t waste them. The quickest way to give your boring marketing a facelift is to put some eye-hijacking power into your headlines. In fact, write your headline first before you even start the rest of the ad. It really is that important.

Secondly, numbers are a marketer’s *next* best friend. One common complaint of marketing collateral is that no one takes them seriously. How many of us believe it when we hear... Better Ingredients, Better Pizza... Papa John's? Do they *really* have better ingredients? Doubtful.

Let’s face the facts… most marketing plays fast and loose with the facts… and often lacks any type of substantive proof. It’s easy to avoid hard numbers and focus on writing the soft stuff but that’s a big mistake.

Many marketers are afraid that statistics, equations, and hard facts will scare away prospects, but that's not giving people enough credit. The problem isn't the numbers — it's that we stick numbers out there without connecting them to a story.

Use numbers to reveal a hidden story. Consider the example of the school administrator that looked up the numbers on standardized tests for Baltimore students. On the face of it, the data was *boring*… until those numbers revealed that teachers were cheating.

Why in the world would teachers cheat? Well, it turned out that the teachers received salary boosts when their students performed better on standardized tests — motivating them to fill in a few additional correct answers on behalf of their students. See how the story makes the numbers interesting? The numbers make the story credible.

Whenever possible, add specific numbers to your message. Think about this:

Email marketing generates between $38 and $44 for every $1 spent. It's an important tool to nurture leads and build relationships by providing valuable content which leads people to act.

Since 2017, video marketing has become the dominant tactic in the marketing world, and it must be a central part of every business' marketing efforts. People want to see video more than any other type of marketing medium. Video on your landing page can increase conversion rates by over 80% and even the mention of a video in your email subject line can increase open rates by more than 20%.

Businesses that publish content regularly produce 126% more leads than businesses that don't.

Research has shown that conversion rates can double if a site is optimized for speed alone and can more than double again if it's optimized for lead generation and conversion.

For Google searches, 90% of clicks go to businesses that appear on the first page of the search results and 33% go to the #1 position.

In the last five paragraphs, I've used numbers to prove a point. They got your attention at a higher level. If I wanted to sell you digital marketing services, numbers like these would go a long way to convince you that what I offer is important.

How do you "connect the dots" or persuade your prospects to engage you?

Another good tip to remember is that everyone loves a good mystery. Any mystery begs for detective work. We can't leave well enough alone and we want to know why — especially if someone else is going to do the legwork of figuring out the answer for us. Look at the box office success of most mystery movies or TV series like NCIS or CSI.

You can use this quirk of human nature to make your topic enticing. Look closely at your content and uncover some old-fashioned mysteries. Now write an ad that presents the mystery and leads your reader through the investigation to its incredibly satisfying conclusion.

Another way to present compelling copy is to provide a better way to solve a common problem. Weight loss, diet programs, and exercise fads all take advantage of this phenomenon. There's *always* something new!

- The Anti-Diet
- The Anti-Inflammatory Diet
- The How-Not-To-Diet Cookbook

- The Bullet Proof Diet
- The Bone Broth Diet
- Six Minutes in the Morning (I actually got excited about this title until I saw it was about exercise!)

For your industry and target market, think about *added value*. Simply restating a problem is boring. Offering new tools and perspectives to solve problems helps your prospect get closer to their goals — and that makes you someone whose content they'll want to read every time you come out with something new.

For example, does your business have a website? Look at it right now. Do you have the name of your business at the top of the site? I'll bet you do. Do you have a "menu" of the products or services you provide listed in the body copy? I'll bet you do. Do you have your name or picture somewhere on the site? I'll bet you do. What about your phone number? It's on there too, isn't it? Well, of course it is.

Every one of these is *wrong*! Your prospects could care less what you have named your business, what you look like, or what your name is. Why do moving companies tell me on their website that they can move both local or long distance… or that they move both residential and commercial? Or that they've been in business for 15… or 1,500 years. And yet… they ALL say that in their marketing.

Your prospects *only* care about themselves… period. What the moving company *should* be telling me as a prospect is that *all* movers claim to be "fully insured." And legally, they all are. It's required by law. What no one knows, however, is what that "legally" means. Ahhh… are you now interested in what I have to say next? Are you now hanging on my every word because I have just introduced a "mystery?" What… pray tell… is this "secret" information? Can't wait to find out, can you? See why all this works?

Well, wonder no more. *All* movers are "fully insured" … *per pound of damage!* What does that actually mean? It means that if you have a $3000 HDTV, and your moving company destroys it in the move, they *must* replace it based on 40 cents per pound of damage. That TV typically weighs around 50 pounds, so the moving company is obligated to reimburse you $20 for your $3000 TV. Read the fine print (which of course, no one does).

But since I told you about this startling information in my moving ad, and then went on to tell you that I avoid "ripping off" my moving clients by providing "full replacement value" insurance that reimburses you for the full market value of anything I break and go on to give you my insurance policy number, name of my insurance agent and that agents phone number for verification, well… who are you going to have handle your next move? Big difference, right?

In summary, remember these 5 elements to make your marketing super-compelling:

1. Use headlines to attract your prospects.
2. Address the pain of your prospects and you'll capture their attention faster.
3. Use numbers to reinforce your message. Be specific.
4. Provide a better way to solve a common problem.
5. Remember that prospects only care about themselves. Explain to them how working with you is in their best interests.

What will your impact be?

If you were to implement the ideas from this chapter into your business, by what percent could you increase your revenue?

(Be conservative with your estimate and write the number in the space provided.)

%

Lifetime Value, Lowering the Barrier of Entry, and Risk-Reversal

There are three terms or concepts that go hand-in-hand-in-hand. Lifetime Value, Lowering the Barrier of Entry, and Risk-Reversal.

Each term has a lesson for us, and you'll see clearly how it can instantly help your business. For Risk-Reversal, it's so important that we'll dedicate a separate chapter to it, but we will cover it in a broader conceptual sense in this chapter.

Your understanding of Lifetime Value (LTV) is a secret weapon in your ability to compete against your fiercest competitors. Maybe you haven't thought about this before so it's important to at least "ballpark" the number and you can get a clearer understanding as you move forward.

A customer comes into your place of business (or to your website) and makes a purchase. Perhaps they spend $50. That's an important number but it's even more critical to your planning to understand how many times the same customer visits, how much they spend each time, how much they spend over the course of their lifetime with you, and your profit on their purchases.

If you're not tracking this yet and you don't know your numbers, try to get a ballpark number at least. This is important because it will determine what you can afford to spend on advertising and marketing to bring in new clients. For example, if you know the LTV is $5,000, you shouldn't be afraid to spend $500 to acquire that client.

A mistake is made by many business owners where they'll say, "Our marketing budget this year is $5,000" (for example). But here's the key to your business growth:

The business that can spend the most to acquire customers will win the most customers.

It's even more accurate to focus on Net Profits. If the LTV of an average customer is $5,000 but the Net Profit Margin is 20%, the LTV of Profits is $1,000 ($5,000 x 20%). Therefore, you could afford to spend $1,000 to acquire each customer knowing you would still break even. Here are three examples to cement this into your understanding:

Example 1:
A real estate agent knows that the average commission on a sale is $8,000 after expenses are paid. They are considering whether to advertise on a billboard which costs $1,000 per month. They would need to get just one new client every eight months from this billboard to break even. In reality, the real estate agent believes that she'll get one new client every two months. Therefore, understanding LTV helps the real estate agent see that $1,000/month is not expensive, or even an expense, but it's an investment that pays off 400%.

Example 2:
A software company sells Software as a Service (SAAS) for $100/month. On average, the customer stays nine months, and the company makes $900 with a profit margin of 50% (or $450). They can afford to spend up to $450 to get that client. Of course, they'll want to keep that cost to a minimum, but it helps them in setting their budget.

Example 3:
A business coach offers business growth assessments, monthly coaching, and VIP days. He charges $2,000 for the assessment,

$1,000/month for coaching and $2,500 for a VIP Day. The average client does the assessment, stays six months, and buys one VIP Day. The total revenue generated is $10,500. Perhaps the coach banks $7,000 of the $10,500 after all expenses are paid (including his salary). There's a LOT a coach could do to acquire clients if he knew that he had a budget of up to $7,000 for lead generation. However, if the coach isn't thinking about LTV, then $7,000 seems too expensive.

The necessary follow-up question to LTV is this:

What is your average customer acquisition cost?

Many microenterprises or small business owners have no idea. However, this is a critical number. It's easy to figure out, or at least estimate. Simply divide the sales and marketing costs by the number of clients you get.

For example, if you $20,000 per year on advertising, $15,000 on the graphic design of marketing materials (website, brochures, etc.), $50,000 on a social media marketing manager, and $65,000 on a sales rep (which includes expenses, commissions, and bonuses), then the total spend is $150,000 per year.

If through their actions, they bring in 100 new clients per year, then you can say that it cost $1,500 to get a client ($150,000 divided by 100).

If the LTV of a client is also $1,500, then you're just breaking even. The key point here is that every initiative, asset, and person in your organization must justify their existence. But you won't be able to tell where the holes in your system are unless you understand these two numbers.

Barrier to Entry

My colleague bought a small chain of English Conversation schools in Japan. He and his wife taught English conversation to Japanese.

One of the standard operating procedures of an English Conversation School (in fact, most after-school "clubs" had the same modus operandi) was to charge an entrance fee of about $70 (equivalent) for entry to the school. He asked the secretary one day, "Why do we collect $70 from new students as an entrance fee?"

Her reply was, "I don't know. Everyone does. I guess it's our way of making a little extra money."

At the time, my friend agreed with her.

Then he had his own children.

His daughter came along first and as she grew, she required more things. Of course, he wanted to give her all the best opportunities. So, he put her in ballet, in swimming, in piano, and even in English Conversation.

He had an epiphany. "I'm a dad whose daughter wants to be in ballet, but it's expensive. I don't know if she'll like ballet, but I'm willing to take a risk and find out. I bought the tights for her, the shoes, paid the entrance fee, paid the monthly fee, and carted her to class a couple of times a week. I'll do anything for my daughter."

After six months she quit.

He put himself in the shoes of his students' parents who sent their kids to his English Conversation School every week.

He thought, "Mrs. Nakamoto wants her son to study English Conversation, but she doesn't know if he'll like it. Maybe she'll pay the entrance fee, buy the books, send him to class and then he'll quit in six months … just like my daughter did.

"What could I do as a business owner to take away some of the risks of Mrs. Nakamoto, and the hundreds of parents like her in our city?"

He came up with a bold and daring plan—do something different! Be unique!

He first wanted to understand the lifetime value of a student. He asked the secretary to do some research and find out the amount of money that a student paid the school over the lifetime of their attendance. He discovered that a student stayed at the school for three years (on average) and paid $70/month for a total Lifetime Value of $2,520.

His next question was, "How do I remove every barrier to entry that the decision-makers have when it comes to enrolling their children and take away every possible risk?"

He announced to his secretary that they would no longer require an entrance fee. She thought he was nuts and was extremely skeptical because it was *never* done before. In her lifetime!

He then put an advertisement in the local paper that went something like this:

Attention Mothers!

You might be wondering if you should put your child in English Conversation classes. However, you know there's risk involved.

At ABC English Conversation School, we want to take away all your risk. When you come, there will be no entrance fee. Just pay for the books and your first month's fee. After one month, if your child isn't outrageously happy, he can stop coming and we'll give you back your first month's fee and the money you paid for the textbooks, and you even get to keep the textbooks. You have no risk. Call xxx-xxxx today!

The impact was immediate. Over the next year, he grew his school from about 200 students to over 350.

The first national chain school closed its doors in his city.

The second national chain school closed its doors in his city.

The third other major competitor had almost no students.

In essence, he addressed a hot button issue in the market and removed all barriers to entry. And he removed their risk.

Risk Reversal

During any business transaction, one side is always being asked to assume more or all the risk than the other.

If you recognize this concept and you understand that your biggest opportunity in the business process is to eliminate risk, to lower the barrier that prevents some from buying from you, to actually reverse the risk and remove it from the back of the customer to your own back, then there is no reason that the customer wouldn’t be compelled to at least sample what you have to offer – your product or service. Your job as a business owner is to find as many ways as you can to get your products or services into the customer’s hands.

Most businesses sell their products or services with a very powerless, unclear guarantee. If there’s a problem, an integrity-based business owner will always make the problem right. They might adjust it, replace it, refund it, or redo it, but they do not usually incorporate that fact into their selling proposition.

They state something like “Satisfaction Guaranteed!” but these statements are so over-used that they are now meaningless in the minds of consumers.

The more you consciously include risk-reversal into your compelling offer, the more you will own the customer. Let me explain why:

Today, more than ever, products and services are viewed by the customer as commodities. We are constantly being driven down to the lowest price. The challenge that the successful business owner must take on is to refuse to be a commodity but to become extraordinary. You must stand out more favorably and advantageously than any other business you compete against.

What can you do to take away the customers’ fear and make it foolish for them not to do business with you?

Which one of your competitors does this now?

If you’re selling something shoddy or second-rate, you will get returns. You should then upgrade your product or get into another business.

We’ll cover more about Risk Reversal in the next chapter, and you’ll see clearly that there are many layers and possibilities how you can reverse a prospect's risk and make buying from you the only logical conclusion.

In the meantime, think about the lessons you've learned in this chapter. How will you take action and grow your business?

If you were to implement the ideas from this chapter into your business, by what percent could you increase your revenue? (Be conservative with your estimate and write the number in the space provided.)	%

Risk-Reversal Strategies

Any business owner will close more sales by eliminating the perception of risk their prospects may feel when they buy what they sell.

The concept of Risk Reversal is simple, but it requires some boldness and guts. Basically, it means that YOU, the business owner looking to close a sale, should identify the various reasons a potential customer would hesitate to buy. You then think of little things you can do to overcome those reasons.

Risk Reversal is like a guarantee but much more powerful. It's a guarantee on steroids. It's a guarantee that a buyer can't turn away from because they have nothing to lose and everything to gain. Let's look at the Standard Guarantee that 90% of online and offline merchants usually have. Let's label this Level 1 on the Scale of Guarantees.

Level 1 is called the Standard Guarantee.
A standard guarantee offers buyers a 30-day period to return the product for a full refund. This type of guarantee is required by law in many countries such as the US. This guarantee is mediocre and more than likely *all* your competitors probably offer it as well. Truly successful businesses always go far beyond a Level 1 guarantee. The next step is Level 2.

A Level 2 Guarantee is known as The Extended Time Period Guarantee.
This guarantee will extend the 30-day guarantee to 90 or more days. Many sellers swear by the 90-day guarantee. By giving the customer a full 90 days to try your product, you often lower the refund rate. Here's why:

Let's say Mary buys a $90 set of cookware from your online store with a 30-day guarantee. It takes 10 days to reach her.

Mary now MUST test the cookware in the next 20 days to see if she likes them. But she finds herself too busy. Suddenly, she only has 2 days left to return the product for a full refund if she discovers she's not satisfied. It's still sitting on her shelf untouched so, feeling the pressure, she returns it unopened.

But if Mary had been given more time to try out the product, there's a good chance she would not have felt pressured and may have taken more time to test it using various recipes to the point where she falls in love with the product. If you're selling products online, you can often create significant increases in sales *and* lower your refund rate just by extending your guarantee to 90 days.

But Level 2 is nowhere close to what a guarantee can do. Let's step into the Zone of Risk Reversal. Several years ago, a guy by the name of Nick got frustrated because he could never find the right kinds of shoes he liked at the local mall. Nick went home that day and went online, hoping to browse through online shoe stores but there were few of them set up at that time.

Nick wondered if he could establish his own online shoe store. The idea kept jumping around in his head and eventually he quit his day job and founded Zappos.com.

At first, people told him he was crazy. Shoes are something you need to hold in your hand before buying. You need to try them on. Customers want to feel the leather. They want their spouse to see them on you and let you know what they think. There was a multitude of reasons to not buy shoes online.

Yet Zappos thrived. By 2005, the then 6-year-old company did $370 million in shoe sales and in July 2009, the company announced it would be acquired by Amazon.com in an all-stock deal worth about $1.2 billion. How? Well, let's explore what it is that got most people hooked on Zappos.

Sure, Zappos had a wider variety than a traditional shoe store. But it was Zappos Risk Reversal policy that really converted most prospects into loyal customers. Here's the decision-making process prospects go through before buying their first pair of Kenneth Coles on Zappos.

What if I don't like that shade of brown? Can I return it? Zappos' answer was yes.

If I try it on and find it won't fit, can I return it and get another pair? Their answer: yes.

Will you pay for the shipping and the cost of return shipping? Their answer was again: yes!

If I buy it and then randomly change my mind, can I still send it back and get my money back. Again, the answer was yes.

If I buy it and then find one for a cheaper price on Canal Street, can I send it back? Again, yes.

They had an answer for every *single* doubt their prospects had. They were prepared to lose a few dollars on return shipping because they were smart enough to understand once their prospects bought the shoes they would probably really like them and want to keep them. They knew their prices were good and they knew that once they got them hooked, they would be willing to tell their friends about them.

They were willing to bend over backward to give their prospects the best service possible and eliminate every single doubt from their mind. No physical shoe store I know would place that much trust in a customer.

Zappos had effectively reversed every single doubt prospects could have in their mind. They made it a no-brainer to be their customer. That's risk reversal. But my point is this: guarantees are fine, but they'll only get you so far. Risk Reversal on the other hand will make you millions and help you to dominate your market. But we're not done yet.

Let's look at guarantees that effectively reverse the buyer's risk and make it a no-brainer to purchase from you. You see, once you go beyond Level 1 and 2, there are 4 more levels of guarantees that fall in the Risk-Reversal Zone.

For example, a Level 3 Guarantee is called The Try and Then Buy Guarantee.

This type of guarantee allows the buyer to pay *after* they have used the product or service for 30 days. The buyer pays nothing upfront or perhaps they pay a small token amount like $1 to prove they're a serious customer. They then know that they will be billed later unless they cancel. This is also known as "Forced Continuity."

Here's how this type of guarantee works. You allow the buyer to make a purchase for a mere dollar. They get to play around with the product or try the service for 30 days. At the end of 30 days, unless they cancel, they authorize you to bill them the balance owed. Since a vast majority of customers are satisfied with their purchases, this saves the business owner the time, effort, and hassle of chasing down the prospect after the trial period to collect their payment information.

A Level 4 Guarantee is called Guaranteed Results or a Full Refund.

In essence, you guarantee a certain result, perhaps that you'll lose 10 pounds in 21 days... and allow the customer to claim a full refund if this goal isn't met. This guarantee is not only fair to the customer... it helps close sales because you're painting a positive picture in the customer's mind of what your product can do for them. You can make this guarantee even stronger by calling it the "Pay only if it works guarantee."

Next is a Level 5 Guarantee known as the Customer Always Wins Guarantee.

This is where the customer can return the main product for a full refund but can keep the accompanying bonus gifts. Let's say you sell energy-efficient lighting. As a bonus on sales over $50, you offer the customer a free energy-efficient bulb worth $10. Of course, the bulb would have cost you only $3 wholesale, but the perceived value to the customer is $10.

You allow the customer to return the lighting within 60 days if they aren't satisfied with their purchase. But they can keep the bulb as a thank you for trying out your store. So, the customer wins either way. That's very reassuring to them and they see they will at least receive something for their time. That's something to keep very much in mind these days. Most prospects value their time as much or more than their money, especially on sales below $50.

Some business owners worry that someone might take advantage of their generosity when using this guarantee. They're right. Someone could. But you'll find that very few actually do. Most people are fundamentally good. When using this type of guarantee, you'll find that less than one-half of one percent of buyers attempt to take advantage of this situation.

So, what if you lose $3 a few times to a few unethical buyers? The increase in sales you get will more than make up for this. This guarantee and risk reversal policy works well because of the psychological image it sets up in the buyer’s mind. Simply put, the buyer can't possibly lose. Even if they make the purchase and then must return the light fixtures, they still end up with a free bulb. To them, they always win! That's powerful risk reversal at work.

However, the key here is to *always* test your guarantee *before* you make it policy. Test it for 30 days and track your returns to see if this policy will be abused. Then make your final decision whether to implement it or not. I think you'll find the additional sales this type of guarantee attracts more than offsets the returns. A Level 5 Guarantee like we just discussed is where many of the *best* businesses stop. But there is one more level you should consider.

That level is known as a Level 6 Guarantee: The Platinum Guarantee.

This is where you offer the customer a double your money-back guarantee. Obviously, this requires some boldness on your part plus you had better know for a fact you do indeed have an excellent product. If you do, this guarantee can be market-dominating. Let's look at an example.

Let's say you have a proven and tested process you want to sell to other businesses. You decide to write a book that outlines your powerful process step-by-step. You then advertise the following guarantee...

If you implement the process outlined in this book and you haven't at least doubled your current profits... we will not only issue you a full refund... but we'll pay you TWICE your original investment. We'll pay you back double the cost of the book. That's $250. It's the least we can do to thank you for placing your trust in our business.

Now that's a market-dominating guarantee. In this next example, I'm going to personally reveal the risk reversal email that one business used to create a 50% overnight boost in sales for their book.

As you read this script, I want you to notice how they answer the customers' concerns regarding time, ease of use, and depth of knowledge. Here's the risk reversal email that skyrocketed their conversion rate by 50%.

An Important Note - If You're Still Undecided

If you own a website and you're looking to grow your business but still haven't ordered, you're probably hesitating for one of the following reasons.

Check the Response that Best Applies to You.

☐ **Reason #1: You've bought many books in the past but now they just sit on your shelf gathering dust. You just don't have the time right now.**

Our course is designed to inspire you to **take action**. It's broken down into easy, sequential steps with clear directions. We guarantee that every chapter will make you want to jump up, implement a tactic and grow your business.

So, here's what we'll do... If the reason above applies to you - we'll allow you to purchase the book for $1 USD. The balance of $249 will not be charged for 30 days.

Order the ENTIRE course for $1 and read the first few tactics. If you feel we're not living up to our promise, simply drop us an email at... and then list your email here. We'll not only cancel your billing, but we'll refund your dollar as well.

We know for a fact this book will not only inspire you - it will compel you to act, to take action... and to help you grow your business. Before you ever pay us more than a buck, you'll be looking at your business from an entirely different perspective.

Click here to order the ENTIRE Course
on a 30-Day Trial for just $1 »

Reason #2: You're new to this field and you're afraid that buying such a comprehensive course using advanced tactics will engulf you with too much information and you may get lost.

Our course is designed to be easy to apply to any business. Knowledge on its own is worthless. Applying that knowledge is the key to growing your business successfully. So, here's our promise. If at any point you get 'stuck' or have questions on how to further grow your business - we'll schedule a one-on-one call with you to offer individual help.

I will personally get on the phone with you and guide you step-by-step through any hurdles or difficulties you may have. In fact, you can request this help anytime by emailing me at... and then your email goes here.

Reason #3: Price is not the issue - time is the issue. You're busy... and you want access to the exact strategies and tactics that will produce a BIG upturn in your business. Are the tactics in this course really powerful enough?

Yes... they are. And we're willing to back that up with the following no risk guarantee. You can return the course to us ANYTIME within 90 days for a FULL, No-Questions Asked Money Back Guarantee. But your concern is really more about time than money.

So, let's also do this. We're confident that the tactics and strategies we outline in this book will make a huge positive influence on the number of sales, leads and revenue coming into your business. So confident in fact that we'll put our money where our mouth is.

If you implement just 5 of the tactics from this book and you haven't seen a minimum boost in revenue of at least 50%... we will not only issue you a full refund... we will issue you DOUBLE your money back.

Yes, we'll pay you DOUBLE the cost of the book. That's $500. Just show us the 5 tactics you implemented on your site. The money we'll pay you will be more than worth it because it will help us refine our tactics further. We'd be happy to pay you double your money back just to get that information.

Fair Enough?

Click Here Now to Order >>

That's it! This script created an overnight boost in sales of 50%. But consider what's really taking place here. A risk reversal like this one incentivizes the prospect to buy. It makes the prospect literally say to themselves that they would be an absolute fool if they didn't buy.

Consider the mother of all risk reversals that have ever existed. Several years ago, when both the economy and the auto industry were in the tank, car sales were hitting record lows. GM was really hurting, especially in the wake of the government bailout they received. Prospective car buyers were worried about the economy tanking further and they were especially concerned with their own jobs.

GM executives sat down and analyzed the mindset of these prospective buyers. They realized the risk a car buyer would be taking by purchasing a new car and then potentially losing their job down the road. So, GM adopted the following risk reversal policy: *Buy a new GM car or truck and if you are laid off from* *your job for any reason, we will make your car payments for you for one year.*

Now you must admit, that is the mother of all risk reversals, wouldn't you agree? The real key here is to discover the biggest fears, problems, frustrations, or concerns your prospects have when it comes to buying what you sell. What is it that may be stopping them from buying your product or service? Then develop a risk reversal strategy that completely eliminates whatever that is, and you will see your sales soar.

If you were to implement the ideas from this chapter into your business, by what percent could you increase your revenue? (Be conservative with your estimate and write the number in the space provided.)	%

Your Million-Dollar Message

Every business these days should have a “killer” elevator pitch. I personally call it a ***million-dollar message*** because if you can come up with the perfect elevator pitch that marries the message to your market, you can make a million dollars with it.

Unfortunately, most small business owners won’t take the time required to develop a “killer” elevator pitch. And that is a *major* mistake in my opinion. Just consider the case of Dave and Yvette Smith in Dallas, Texas. Dave and Yvette are in the travel industry.

They offer a business opportunity where couples can join their down line, at which time they help them set up an in-home travel agency that books trips and vacations for families. The couples that join their organization can make a very nice income every month working from home, and they are also entitled to huge discounts on some spectacular trips as well.

Unfortunately, Dave & Yvette weren’t very effective at getting that message out to their prospects. Their very first elevator pitch sounded like this:

“We help people diversify their income portfolios while taking trips.”

That’s simply *not* compelling. There’s no emotion in the wording and it just wasn’t resonating with anyone. In fact, using the phrase “diversify their income portfolios” made the prospect listening to this actually stop listening and mentally start trying to figure out what was just said. In fact, didn’t you just do the exact same thing?

For some reason, business owners think they *must* use complex wording to try to impress prospective clients when the exact opposite is true. Prospects just want to know how your product or service is going to benefit them. The easier and quicker you do that, the better they like it.

After finding themselves in the bottom 3% of all travel agents worldwide, Dave and Yvette had almost given up hope. Once we diagnosed that their problem was their messaging, our prescription was for them to learn our process for creating and developing an elevator pitch. We wanted to show them a simple, step-by-step process that would help them create their very own "million-dollar message."

Using the process we taught them, they spent weeks refining their elevator pitch until they heard that one specific response that told them they had it nailed:

"How do you do that?"

In just 60 short days, Yvette called us brimming with excitement. She said, "Guys… we nailed it!" When we asked her why she felt that way, she told us that she had a dentist appointment earlier that morning, and when she went to the receptionist to check-in, the receptionist recognized her and asked what she was doing these days. That's when she decided to try out their latest version of their elevator pitch.

"We help people make a fortune while taking dream vacations."

She said the entire dental office "shut down." Her exact words: "*It was just like that old E. F. Hutton commercial where everything goes dead silent.*" Right after I said it, two dental technicians came out of their treatment rooms and asked me "How do you do that?" I had three patients who were sitting in the waiting room and overheard me. They walked up to me immediately and asked for my business card. It was incredible.

"We help people make a fortune while taking dream vacations."

Now *that's* an elevator pitch. It's short, compelling, grabs your attention, and makes you instantly want to ask them "How do you do that?" They use it at every networking event they attend, and they walk out with prospects galore. They use it at Chamber events when they attend seminars, and whenever they introduce themselves to strangers. Everyone and I mean *everyone*, always ask them "How do you do that?"

By the way, the month they developed this new elevator pitch, their business revenue exploded by more than 400%. They went from a five-figure annual income to a six-figure *monthly* income. That's no coincidence. That's the power of taking the time to create a powerful and compelling elevator pitch. That's why you want to immediately create one for your business and then integrate it into all your sales and marketing collateral.

Your elevator pitch becomes a beacon. It attracts customers to you in droves. It drives your profits through the roof, and it gets your entire staff on the same page with a unifying message.

It reduces disputes and mismanagement of projects within your business by providing a specific focus. It brings huge success to areas that used to be difficult such as marketing. It's literally the most powerful tool you can own in your business.

Consider a real estate agent. Suppose you were thinking of buying a home and you overheard someone say, "I'm a real estate agent." Would you immediately want to engage that individual? Of course not. But suppose they said this:

"I help families buy homes larger than they thought they could afford."

Would you want to speak with them? Or suppose you received a promotion at work that required you to quickly relocate out of state. Would you respond to a real estate agent or broker that said this:

“I guarantee I can sell any home within 29 days… or I sell it for free!”

Or suppose you were a real estate investor and an agent said this:

“I help savvy real estate investors take full advantage of the current drop in real estate values by showing them how to acquire multimillion-dollar homes for no money down and add millions to their net worth overnight.”

Once developed, your elevator pitch becomes your core message, your new “mantra” so to speak. It becomes your “war cry” that you position in *every* form of communication you use. It becomes the central theme throughout all your lead generation and lead conversion materials.

That’s why you may need to spend hours… days… weeks… perhaps even months developing, tweaking, and refining your elevator pitch. And you will continue to do so forever. There will *always* be a new and better way to get your message out to your ideal client, and you need to *always* look for that new and better way, for as long as you’re in business.

As conditions change within your industry, you should revisit your elevator pitch. Whenever you add a new innovation to your business, you should revisit it as well. Hopefully, we’re convincing you that it’s worth all the time and effort you’ll put into it. And when you nail it, use it well, use it often, and use it everywhere you go.

It literally becomes your “**million-dollar message**!”

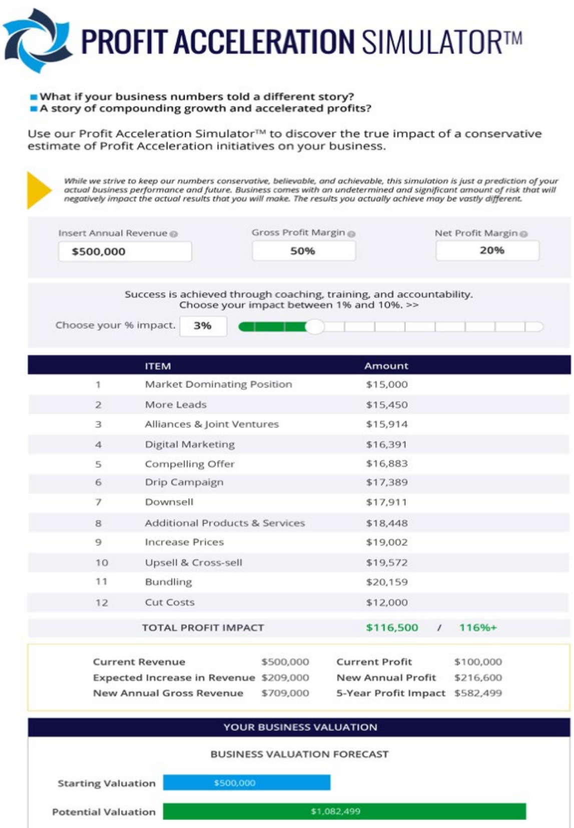
If you were to implement the ideas from this chapter into your business, by what percent could you increase your revenue?

(Be conservative with your estimate and write the number in the space provided.)

	%

ROI - Generate Wealth for Your Business

Recently, a business owner told me his new marketing program was generating a ton of leads but producing very few sales. He was ready to write the whole program off as a failure. He asked me what I thought, and I said the secret here is to *know the difference between "response rate" and "return on investment."* As I work with business owners, I continuously emphasize the fact that little changes can produce big results overall. This chart is an excellent example of this:



PROFIT ACCELERATION SIMULATOR™

- What if your business numbers told a different story?
- A story of compounding growth and accelerated profits?

Use our Profit Acceleration Simulator™ to discover the true impact of a conservative estimate of Profit Acceleration initiatives on your business.

While we strive to keep our numbers conservative, believable, and achievable, this simulation is just a prediction of your actual business performance and future. Business comes with an undetermined and significant amount of risk that will negatively impact the actual results that you will make. The results you actually achieve may be vastly different.

Insert Annual Revenue	Gross Profit Margin	Net Profit Margin
$500,000	50%	20%

Success is achieved through coaching, training, and accountability.
Choose your impact between 1% and 10%. >>

Choose your % impact. 3%

	ITEM	Amount
1	Market Dominating Position	$15,000
2	More Leads	$15,450
3	Alliances & Joint Ventures	$15,914
4	Digital Marketing	$16,391
5	Compelling Offer	$16,883
6	Drip Campaign	$17,389
7	Downsell	$17,911
8	Additional Products & Services	$18,448
9	Increase Prices	$19,002
10	Upsell & Cross-sell	$19,572
11	Bundling	$20,159
12	Cut Costs	$12,000
	TOTAL PROFIT IMPACT	$116,500 / 116%+

Current Revenue	$500,000	Current Profit	$100,000
Expected Increase in Revenue	$209,000	New Annual Profit	$216,600
New Annual Gross Revenue	$709,000	5-Year Profit Impact	$582,499

YOUR BUSINESS VALUATION

BUSINESS VALUATION FORECAST

1	Market Dominating Position	$ 9,000
2	More Leads	$ 9,270
3	Alliances & Joint Ventures	$ 9,548
4	Digital Marketing	$ 9,835
5	Compelling Offer	$ 10,130
6	Drip Campaign	$ 10,433
7	Downsell	$ 10,746
8	Additional Products & Services	$ 11,069
9	Increase Prices	$ 11,401
10	Upsell & Cross-sell	$ 11,743
11	Bundling	$ 12,095
12	Cut Costs	$ 7,200

TOTAL PROFIT IMPACT $69,900 / 116%+

Current Revenue	**$300,000**	**Current Profit**	**$60,000**
Expected Increase in Revenue	**$125,400**	**New Annual Profit**	**$129,900**
New Annual Gross Revenue	**$425,400**	**Increase in Valuatior**	**$349,499**

This chart focuses on a few simple areas of business that business owners can easily impact quickly and inexpensively.

Note that a meager 3% increase in just these 12 areas can propel a business making just $60,000 in annual profit to more than 6 figures (more than double). This type of increase is nothing short of *transformational* for any small business.

To be sure business owners achieve these small changes, it’s important that they know and understand the difference between their response rate and their actual return on investment.

In other words, when a business spends money on marketing, how many prospects does that marketing generate and how much money do they put into their pocket because of that marketing? After all, it doesn’t do any good to generate a thousand prospects if none of them buy.

It’s also worthless if they spend a thousand dollars on marketing and sell just five $100 products that have a gross profit margin of $250. This means they’ve just lost $750. Not a very smart move obviously and yet I speak with business owners every week that are doing exactly that.

Let me tell you about a real-life example involving a real estate agent and how an “uneducated” agent can lose a lot of money by not knowing the difference between response rate and ROI. I don't want you to fall into this same costly trap.

Not long ago an agent called me and said he was really disappointed with his marketing results. He told me that he placed home listing informational brochures into tube flyers on the signs outside his seller’s homes, and after two months had only gotten one client from them.

He thought that generating one client was a lousy response rate and that he probably wouldn't continue this promotion any longer. We started talking. I asked him how many active listings he currently had. He said 4. I asked him how much he spent to keep those info tubes filled with his “property flyers.” He said about $40 on each listing per month.

I asked him how many total calls he received during those two months. He said he had gotten over 110 calls but most of them were lousy leads and basically annoying interruptions.

I asked him how much in commission he made from that one sale he completed. He said his co-broker commission was about

$9,600 on the buyer, but after deducting out expenses and splits, his gross profit was about $5,000.

“OK,” I said, “Let's do some simple math. You spent about $160 a month on 4 listings, which totals $320 a month in marketing expenses for those 2 months.

You received 110 calls, which means you spent $2.91 for each lead you received ($320 / 110 = $2.91). Of those 110 calls, you actually closed 1 of them into a client - netting you a total of $5,000 in gross profit.”

“Yeah,” he said, “But I only got ONE sale from all those leads.”

So, I asked him this: “If you went down to your local bank and handed them $320, and two months later they handed you a check for $5,000, do you think that would be a good deal for you?”

He said it would be a windfall, an unbelievable return on his money. I said, “Then why do you think getting $5,000 for spending $320 on your marketing is such a bad deal?”

He said he expected more. So, we talked about what he could start doing to make some slight tweaks and minor adjustments that would motivate more prospects to call and the additional steps he could take to convert those additional calls into more clients.

Remember those areas in the chart? For example, a drip campaign is probably the single most powerful strategy any business can ever deploy. Unfortunately, a vast majority of businesses today completely fail to follow up with their prospects.

This agent was generating 110 prospects every two months… with *zero* follow up. *Are you kidding me?* Do you think people would stop their cars to get out and retrieve a flyer from a yard sign if they weren't seriously interested in purchasing a home? These are *qualified* leads, and they should be nurtured over a period of months. When this agent implemented a drip campaign we helped him create, his sales increased from one every two months to *six per month*.

By the way, that was a 1200% increase in sales. So, when we say that 3% is a conservative estimate for the area of Drip Campaign, you see that we're being ultra-conservative.

Like this real estate agent, most business owners look at "response rate" and *not* "return on investment." I've seen them actually stop working on promotions that were working and shift over to promotions that were complete duds. Many of them just don't know the difference.

This is the single biggest reason why you should be measuring the effectiveness of your marketing, so you'll know the difference between a windfall profit and a hopeless loss.

And when you get multiple impacts in your business over several areas, the impact is exponential!

If you were to implement the ideas from this chapter into your business, by what percent could you increase your revenue? (Be conservative with your estimate and write the number in the space provided.)	%

Discount Your Prices and Go Broke!

When any small business feels the need to increase sales, they immediately think the best way to accomplish that goal is to discount their prices. Every day you see products and services offered at discounts ranging from 10% up to 70% in some cases.

According to a study published in the *Journal of Marketing*, businesses that discount are missing the point. The latest research has discovered that shoppers much prefer getting something extra for free versus getting something cheaper. The main reason is that *all consumers want to feel that they're getting the best deal* and unfortunately, most people struggle when it comes to calculating fractions. They have no way to actually determine whether a percentage discount is truly a good deal for them or not.

For example, consumers fail to realize that a 50% increase in quantity is the same as a 33% discount in price. They overwhelmingly assume that receiving the higher quantity is a *much* better deal. When tested, researchers sold 73% more hand lotion when it was offered in a bonus pack than when it carried an equivalent discount.

This numerical blind spot remains even when the deal clearly favors the discounted product. In another experiment, researchers offered consumers two deals on loose coffee beans: 33% extra for free or 33% off the regular price. The discount is by far the better deal, but the consumers viewed them as being equal.

Studies have shown one major way retailers can exploit consumers' ignorance when it comes to discounting is to bewilder them using double discounting. Researchers found that consumers are more likely to see a bargain when a product has been reduced by 20%, and then by an additional 25% versus one which has been reduced by 40%. Although both discounts are exactly the same, consumers overwhelmingly chose the double discount as the best deal. But here's what you really need to know.

Most business owners discount their prices without properly preparing a strategic plan of action. A strategic action plan is a collection of tactics that are implemented in a predetermined sequence to produce a specific outcome. You *must* implement a pricing strategy that will produce the appropriate end result for your business which is to increase your profit margins. The process we’re teaching you here will enable you to do this.

To get you in the proper frame of mind, it’s important that you realize that when a prospect considers buying what you sell, they all want the exact same thing: the best deal. It doesn’t matter if it’s a stick of gum or a new car, we all want to know we’ve gotten the best deal we could possibly get. However, the best deal doesn’t mean the lowest price. It means the most value for the price we pay.

Most small business owners mistakenly assume everyone is shopping for the lowest price. In reality, most of them are but only because the sellers give the buyers no other choice. You see, if all the sellers look exactly the same, in other words, they all offer the exact same product or service, then the only value proposition left to a buyer is the price. Want proof?

In the U.S., there is a coupon mailer called Valpak. This is an envelope that comes in the mail and contains 40 – 50 single and double-sided ads for a multitude of products and services. If you review those coupons, you will quickly see that all of them look the same. They place the name of the business at the top, a "menu" of that business's products or services in the middle, and then their contact information at the bottom. Believe it or not, this is done deliberately by the advertising representatives that design the ads. They want all the ads to look alike. Why?

Because they know all too well that prospects buy value and by designing all the ads to look the same, the only major value proposition left to the prospect is the business offering the lowest price. Unfortunately, the prospect simply doesn't have the time to call every business listed and ask them what they charge. The advertising reps know this.

They also know when the prospect realizes they don't have time to call everyone listed, they automatically default to a secondary value proposition which are the ads that are multi-colored. The reason: Most prospects believe that the businesses that have opted for color, which is more expensive to print than black and white ads, are more stable and reliable. This provides Valpak with a huge sales advantage. You see, they track the results their customers get from their ads, and statistically, an ad with color will often generate double the number of leads.

They then present these statistical advantages to their customers the next time their ad comes up for renewal and use it to convince that customer to use color for their ad as well. Naturally, Valpak charges more to produce ads in color and they make more money for each client they convert.

The real key to success in marketing is to offer more value than your competition. Prospects will pay twice the price if they believe they're receiving four times more value. Unfortunately for a vast majority of small business owners, they truly believe that price is the sole determining factor when prospects make a buying decision. Then to add insult to injury, they begin to “discount” their price and end up destroying their profit margins. This may shock you, but do you realize if you discount your price by a mere 10% you now must sell 33% more just to break even?

For example, if you sell a widget for $100 and you have a 30% profit margin, then you end up making $30 for every widget you sell. That means your cost basis for that widget is $70. If you discount that widget 10% and sell it for $90 instead of $100, your cost basis is still $70. Now you’re only making $20 in profit instead of $30. You now must sell 33% more widgets to get back to your original profit margin.

But consider this: When was the last time you saw a business offer a measly 10% discount? Most of the time they offer 20% to 40% discounts and then they scratch their heads wondering why they’re going broke. And to add worse news on top of this already bleak scenario, did you know that the latest research shows that discounting doesn’t actually impact a prospect’s buying decision unless that discount is for 40% or more?

The closely guarded secret that successful businesses don’t want you to know is this. STOP discounting, and instead, innovate your business so you offer more value than your competition, even if that means increasing your price. Discounting destroys profit and profit is the lifeblood of every business. I know businesses that are making well over $2 million dollars in annual revenue and yet they fail to make a profit. Then they sit around asking themselves how they can dramatically increase their revenue.

Why would you want to increase your revenue when you don’t get to put any of it into your pocket? Increasing your revenue without generating a profit is a death sentence for any business and yet they all assume that increasing revenue is the key to business success. It isn't! *Increasing profits is the key… so STOP discounting*.

When you discount your price, you lose the full value of every dollar you discount. That $100 widget being sold for a 10% discount now comes with a physical cost of $10 to that business. Instead, what if that business added a complementary product or service that cost that business $10 but had a perceived value of $50 to the prospect? And instead of selling that $100 widget for $100, they now offered the $100 widget plus the $50 bonus for a total of $120. Which offer looks like the best value?

That's why smart business owners will add value to what they sell and then increase the price accordingly. As an example, let's say a restaurant offers you a 25% discount on your favorite meal that costs $40. The restaurant next door has your same favorite meal at the exact same price, but they include a bottle of wine and your dessert for free. Which restaurant would you do business with? Most people select the restaurant offering the wine and dessert. After all, it's the best deal, isn't it?

The restaurant offering you 25% off your $40 meal is a savings to you of $10. But at the second restaurant, the bottle of wine is listed on the menu for $25 and the dessert is $6. Therefore, you perceive that you're saving $31 instead of $10. That's quite a deal.

You may be asking how the second restaurant can afford to make such a lucrative offer? They can do it because they know their costs. That $25 bottle of wine only costs them $8 wholesale. And the $6 dessert costs maybe $1 wholesale.

The first restaurant, by offering a discount, physically loses $10 cash. The second restaurant only spent $9 and yet still created the perception that their customer was receiving *much* more value for their money. In this example, both the restaurant and the customer come away winners.

And once restaurant #2 promotes this offering in their marketing, they will create a market-dominating position. After all, who will want to pass up receiving $31 in free stuff on a $40 meal? And yet, the restaurant is spending less overall than the restaurant providing the discount. This is one reason I'm not a fan of discounting as such. Naturally, you must consider your circumstances and the situation, but overall, you're much better off offering something with a high perceived value but a low cost to you overall.

The key is to create added value in everything you do. Prospects and customers *don't* buy based on price; they buy *based on the value they receive for the price they pay*. As a business owner, focus on creating added value and you will soon dominate your competition.

If you were to implement the ideas from this chapter into your business, by what percent could you increase your revenue? (Be conservative with your estimate and write the number in the space provided.)	%

Raise Your Prices in a Way No One Will Blink an Eye At

Have you ever asked yourself the question, “How much more money could I make if I increased my prices?” Perhaps you’ve asked that question before, but there comes a warning in your brain, “Be careful! If you raise your prices, you’ll lose customers.” Optimizing pricing is a (potentially) complex and sensitive topic. It’s insufficient (and potentially disastrous) to simply say, “Just increase your prices by 5%.” It could totally put you out of business.

However, in this chapter, I’m going to simplify it, so you have a step-by-step process.

Before we dive into this topic, we must understand The Power of Gross Profit Margin.

Understanding the difference between Net Profit and Gross Profit is critical to understanding how small changes in price can massively impact your “take-home profits”.

Let's say you sell a widget for $100, and your Net Profit is 15%… or $15. You decide to **increase that price by 5%** to $105. Since you have a net profit margin of 15%, you believe you’ll be able to pocket just 15% of that additional $5, or 75 cents. That’s completely WRONG! When you increase price, it’s ALL profit. 100% of it. So, if you originally make a $15 profit on a $100 sale, you’ll now make a $20 profit on that same sale. That’s a 33% increase in profits!

To further understand this lesson, let's look at this chart to understand what can happen.

Current Revenue	$1,000,000
Net Profit Margin	15%
Net Profit	$150,000
Proposed Price Increase	**5%**
New Revenue	$1,050,000
Increase in Net Profits	$50,000
New Net Profits	$200,000
Increase in Net Profits as a %	33.3%
Gross Profit Margin	50%
Number of Current Customers	1,000
Number of Customers You Would Need to Maintain to Achieve the Same Original Net Profits	909
Number of Customers You Could Lose and Still Maintain the Same Original Net Profits	**91**
Percent of Customers You Could Lose and Still Maintain the Same Original Net Profits	9.1%

Company A has revenues of $1,000,000 and has a 15% Net Profit Margin. Therefore, their net profits are $150,000. With a 5% price increase, the Revenue would increase from $1,000,000 to $1,050,000. Net profits would increase by $50,000 which is a 33.3% increase in profits.

Let's say that Company A has 1,000 customers. With current net profits of $150,000, they make a net profit of $150 per customer. But by raising the price 5%, they'd now make $200 per customer.

To maintain the same original net profits, they would only need to retain 909 of those 1,000 customers.

This also means that Company A could lose 91, or 9.1% of their 1,000 customers, and still maintain the same original net profit. The question becomes, "Will Company A lose 91 customers when they raise their prices by 5%?" Only Company A can estimate that accurately, but we can use strategic thinking to help us make that decision.

We are all aware that it's often impossible for many business owners to raise their prices by 5%. If you have a product that is viewed as a commodity, then a 5% increase will lose you some, if not most of your business. That is unless you create additional value for that commodity you sell. Obviously, you don't want to take that chance.

But keep this in mind: Often, those customers who do leave you after a price increase are likely the ones who are the biggest complainers, need the most customer support, are normally behind in their payments, and generally cause the greatest amount of stress in your day. This means, by increasing your prices, you can make more money and deal with fewer customers. It can restore the joy of doing business. It frees up your customer support line, or it allows you to re-assign your staff to more important tasks. With the biggest problem instigators out of the way, you can serve the others at a higher level, and this increases your value proposition.

9 Steps to Raise Your Prices

Let's discuss pricing research. The primary goal is to determine the uniqueness of your product or service, including how it's delivered. If the products or services are unique, or if they have unique distribution (E.g., ice cream at Disneyland), then a price increase can be effective.

Step 1: Identify who else is providing the same or a similar product or service.

This is a fairly easy one to understand, though it can be time-consuming to do it well. You will see these businesses with your own eyes during the regular course of your day. If you've had your business idea for a while, or you've been in business for some time, you already have a good sense of who your competitors are. Write down their names on a formal list and be sure to include competitors that offer similar products or services or ones that the market may assume to be similar.

Step 2: Next to each name, write down the details of their offerings.

Include their special deals, their marketing offers, collect their ads, get on their mailing lists, visit them in their stores, walk their aisles, ask them questions, see how their staff treats you, and take extensive notes.

Specifically, focus on these **8 Pricing Research Questions**:

1. What are the prices for their primary products and services?
2. How comparable is your product/service to your competitors?
3. Do they offer any special deals or inducements to attract customers?
4. Do they provide any value-add services that the customer perceives to make their product more valuable?
5. What level of customer support is given?
6. Is there an additional cost for delivery?
7. Do they offer options on payment terms that make it easier for a customer to buy?
8. To what extent does their risk-reversal include guarantees or warranties?

The point of this pricing research is to help you decide how much information you need to make a wise decision on pricing and increase your probability of success.

Step 3: Understand the impact on your business of various price increases.
If you see that you could raise prices by 3% or 5% to make an additional $5,000 of profit per month, wouldn't it be worth your while to do this research, or at least pay a college student $1,000 - $2,000 to get those answers for you? This leads to Step 4.

Step 4: Do the research or hire someone to do the research for you.
You *need* this. Don't wait around and think you'll get to it next month. Take action *now* and get it done.

Step 5: Decide how you can add value to your offering.
Many businesses operate within a model just like every other business in their niche or industry. Because they have been born and bred into that industry, their ability to pull ideas from other industries into their own is limited. That's why I'm a big fan of a systematic study program of businesses outside your industry.

When you begin to see how dentists in Australia market their business, or clothing stores in England, or car dealerships in Japan, and you can extract their best practices and apply them to your situation, you can gain significant advantages over your competition.

For example, a Honda dealer in Japan shows their visitors to a table and offers them a menu of drinks from a small, laminated card. People can choose iced coffee or tea, hot coffee or tea, a variety of sodas, hot chocolate, or water.

What does that drink cost the dealership? Perhaps 50 cents? Aren't there a lot of businesses that could easily adopt that in this country? A hair salon could bring out a menu of drinks. A dentist. A chiropractor. A florist. A mortgage broker. The list is endless.

This is an example of a value-add. It costs very little but adds to the perceived value of your business.

In some businesses, a good value-add is giving free education. It could be in the form of a special report, a white paper, or a special link to a section of your website. How much would that extra education cost you to deliver? Next to nothing, right? But it increases the value of your offering and often justifies your marginal price increase.

The Japanese are tough to compete with because they were taught, as a nation, how to optimize. Dr. Edward Deming was an American change expert who came in after WWII and taught Japan how to make continuous, never-ending improvements in the smallest facets of their businesses. So now they have meetings about how to improve the customer experience so they can be marginally better than their competitors.

That’s the attitude we must take when we help a customer or client. These questions may help…

- How can we improve the way we help others?
- What problems can we solve for our clients?
- How can we have a greater impact this month over last?
- How can we give more value to them this month?
- How can we provide more than our competitors do?

Maybe there’s nothing much to distinguish you or what you offer in terms of your product or service, but perhaps you can have a tremendous advantage in how you serve them, acknowledge them, empathize with them, advise them.

Wouldn't that set you apart? Wouldn't that grow your business if the word got around?

Maybe you're in an industry where it's impossible to raise your prices. Think about this: if you were perceived by the marketplace as the one who offered the most value for that price, who do you think would get the lion's share of the business? It would be *you* … at the expense of your competition.

In almost every business, there are groups of customers that will gladly pay a little extra for a higher level of service. If you identify this in your business, you may want to consider raising your service level and *then* your pricing. Some salons offer a glass of wine with every hair appointment. It's the little value-added services that set them apart. These things don't require huge investments, but they add tremendous *perceived* value.

Raising your prices is one certain way to increase your revenues and your profits. However, there is a right way to do this, and a wrong way. Most business managers that I have spoken with have raised their prices in the wrong way. For example, a few years ago, I went to a certain hair salon where I normally paid $20 for a haircut. On this particular visit, at the end of my cut, I was charged $26. I was shocked. The owner just gave me a goofy smile and said, "Yeah, our prices went up." I was shocked and offended. And I never went back to that salon.

Do you see where they made their mistake? They raised their prices but didn't give me a good reason WHY they did it so I could understand and accept that increase. Even if they had said at the beginning of my appointment, "I'm sorry, but we've had to increase our prices because…" and then gave me a reasonable excuse, I would have been much more willing to continue going to them. This leads us to Step 6.

Step 6: Learn how to articulate the value you add.
Let's face it, if your selling abilities are mediocre, if your website copy isn't all that persuasive, if your frontline staff isn't engaged in the process, you will have a more difficult job raising your prices. Therefore, your job is to make sure that your prospects and customers are absolutely sold on the price increase, and even think they're getting a great deal.

Get your staff excited about this process. Show them how they'll benefit if they are fully engaged. Encourage them to come up with creative methods or scripts to articulate this value.

Step 7: Clearly state the reason for your price increase in a manner that is acceptable to the customers.
Sometimes the market will allow a certain price increase, but they will embrace it more easily if you clearly state the reason why.

If you clearly state the reason in a manner that is logically acceptable and valid to your market, then this extra profit represents enormous leverage through your entire business. Perhaps you can add a "bonus" or incentive that has a high-perceived value but costs you very little. That alone could give you a competitive advantage.

Step 8: Test cautiously.
If you have several locations, test your higher prices in only one or two locations and analyze the reactions of the customers. If your revenues increase, then you can continue testing throughout your remaining locations. If you only have one location, you can still test a few items without raising the prices on everything. The point is to always test! Then be sensitive to the test results and examine if you should proceed or pull back.

Step 9: Understand how to leverage your additional profits.
For our example of Company A that we've already discussed, a 5% increase in price meant an additional $50,000 in the bank. A smart business owner will NOT take this $50,000 and go out and buy a new BMW. A *strategic* business owner understands that **whoever can spend the most to acquire a customer will dominate the market**. Therefore, better use of that $50,000 would be to take a certain percentage of it, perhaps half, and use it to increase or improve their marketing campaign.

If you follow these 9 steps, there is a strong possibility that you will not only retain the customers you have but gain many more through referral programs and other strategies and tactics that you have established.

5 Reasons You Should Raise Your Prices

Some people might think that it's somehow inappropriate or immoral to charge more. After all, they may think that higher prices will hurt their customers. However, here are **5 Reasons to Raise Your Prices**.

Leverage
With more money in your bank, you can use that money to grow your business faster.

Perception of value
With a higher price, you have a higher perceived value. Generally, you don't want to compete on price because it's a difficult position to maintain. But if you strive to give value to your customers above and beyond what your competitors are willing to do, then you will grow your business and you'll attract higher-quality customers.

Higher quality customers
As we mentioned, when you raise your prices, you may have some people defect, but those people are usually your problem customers. They'll end up going to your competitors and you'll be freed up to offer better value to the customers that remain with you.

You can offer greater value
Remember, customers shop value, not price. So, this becomes cyclical—you raise your prices, you offer more value, you attract more customers, you're able to offer even more value, you're able to attract even more customers, and so on.

More money in your bank. Who doesn't want that?

6 Psychological Tips to Optimize Pricing

Most of us understand that there is some psychological reasoning for the prices that we charge, although our understanding is very limited. You may have heard, for example, that $1.99 is a better price than $2.00, and you know it has *something* to do with psychology. Is there a way to apply these psychological principles to our pricing decisions? The answer is YES.

Tip #1: The power of the left digit.
In our above example, we compared $1.99 versus $2.00. $1.99 is a more persuasive price because the left digit, in this case, 1 is lower than 2. In the same way, $7.99 will be more attractive than $8.00.

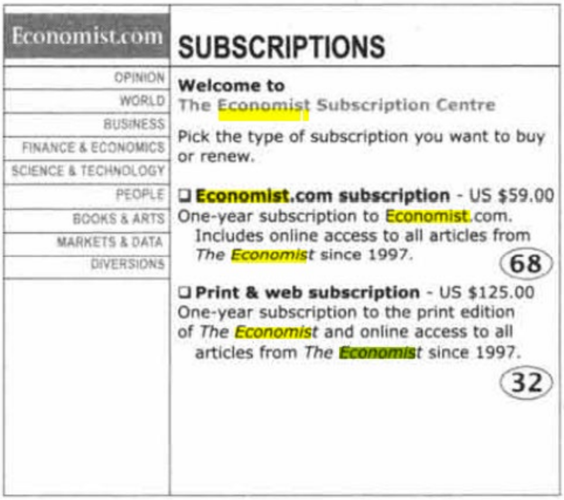
What if your price was $150? Obviously, you can't reduce the left-most digit because then you'd be down to $99. Therefore, choose the next to left digit. In this case, you'd change $150 to $149 or $149.95.

What if your price was $2,800? Again, you can't change the 2 to a 1, but you could change the 8 to a 7. So, a better price would be $2,799.

Does it make a difference? Yes, research shows anywhere from 0.5% to 3% in increased sales.

Tip #2: Remove the comma.
$1,550 appears to be higher than $1550. The reason? When people speak it or sound it out in their mind, the first one sounds like "one thousand five hundred and fifty dollars". The second one *sounds* smaller: "Fifteen-fifty". There's less friction. Less effort. It's "easier to swallow" so to speak.

Tip #3: Add a diversion.
Dan Ariely made this example famous in his book, Predictably Irrational. He cited the case of the publication *The Economist* that was attempting to increase its subscriber base. In the first example, they offered online access for $59, and Print and Web access for $125. You'll see from the chart that they got 68% of their sales from the $59 option.



In the second example, they added a diversion, which was the Print subscription only, and they priced it at $125. Now people had something to which they could compare the higher-priced alternative, and 84% of subscribers now saw the Print and Web subscription as a better deal.

In the first case, the experiment netted $8,012 per month in subscriptions. In the second example, it netted $11,444 in monthly subscriptions, a whopping 43% increase in revenue, and, no doubt, a doubling or more of their profits.

As in the example, your diversion must clearly show that your higher-priced option is a no-brainer.

Tip #4: Give Percentage Discounts on prices under $100.
Conversely, show the dollar value on prices over $100. If the price is $30, a 10% discount is $3. You'll sell more if you show the price to be 10% off, rather than $3 off because 10 off looks like a better deal than 3.

However, if you're selling something for $200 and you want to give 10% off, tell people it's $20 off because 20 is a better deal than 10.

Tip #5: Make the number as small as possible.
You can do this by offering payments or showing a weekly or daily comparison. A $30,000 car sounds much more expensive than $299/month. And that sounds much more expensive than $9.95/day. If people use the product or service monthly, use a monthly price. If they tend to use it daily, use a daily price. Even a $750,000 home is only $82/day!

Tip #6: Only give discounts on lower-priced products or services.
If you discount a higher-priced product or service, you could damage your brand. For example, if a consultant sells a consulting package for $10,000 (or, even better, $9,950), it would look suspicious if he discounted it. However, if the same consultant sold an e-book for $19.95, he could get away with offering a discount because it wouldn't damage his brand.

Finally, with this lesson on raising prices, it may bring up the question about *lowering* your prices. Is it ever appropriate? The answer is a tentative yes. There are **3 Reasons You Might Consider Lowering Your Prices**.

Reason #1: Lower Your Prices to Capture Market Share
I'm not normally an advocate of lowering your prices to capture market share and would advise against it unless you have a thorough understanding of your market, of price elasticity in your industry, and you know what both your customers and your competitors will do in reaction to your lowered prices. But allow me to quickly cover this so you understand the key elements.

Briefly, “Price Elasticity of Demand” is defined as: A measure of the responsiveness of the quantity demanded of a good to a change in its price. It’s calculated as:

$$= \frac{\textbf{\% Change in Quantity Demanded}}{\textbf{\% Change in Price}}$$

If a small change in price is accompanied by a large change in quantity demanded, the product is said to be elastic (or responsive to price changes). For example, if you’re operating in a very competitive market and you lowered your price by 1% but had a 20% increase in new sales, you would say this is “elastic”. This is the reason you must do your research.

The opposite also applies; a product is inelastic if a large change in price is accompanied by a small amount of change in demand. A salon owner could effectively raise her prices by 10% (for example, from $30 to $33 for a cut) and see little change in demand.

Reason #2: You might lower your prices as a temporary strategy to penetrate a market.

With this strategy, a lot of assumptions are made, including the idea that you will gain a higher sales volume. To achieve success in this area, you must be able to take advantage of economies of scale so that your costs to produce your products are significantly lower than those of your competition. You may also need “deep pockets” in case you enter a pricing war.

Reason #3: You might lower your prices on a limited number of your products or services because they act as a “loss leader” for your other products or services.

Supermarkets do this all the time. They get their customers to come in for attractive pricing on things like ice cream or milk and they may actually lose money on those sales, but they make significant profits on all the other items that the customers buy.

A variation of this is that you might also lower your prices on a certain product or service because you know that your “back end” is significant. That is to say, the array of products or services that you sell to your new customer over the lifetime that the customer will do business with you will far and away out-measure the profit you make (or you lose) on that first sale.

For example, a chiropractor we know has a “New Customer Appreciation Day” where he charges nothing for x-rays. Why does he do this? Because he knows that there’s a high probability that the patient will come back to him time and again for several years and the profit that he makes over time is excellent. The Lifetime Value of a chiropractic patient is upwards of $3,000 so he can afford to give away an x-ray which cost him just a few dollars on that first visit.

So, the bottom line to pricing is this – do your research, and if the numbers support a price increase – DO IT! But justify it with clear and compelling reasons. Then use your additional profit to build the business of your dreams!

If you were to implement the ideas from this chapter into your business, by what percent could you increase your revenue? (Be conservative with your estimate and write the number in the space provided.)	%

Start Competing on Value

Recently, I read a wonderful article in Go-To-Market Strategies regarding the topic of selling value versus price. If you have ever read any columns, books, or business training courses, you have undoubtedly heard that prospects don't "buy price" but they "buy value".

That's why you must first focus on identifying the specific things your ideal clients want and then look for ways to innovate your business, so you not only give them what they want, you go above and beyond what your prospects are expecting.

All business owners, at some point in time, are faced with the pressure to negotiate their price. This is especially true for those who sell (or want to sell) at the higher end of their market.

There are many schools of thought about dealing with this common sales objection, but the general consensus is to steer the prospect *away* from the conversation of price and *toward* a discussion of value.

But what is value?

Technically, value means "the amount of money or relative worth that's considered to be the fair equivalent for what's to be received in return." Should be easy to identify and communicate, right? If it were only that easy! The truth about selling value is that it sounds much easier than it is to actually do.

As you begin to develop your "value pitch", remember these two very important things: Your value must be *relevant* to your buyer and it must be an *exclusive* value-add, meaning only you offer it.

Let me give you a quick example of this. There was an advertisement on TV for LaQuinta Inns several years ago. I have stayed at LaQuinta several times in the past and have always found them clean and comfortable. I would rate them in the middle of the road for hotels. They're better than Motel 6 but not on the same level as a Hilton.

What were they highlighting in their advertisements? They focused on the fact that they have remodeled their sleeping rooms and their lobbies. And guess what? They have *completely* missed the boat. Rooms and lobbies are *not* the hot button issues with travelers. First of all, I *expect* a nice room when I go to a LaQuinta Inn. In fact, the rooms they show me in their ads actually look tackier than what I remember when I last stayed there. The rooms look exactly like a room in a Motel 6.

As for the lobby, how much time did you spend in the lobby at the last hotel you stayed at? Who cares anything at all about the rooms or the lobby? No one, because travelers expect both of those to be nice. The key to selling value is to give your prospects what they want and expect so you don't disappoint but then you *must* "innovate" your business, so you surprise your prospects and customers by exceeding what they expect.

If I owned a LaQuinta Inn in southern California for instance, and my ideal client was a family of four enjoying vacation time, then I know they expect a nice room, clean sheets and towels, probably a swimming pool for the kids, and a continental breakfast in the morning. But that's what they *expect*, so I better make sure I offer all of those.

But what if during check-in, I inform them that they will receive, as part of our service, a five-minute vacation analysis with our concierge. During the meeting with the parents, the concierge discovers the family is on vacation and they plan to take the kids to Sea World in San Diego, Disneyland in Anaheim, and Universal Studios in Hollywood.

What if the concierge handed them discounted tickets to each of the parks, discounted meal coupons at restaurants close by all those parks, and provided them with free passes to a live filming in Hollywood of one of the kids' favorite TV shows?

And all of this is complementary. Think they might “notice” this service? Think they might mention this to friends, family, relatives, acquaintances, and business associates when they return home? Think the local newspaper, radio, and TV stations “might” be interested in doing a local news spot on this hotel offering this remarkable “standard” service?

Now, you might be asking what all of this would cost LaQuinta. All the discount coupons are provided by the parks. Same thing for the meal discounts from the restaurants.

By the way, what if the hotel created a special “vacation package” that included all these services and discounts? Think they could charge an additional 20% per day for the room rate and get it all day long? This hotel would be booked solid months in advance.

Can you see what I mean by “value?”

It truly is in the eye of the beholder. That’s why I encourage you to focus on ways you can “innovate” your business. If you massively innovate your business, marketing becomes easy. The value becomes so apparent all you have to do is just mention it without worrying about fancy words or magic phrases. Try it and see if it works for your business. I guarantee you won’t be sorry.

If you were to implement the ideas from this chapter into your business, by what percent could you increase your revenue?

(Be conservative with your estimate and write the number in the space provided.)

	%

Get Your Customers to Stay Loyal for a Long Time

In this chapter, we want to determine how we can increase the longevity of the buying relationship. Customers stay with you, on average, for a certain amount of time. If we can discover ways to lengthen the time they stay with us, say by 5% or 10% or more, then we'll increase our revenue by that equivalent amount and our profits by even more. Let's start with the financial impact.

Understand the Financial Impact of a Longer Buying Relationship

Every business has something called "churn". Customers "churn" through your business at a given rate. This means that they stop doing business with you. To calculate the rate, simply divide the number of customers you lose in a given time period by the number of customers you start within that period.

Calculate Churn Rate: $\dfrac{\text{\# of Customers You Lose}}{\text{\# of Customers Your Start With}}$

For example, if you have 100 customers at the beginning of the year, and you lose 20 of them during the year, you divide 20 by 100, and your churn rate is 20%.

This means, to maintain your business at your current levels, you must gain 20 new customers per year.

If by loving and caring for your current customers at a deeper level and employing customer retention strategies that you'll learn about in this chapter, you persuade just 2 of them who would have dropped away to continue doing business with you (and that is a conservative estimate given the power of this mindset), you would reduce your churn by 10%. You would, therefore, grow your business by 2 customers without increasing your marketing efforts.

For some businesses, increasing customer retention rates by just 5% will increase profits somewhere between 25% and 95%. That's some research by Bain & Company.

But customer longevity is about more than just increasing your sales. It also increases the Lifetime Value of a Customer. Lifetime value is fundamentally the profit that a customer will bring you over the lifetime of them doing business with you.

Let's say that it costs you $100, on average, to acquire a new customer. If they spend on average just $500 with you over the course of their buying relationship, they have a lifetime value of $400.

If you can extend the longevity of that buying relationship, you can increase the lifetime value and use that additional profit to create a better customer experience, thus allowing you to extend their longevity even further. And so, the cycle begins.

It also allows you to spend more money to go after higher quality clients… who stay with you longer.

Two Benefits of a Longer Buying Relationship

Benefit #1: You make more money.

This is obvious so we won't dwell on it. More money in your bank account gives you the ability to go after more and higher-quality clients. It also allows you to serve your existing customers better, thus extending the buying relationship even further.

Benefit #2: You Get More Customers Organically

When customers are happy, they tell their friends and family. You get referrals, even when you don't ask for them. And when you do ask, your customers are more likely to actually refer you.

7 Methods That Increase Customer Longevity

Method #1: Provide a Remarkable Experience

Remarkable means that people "remark" about you. This, of course, can be positive or negative. You do *not* want people remarking about a negative experience with you. If they have a bad experience, you can usually stop negative remarks or social media comments by resolving the problem quickly and effectively.

You can also set the stage for a remarkable experience by establishing expectations from the very start. For example, if you say that you'll deliver in 24 hours, make sure you don't go a minute over that. In fact, if you only meet expectations, people will actually walk away disappointed because everyone is secretly longing to be amazed.

Imagine walking onto an airplane and the flight attendant invites you to sit in first class. You'll "remark" about that for the rest of your life. She exceeded your expectations. But if you find yourself trudging to the back of the plane, you're inwardly grumbling to yourself and you're secretly disappointed. It doesn't matter if you scored a good deal for the seat. We *all* know of people who have been upgraded for free, and when it doesn't happen to us, it's a bit of a letdown.

It's the same for your business. You must do something "remarkable" for your customers in order for them to "remark" about you.

Understanding the Lifetime Value of a customer will help you know what you can do to be remarkable. For example, if a restaurant waitress thinks of an older couple at her table as a $30 order, she may be tempted to treat them accordingly. But if she understood that their lifetime value to the restaurant was $2,000, and her ‘lifetime tips’ would be around $300 or more, she would treat them differently.

Method #2: Provide loyalty points, cards, or special offers.
You can increase customer longevity with a strong and attractive loyalty program. This could be as simple as a punch card. It could be loyalty points those customers accumulate with every purchase. If you decide to implement a loyalty program, follow these **5 Tips to a Successful Loyalty Program**.

Tip #1: Make the process easy. Don’t make the enrollment process long or complicated. Remember this: *you can’t make enrollment too easy*! Brainstorm with your staff how to shorten the process.

Tip #2: Make it free! Don’t make customers pay for your loyalty program. Unless you’re a big name or brand, you need to make it free. Consider the lifetime value of a customer and remove every obstacle that might prevent a customer from doing business with you.

Tip #3: Make the rewards worthwhile. Some gas stations make you accumulate points *forever* and you get almost nothing for it. No wonder their buyers aren’t loyal—they’ll go to *any* gas station that offers gas for a penny cheaper.

Tip #4: Give rewards frequently. Don’t make people wait 6 months, a year, or 5 years to get their reward. Find ways to shorten the time that people need to wait to get something worthwhile. Again, think “remarkable”. What can you do or give to make your program remarkable?

Tip #5: Make it fun! If you can find a way to gamify their experience, you will have a more engaged customer base. Can you introduce competitions, leaderboards, status levels, or special colors?

Method #3: Follow up religiously

Every business is different and requires a different follow-up process. You can run a workshop with your staff to determine the best ways to follow up with your customers. For example, you could:

1. Place a call a day or two after the purchase to see how satisfied they are. This will often cut “buyer’s remorse” off at the knees before it comes back to haunt you. Ask them how satisfied they were with the experience and if there’s anything else you could do to make their experience more delightful.
2. Send a hand-written thank-you note. So few people handwrite cards anymore that they always stand out and make an impression. They are becoming “remarkable”. If you don’t have time to do this for your customers, there are services available on the internet where people will do this for you.
3. Use technology to follow up. You can use email autoresponders or Facebook Messenger to follow up with people on a timely basis. Just don’t try to sell at every opportunity. See what you can do to add value each time you send something. That way, they look forward to your communication because it delivers something useful that benefits them.
4. Send your product with shareable packaging. Be unique. Don’t just deliver your product in the same old tired envelope that everyone else does. Be creative … even *remarkable*… and this will generate positive word of mouth. People are far less likely to quit doing business with a company when they’re sharing positive reports about it.

Method #4: Track Customer Behavior

You can track their purchases, the last time they bought from you, their frequency of purchases, their social shares or mentions, their weekly, monthly, or annual spend, and a host of other metrics. When you start to track and measure, you get a clear picture of the reality of your customers' experiences. Only then can you take steps to improve.

Method #5: Employ the Net Promoter Score (NPS)

There's a 2-question survey that almost any business could implement for piercing effectiveness. In the past decade, it has come to be known as the Net Promoter Score. You could ask every customer either immediately after they've made the purchase or a few short days following the purchase.

<u>Question 1:</u> On a scale of 1 to 10, with 10 being the greatest, how likely would you be to recommend our product/service to a friend?

<u>Question 2:</u> Why did you answer that way?

You could have a secretary or virtual assistant take on this responsibility in your business. There are several "rules" that guide the interaction with the customer:

1. Never argue. You're there to gather feedback.
2. If the number is low, you have a chance to find out the reason why and to make things right. This alone could save that customer and prevent negative "gossip" about your business.
3. If the number is higher, you could ask for a testimonial or even a referral.

Imagine this conversation:

You: Joe, on a scale of 1 to 10, with 10 being the greatest, how likely would you be to recommend our product/service to a friend?

Joe: It was about a 4!

You: Oh, really? Why did you answer that way?

Joe: I was treated rudely at the counter.

You: Joe, I'm so sorry this happened to you? How can I make it right for you?

When you have this conversation, you have a chance to keep Joe as a loyal customer. Joe is silently thrilled that you called him.

Without this conversation, Joe will stew in his anger and spread the news about his experience. The adverse effect on your business is beyond calculation.

Method #6: Solve Issues Quickly
People don't want problems. They don't want hassles. And when they have a problem, they want it resolved fast. You *must* find ways to resolve issues quickly. Otherwise, their door to social media stands wide-open and many will run there and post negative comments unless you bring a quick resolution to their situation. For this reason, you must also empower your frontline staff to resolve issues.

It has been said that 50% of dissatisfied customers don't complain but just stop buying. 70% of customers who register a complaint will continue to do business with a company if their complaint is resolved in a satisfactory manner. That number goes up to 95% if the customer feels that the complaint was resolved *quickly*.

Method #7: Focus your attention on your best customers
Every business has great customers and lousy customers. The lousy ones are usually the biggest whiners and complainers. They're more likely to price shop and defect to the competition

at the drop of a penny. They cause the most customer support issues. When you give your greatest support to your best customers, you not only extend their lifetime value but also generate tremendous goodwill and word of mouth. This increases their longevity and also motivates them to bring in customers of equal quality to themselves.

You should also become increasingly customer-centric. Think of it this way: If you change your purpose to bringing the utmost benefit to the customer, rather than trying to find ways to attract more customers, you'll dominate your industry. This is so certain that it should be one of the laws of the universe.

Around the world, most business owners make the mistake of falling in love with their own ideas, products, or services. However, they forget that consumers don't really care about them, but only care about the benefits those businesses will bring to themselves and the impacts that the needed products or services will make on their lives.

What if you were to begin to think, "What could I do for my clients that I would love for them to do for me?"

Ask yourself these questions:

- What problems can we solve for our clients?
- How can we have a greater impact this month over last?
- How can we give more value to them this month?
- How can I provide more than they are currently getting from my competitor?

Maybe there's nothing much to distinguish you in what you offer regarding your product or service, but perhaps you can have a tremendous advantage in how you

- Serve them,
- Acknowledge them,

- Empathize with them,
- Advise them,
- Love them.

Wouldn't that set you apart? Wouldn't that grow your business when the word got around?

How much time do you spend with your staff developing ways to make a customer's experience more delightful? What impression do customers have after doing business with you? If it wasn't thoroughly enjoyable, you have some work to do.

Remember this:

- *You cannot serve too much,*
- *you cannot educate enough,*
- *you cannot inform too much,*
- *you cannot offer too much follow-through and follow-up,*
- *you cannot make ordering too easy,*
- *you cannot make calling or coming to your business too desirable.*

If you're a struggling business owner, you should give your staff a weekly or monthly workshop and begin to generate ideas about how to make your customers' experiences much more enjoyable… as well as memorable.

Finally, here are 15 Tips to Get Your Customers to Stay with You for a Long Time:

1. **Know your clients and the complete range of their needs.** The more you know, the more you can offer.
2. **Understand the full spectrum of what *you* can offer.** If you know them and you know what you offer, or what you could offer, you can continue to meet their needs over time, even if their primary need shifts or pivots.

3. **Be alert and focus on your client.** Multitasking generally impedes communication. Body language communicates 90% of your message.
4. **You can't be too thankful or show too much appreciation.**
5. **You can't serve too much.** Continue to innovate to find ways to serve your customers better.
6. **Failures can be the springboard to better service**. When you get a complaint, pay attention. When you get a second complaint about the same issue, take the time to figure out how to improve your processes. Don't just grumble about the person and move on.
7. **You must exceed expectations… always.**
8. **Empathize and say, "I'm sorry".** It might not be your fault, but it'll help to start by saying, "I'm so sorry you're experiencing this." It automatically reduces the customer's anger level.
9. **Give a personal touch.** Find out their name and use it. Treat people as people, not as a number. Something as simple as "How's your day going?" goes a long way.
10. **Be continuously discontent with your process.** Be creative with solutions. Keep thinking of new ways to out-serve your competition and bring delight to your customers.
11. **Hire "likable, graceful" people who are strong under pressure and are skilled at building relationships.** Some people just aren't "people people". Don't put those people in front of your customers. Instead, find people that are *remarkable,* and they'll help to create a delightful experience for your customers.
12. **Find the holes in the canoe and fill them.** There's no sense paddling further into the lake if you have big holes in the canoe. Interpretation: there's no sense spending time going after more leads if you're losing customers left and right. First, find ways to keep your customers. Then go out and get some more. If you can, do these simultaneously.

13. **View this responsibility as an investment in your company.** If you're still in doubt, do the math and figure out what your churn rate is costing you. Are you motivated yet to do something about it?
14. **Empower your team to solve problems ASAP**. Speed of solution equals increased longevity. Make a game of it if you have to. Reward those who do well and give consequences to those who refuse to follow your plan.
15. **Train employees to communicate your brand story.** Get your staff on the same team as you, pulling in the same direction at the same speed. It takes training… not just once, but repeated until they are masters. Don't assume your staff will "get it" or "do it" the first time. Repeated training and modeling are the keys.

If you were to implement the ideas from this chapter into your business, by what percent could you increase your revenue? (Be conservative with your estimate and write the number in the space provided.)	%

7 Fundamentals to Create Great Marketing

For any business owner to create successful marketing, they must create an *experience* focused on seven very basic fundamentals. Fail to do this and your marketing won't succeed.

Let's quickly discuss these fundamentals. It's critical that you commit these to memory and remember them for the rest of your life as a business owner. They're based on fundamental human nature and will be as applicable 500 years from now as they were 500 years ago.

Fundamental #1 – Everyone wants the "best deal".
Your prospects, no matter who they are or what it is they're buying, always want the best deal. That doesn't mean the lowest price; it means the most value for the price they pay. They will gladly pay twice the price as long as they perceive they're receiving four times the value when they compare it to the price.

The keywords here of course are "perceived value". What exactly do prospects value? They value finding the solution to their biggest problem, frustration, fear, or concern. And that brings us to our next Fundamental.

Fundamental #2 – Always market to the negative.
Never forget, a vast majority of human beings will do anything to avoid pain but very little to gain pleasure.

One of the biggest mistakes I see business owners make every day is they try to market to the positive and avoid the negative like the plague. That's the worst thing they can possibly do. Chiropractors keep trying to market wellness to their prospects. Prospects don't care about wellness; they care about feeling pain. They care about the fact that they can't stand up without excruciating pain shooting down their spine. That's what they will respond to when it comes to marketing.

Prospects don't want to lose weight to feel better and regain their health. They want to lose weight because their doctor told them if they don't, they won't live another five years, or they hate the way they look, or the way they're treated, or the fact that their self-esteem has been damaged.

Show them the solution to these so-called "hot button" issues, and they will buy from you forever.

Fundamental #3 – Prospects buy based on emotion.

This is a big one. People make buying decisions based mostly on emotion. They only use logic to justify their purchase. This ties in directly with marketing to the negative. Prospects either want *out of* pain or they want to *avoid* pain, and that resonates with them emotionally.

If you were a child psychologist who specialized in helping parents with emotionally disturbed and out-of-control kids, which of the following headlines in an ad would immediately grab your attention? The one that says

"I can help you rediscover the joy and happiness your family deserves?"

Or…

"Would you like a 5-minute solution that will end the yelling, screaming, and belligerent attitude of your child forever?"

That's kind of a no-brainer, isn't it? Market to the negative and make it as emotionally compelling as possible. Hit your prospects squarely in their hot buttons and you automatically make an emotional connection.

Fundamental #4 – Make your business "unique".
One of the biggest problems business owners face when trying to make that emotional connection is that different prospects have different hot buttons. That's why you *must* separate your business from your competition. You must find a way to stand out from the crowd. The best way to do this is to create a "niche" market for your business. That means your business must stop trying to be everything to everyone.

If you were a left-handed, blond-haired, blue-eyed golfer with a horrendous slice and you decided to seek professional help to improve your golf game, who would you call? The professional with the ad in the paper that says I help golfers improve their golf game. Or the pro with the ad that says I help left-handed, blond-haired, blue-eyed golfers with horrendous slices get rid of their slice permanently within 3 days or you don't pay.

That's what we call a "niche" market, and you will attract every prospect within that niche because you offer what they *want,* not what they need. When you try to be everything to everyone, the opposite occurs. You become next to nothing to everyone. When you select a niche market, a niche based on your passion for what you do, you instantly become "unique", since your competition is trying to be all things to all people.

Prospects are looking for an expert. They demand the best. Positioning your business into its own niche market positions you as that expert. It's a concept known as pre-eminence, and it begins to create value for what you do. And speaking of value…

Fundamental #5 – Create "extraordinary value".
Have you ever shopped for something and found yourself looking for the lowest price? Ever wonder why? As we stated earlier, all people (no matter who we are or what we do) want

the best deal. But what is the “best deal?” Is it really the lowest price?

There’s that old saying that you get what you pay for. Would I shock you if I told you that your prospects could care less about price? They shop price because they’re forced to. Let me explain. What prospects really want is the best “value” for the price they pay. They’re more than willing to pay double the price if they perceive that you’re giving them four times the value. Now they know they’re getting the “best deal.”

So then why does price seem to matter so often? It’s because so few businesses are actually “unique.” They all look the same… and they all say the exact same things. They say things like “we’re the best, we have the lowest prices, the highest quality, the best selection, the most convenient hours and locations and we’ve been in business since 1431 B.C.”

We call these platitudes, and they mean absolutely nothing to your prospects. That’s because everything just mentioned was about the business, and your prospects don’t care one bit about your business. All prospects care about is themselves. They want to know how they will benefit from what you sell. How will their life improve if they purchase your product or service?

If what you sell solves a problem in their life or if it removes a major frustration, fear, or concern, then they see your product or service as “valuable.” Again, we call these problems, frustrations, fears, and concerns “hot buttons.”

Therefore, after you select your niche market, you must find out what the “hot buttons” are for that niche market. Then ask yourself openly and honestly if your business offers a solution for those hot buttons. If you don’t, you need to “innovate” and create a solution. If you do offer a solution, is it unique (meaning is it really different from your competition) and does it offer extraordinary value? Or is it the exact same solution that your competition offers?

If it is, then you and your competition are doomed to forever compete on price. You must “innovate” your business to create a unique, extraordinary solution that separates your business from all competitors. You see, there’s no magic involved in selling. All you have to do is find out what your prospects really “want” and then give it to them.

Prospects love to buy but they hate to be sold to. When you know and understand exactly what they want and then you innovate your business to give them what they want, you make your business the obvious choice for them to buy from. They *want* to buy what you sell and don’t need to be sold on anything.

Your job as the business owner is to make sure your business offers them exactly what they want, and that means positioning yourself in a niche market and then innovating your business to give that niche exactly what they’re looking for. That creates “extraordinary value.”

Fundamental #6 – Be able to communicate your uniqueness and extraordinary value.

You must create a highly targeted, laser-focused message aimed specifically at the prospects in your niche market so you can tell them you have exactly what they want. We refer to this message as your market-dominating position that gets delivered in an “elevator pitch”. It’s a ten to thirty-second mini-commercial for your business. We call this your “million-dollar message” and we covered this in-depth in an earlier chapter.

When you say your elevator pitch to a prospect, and they respond by saying “how do you do that?” then you know you have a terrific elevator pitch.

Fundamental #7 – Prospects buy what they *want*, not what they *need*.

This is another big one to never forget. This one ties back to the fact that prospects buy based on emotion and they only use logic to justify their purchase. When you “need” something, you’re drawing a logical conclusion. The problem is this. Prospects may or may not buy what they *need* but they always buy what they *want*. Where *needs* are based on logic, *wants* are based on emotion. Here’s an example.

You look at your 3-year-old car and notice the tires are almost worn slick. So logically you say to yourself, oh no, I need new tires. Oh heck, they’ll last a few more months. Even though you need new tires, you don’t want them. Why? They’re not cheap to replace, it’s inconvenient for you to take the time to hunt for the best deal on tires, then you must make an appointment to have them mounted, and then there’s the inconvenience of having to have it done while you wait two hours for the work to be completed. In short, it’s a hassle.

Now consider this scenario. You just purchased a brand-new car, and as you’re leaving the dealership, you see the same car you just bought with a new style of tire on it that really complements the car. In fact, it doubles the beauty of the car in *your* eyes. You *want* those tires.

Even though they’re twice as expensive as the ones you have already purchased and the hassle factor is the same as the first scenario, you *want* those tires and so you will have them. The first situation involved logic and the second situation involved emotion. So, never forget that prospects buy what they *want*, not what they *need*.

It all goes back to emotion. If you can create marketing messages that hit these major fundamentals, you will absolutely dominate your competition.

If you were to implement the ideas from this chapter into your business, by what percent could you increase your revenue? (Be conservative with your estimate and write the number in the space provided.)	%

Lead Generation Made Easy

Generating leads is a vital component for any business. Unfortunately, it's often the most difficult and expensive part of owning and operating a business. Let me provide you with the framework you need to begin generating leads for your clients so you can help them make more sales. To begin, consider how professional publications generate leads.

Ask yourself what type of article tends to attract reader attention, bringing more traffic and more eyeballs to their page? Which articles convert, bringing them more customers and more sales? And what's the secret formula that maximizes the twin impact of attraction and conversion?

Want an easy answer? Just head to your local newsstand. The best attraction and conversion techniques are hidden between the pages of two very different magazines: Cosmopolitan and The New Yorker.

Cosmopolitan articles attract attention. Look at these recent headlines.

75 Crazy-Hot Dance Moves

10 Cheap Fun Date Ideas

117 Style Ideas Already in Your Wardrobe

Seriously? 75 crazy hot dance moves? I'm lucky if I can pull off three in an entire night. But that isn't what's actually attracting readers. We find it impossible to walk past anything that gives us seven, seventeen, or seven hundred ways to do or achieve something. As human beings, we're greedy, and we're attracted to articles that feed our lust for excess, even excess information.

Most of the articles in Cosmopolitan are just bullet points stacked up against each other that go on forever. Sometimes there's some meat to the bullet points, but often, especially in Cosmo, it's just bullet points. This gives you the feeling that you're learning something, but there's no depth to the knowledge. Cosmo-type articles are light reading… and we like light reading. Gossip magazines sell like hotcakes for a reason. And just in case you're thinking attraction is strictly a women's interest magazine strategy, you'll find men's magazines do it too.

Men's Health and Money always include light-reading articles on their covers like "How to Get Rock-Hard Abs" and "7 Secrets to a Richer Retirement." In fact, for years, Men's Health ran essentially the same four covers repeatedly. They figured out the headlines and formats that were the most effective and they just kept running the same ones. Add light reading and a huge list together and what do you get? The promise of a lot of information without putting much work in to get it.

No wonder we find them so attractive. Cosmo-style content gets retweeted, shared on Facebook, and sent around all the other social media channels more often because everyone knows other people are attracted to this kind of format. And by sending it on, it makes the person who posted it seem more attractive by association.

If you create content that offers Cosmopolitan-style headlines and light, easy-reading body copy, you will get the same results that Cosmo has gotten for decades. And those results are very good indeed.

But it's the *New Yorker* articles that convert leads into actual sales. The New Yorker produces in-depth, well-written articles that drive home a specific point. When you write content in that same style, you impress the heck out of your reader. They see that you're smart. They see that you know what's going on. And they see that you can tell them something they don't already know. That impression is so powerful that the reader is compelled to investigate further to see what else you can tell them.

The more in-depth content they find, the more they think you're a smart person to check in with often, and the harder it is for them to resist your "subscribe" or "buy" offer. This doesn't just apply to text, but to video and audio as well. An in-depth piece in text, audio, or video drags you in. The more time you spend reading, listening, or watching something, the more likely you are to follow up with the source.

Those of you who have read the back-of-the-magazine articles at The New Yorker might be worried this means you have to write incredibly long articles. You don't. Being interesting is far more important than going on and on about a topic and even The New Yorker has plenty of short pieces that still offer great insight.

For New Yorker-type content, you need depth, detail, and analysis. Those three things empower your reader a lot more than Cosmo-style fluff. Put more in-depth detail and analysis in your writing and you'll see your conversion rates skyrocket.

So, which of these is the best strategy?

It depends on your business, of course. Perhaps your free offers or your website, just like some print publications, are driven almost entirely by Cosmopolitan-style headlines and copy. Others are driven by the New Yorker style. But you don't actually have to choose.

You'll notice that even Cosmo includes at least one in-depth article per issue. And The New Yorker always has a couple of short, lighter items upfront.

You can use both of these strategies at the same time. And you should. A strategic mixture of both types of content will not only attract a larger number of clients but also get you a much greater conversion. You can also interlink content so that Cosmo-style content leads to more in-depth New Yorker-type content. Or a Cosmo-influenced headline can pull the reader into a piece with more depth than Cosmopolitan ever dreamed of.

In print, magazines normally separate the two styles. The front of the magazine has mostly short, light pieces; the back has longer, more in-depth pieces. Online, you get to be more flexible. You can drive them from light material to deeper, more detailed content so they get a brilliant mix of both kinds of pieces not to mention that you'll get great SEO benefits as well. They'll be more attracted to you at the same time they're inclined to convert and check in with you daily.

If you want to attract more attention, more traffic, more readers, and more social media sharing, go with Cosmo-style articles. At a minimum, make sure you've crafted a drop-dead, attention-grabbing headline. If you want conversion, meaning more subscribers and paying customers, lean toward New Yorker-influenced articles with plenty of depth, detail, and thoughtful analysis. And if you want both, give your readers both. Why settle for just one approach?

Consider this client case study. One client had been conducting stress-relief and meditation classes, but their attendance had been dwindling in the last few years due to increased competition.

They wanted to find a way to rejuvenate their marketing efforts using the Internet. They had a beautiful website and were following all the marketing rules: good copy, a call-to-action, landing pages, and so on. They even collected email addresses of prospects by coaxing them to sign-up to receive emails about special offers.

We observed that their method for collecting the email addresses of their prospects was OK, but they were going about it in the wrong way. They had prospects register to receive free offers, but those offers weren't really related to what they did—teaching meditation techniques. We suggested that they *stop* allowing prospects to sign up for special offers and instead, allow prospects to sign up to receive a free online course on meditation.

In short, we suggested they give away a portion of their seminar for free.

Next, we observed their website over several weeks and studied their signup and sales statistics. The copy they had posted on their current site was attempting to push their prospects for an immediate sale. Their prospects also had the option to get on a reminder list for future offers.

Shortly thereafter, they started offering the free course we had recommended. Prospects to their main page no longer had the option to sign up for those special offers. Instead, they could sign up for that free online meditation course that our client would conduct over 3 short weeks. At the end of that mini-course, the prospects would receive an email promoting a special offer for our client's full meditation seminar.

So, in effect, our client stopped asking for their prospects to sign up for cheesy sales promotions and instead, asked them to first sign up for actual, useful lessons on meditation and stress relief.

We had them do this for several reasons. First and foremost, when prospects today first visit your site, they don't know you, like you, or trust you. They also want to work with a specialist, someone they feel has the expertise that directly applies to their specific situation. The three-week course established our client's level of expertise, while simultaneously building rapport, respect, and trust during that entire period through multiple "touch" points.

Most prospects don't buy on their initial visit. In fact, many of them now require anywhere from seven to fifteen touchpoints before they feel comfortable enough with you and your business to part with their hard-earned money. So, for our client, the sales promotion came *after* they had offered their prospects a sample taste of their program in the form of the free online course.

But did this strategy actually produce results? Sign-ups for the free course soared. They more than doubled overnight. But here was the surprising result: Within a week of the prospects signing up for the free three-week course, sales started soaring as well. Sales went up by a whopping 95%. In essence, the company literally doubled its revenue!

Rather than cannibalizing sales as they originally feared, offering the free course had actually doubled their sales.

This was completely counter-intuitive to our client's present business model. Why did this work so well? Just answer this question: How often have you wanted to try out a product or a service before you purchased it? Prospects want to feel comfortable with their purchase decision and that means they want to make sure that what they get works, adds value, and is worth the price.

As crazy as this may sound, the quickest way to a sale may be to initially avoid one! Ask for the sale *before* you have established trust, respect, rapport, and especially value, and you're doomed to fail.

Instead of focusing on persuading your prospects to 'buy', you could focus on getting them to 'subscribe' to a trial version of your product. Many online business owners have started offering free sneak previews of their products or services. You see these examples everywhere, including a free trial version of a software application, a free online course, or, in the case of an author selling their book, offering several chapters in that book for free so they can hook you on the story.

After all, free sells *if* you make it compelling and give it the perception of value. The idea behind this strategy of delayed consumption is to introduce prospects to the features and benefits of your product or service. That gets them excited and curious enough so that they will eventually purchase it. Even retailers are getting in on the act, selling products ranging from vacuum cleaners to SleepMaster beds. For many business owners, this technique works better than the traditional model of scarcity selling which basically implies it's 'now or never'.

But why ask for an email address? Even on top sites, up to 96% of visitors will not make a purchase on their first visit. Rather than lose those visitors forever, it's usually a good idea to *develop* and then *maintain* a relationship with them so that you can lure them back to your site in the future.

This is most easily accomplished by asking for their email address in exchange for valuable free information, usually in the form of a sample of your product or service delivered by email.

Selling is all about trust and relationship building. It's because of the explosion of marketing messages over the past several years that you need to connect with a prospect between seven times and possibly as many as fifteen times by email before they're willing to purchase.

This process of relationship-building is essential to getting the prospect to trust you, to try out your product or service without the pressure of a tough sell, and to form a marketing relationship that will allow you to later sell to them. Before you start giving away your content, keep this in mind: To work properly, the free content needs to be designed according to certain specific principles. Follow these exact principles to help you make incredible gains.

When designing your free offer, here are 2 rules to guide you.

Rule 1: Give away just enough to create desire. The first thing you need to do is decide what type of information, product, or service you're going to give away. You want to give away just enough to *entice* the prospect to purchase what you sell. Try to craft your free offer so that it allows you to email the subscriber with free information a minimum of seven times.

Rule 2: Give it away slowly. You must spread the information out over several days or, in some cases, several weeks. Let's say you're selling a book on competitive cycling. Your book contains 29 chapters. You decide to give out seven chapters for free. You do *not* want to let the subscriber download *all* seven chapters at one time. Let them sign up to receive one chapter every 2 – 3 days.

By spreading it out this way, you allow yourself more time to form a relationship with the reader. You also make it easier for them to consume the seven free chapters by spreading them out rather than handing them to them all at once. Remember, you need to contact the subscriber around seven times on average before generating a sale. This process works no matter what you offer. That offer could be for a free report, a free trial, or a free online course you conduct by webinar.

If your free course is a software product, then you can let the subscriber download a limited version of the product, possibly with some of the more advanced features turned off. You should always require subscribers to provide an email address before downloading.

Then begin what is called a *drip campaign* where you email them a friendly tip or suggestion every few days. The purpose of the email is to remind them of the extraordinary value of your product or service, such as how it can solve a problem, frustration, or concern in their life, and begin to build rapport with them.

Simply allowing your subscribers to download a software product and then forgetting about them is not the smart thing to do. Create a relationship! One thing that attracts prospects like a magnet is when they find "the expert." Most businesses today promise everything under the sun and then deliver none of it.

When prospects find someone they feel is an expert, someone highly knowledgeable that speaks their language and can anticipate their wants and needs, they will flock to that business like flies to honey. Positioning yourself as an industry expert is a concept often referred to as "pre-eminence". Let's face it, standing out in a crowd is difficult to do. Here's a quick and highly effective way to position your business and yourself as the premier authority in your market.

To effectively establish pre-eminence, you must:

- First, establish credibility & trust with visitors and prospects,

- Second, highlight the difference between you and your competitors,
- Third, create the desire for your product or service instantly, and
- Fourth, decrease or eliminate any need to "sell".

This process moves *suspects* from ignorance to qualified *prospects* and finally, to *buyers*. You'll position yourself as a trusted advisor and friend instead of a salesperson.

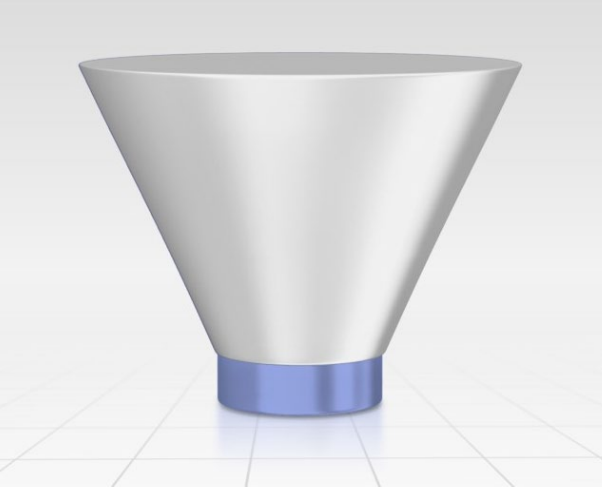
This is what marketing is all about—lead generation, lead qualification, and lead conversion. The best clients are *educated* clients who instantly see the value in what you sell and end up *begging* you to sell them something!

Try it! It works every time!

If you were to implement the ideas from this chapter into your business, by what percent could you increase your revenue? (Be conservative with your estimate and write the number in the space provided.)	%

Simple Steps to Get More Appointments With Prospects

Let's tackle an age-old problem most business owners constantly face. How can I set more appointments with prospects and compel them to show up? Here's an easy way for you to visualize the solution to this issue. When you have the oil changed in your car, the service tech will typically use a 'funnel' when adding the oil. It probably looks like this.

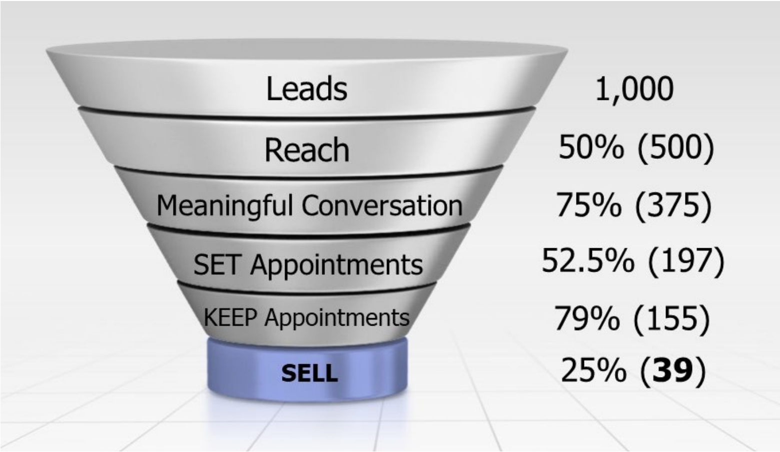


Business professionals should think of this as their 'sales funnel.' By doing this, they can tell you,

- How many leads they get,
- How many of those leads they reach
- How many of those they've reached they have a meaningful conversation with
- What percent they set an appointment with
- How many of those they can get to keep their appointments,
- Their initial and follow-up close rate.

In our example, a business starts with 1,000 leads, they reach 50% of them which is 500. They have a meaningful conversation with 75% of those they reach. Now they have 375. They set an appointment with 50% of them, so they set 187 appointments. They get 75% of those to show up for the appointment which means 140 people. And they close 25% for a total of 35 sales.

If you could improve your ability to set appointments by just 5%, you'd improve your ability from 50% to 52.5%. That means you go from 187 appointments to 197 appointments. Then, if you improve your ability to make sure your prospects KEEP their appointments, you'd be meeting with 155 prospects instead of the original 140. With the same close rate, you'd have 39 sales instead of 35—an 11.4% increase in sales… and likely a 25% increase or more in profits.



In this area, we're examining the number of appointments you *get*, and the subsequent number of appointments that are *kept*. Given that most businesses don't track their metrics, and that appointment no-show rates are as high as 20% or more, there is likely room for increased profit in this area.

10 Steps to GET Appointments

There are several simple steps you can employ to *get* more appointments.

1. Prepare Professionally.

Start by developing a script for every possible encounter you foresee with a prospect. Then, practice your scripts. Get feedback from your colleagues. Brainstorm how you can be more convincing or compelling. Roleplay with others. You can also prepare by knowing the product or service “inside-out and back-to-front”. The more that you know the complete spectrum of what the product or service can do for a client, the more convincing you’ll be when you try to set the appointment. You can also research thoroughly to understand your prospects. The more you know about them, the more likely you are to bridge that psychological gap and make a connection. At the very least, you'll want the name, phone number, and email address of the decision-maker.

2. Know your Metrics.
How many calls can you make each day? How many actual conversations can you hold? How many appointments can be made? How many appointments convert to sales? What is the Lifetime Value of a new client? If you know that your salesperson can make 700 calls per month, close 3.3% to an appointment of which 17.5% (about four sales) will become a client with an average Lifetime Value of $2,200 each, then you'll know if you have a winning operation or one that loses money. You can then take the appropriate steps to improve it if it falls short of your expectations or optimize it if it's producing as you had hoped.

Set Expectations. You should have realistic expectations that you can strive for, meet, and then celebrate. If you know that the average appointment takes 2 ½ hours to set, then when you hit the proverbial wall of frustration, you can more easily say "Next!" and move on, knowing that you're going to get a "Yes" before the day is through.

Outline a process. One business consultant took this piece of advice seriously and set up a 14-step sales process. Here's what it looked like. Notice on Day 1 that he instructed his salespeople to take two distinct actions. They couldn't progress to the next action step until they had successfully completed that previous step. If on Day 5 they are to make a phone call, but the line is busy, they don't move on to the email. They continue to call until that call is made. If they can't secure an appointment after 14 action steps, then they're released to move on.

Day	Action #	Action	What to Do
1	1	Call	Ask for permission to send an email
1	2	Email	Letter of Introduction
2	3	Call	Ask for an appointment
4	4	Visit	a) Take 12 Marketing Mistakes, b) Seminar letter with testimonials
5	5	Call	Did you read the materials I left you?
7	6	Email	How to Create a Market Dominating Position; Core Values and Principles
8	7	Call	Did you read it? Do you see how it's important to have someone to trust?
10	8	Email	13 Questions to Ask a Profit Acceleration Consultant
12	9	Call	"Does your marketing consultant do all these things?"
15	10	Visit	Bring Client Profile System; show them how to use it.
16	11	Call	Ask for an appointment
19	12	Email	Sample of the Profit Acceleration Assessment
20	13	Call	"Give me your thorniest problem. Let us solve it for you."
24	14	Visit	Review everything you've given to date. "You will notice that I keep coming back to you. If I were to give up after just 1 or 2 attempts, then what we're offering couldn't be that important. The reason we don't give up is that we KNOW the value we can offer you."

The end result: even though he was relatively new to the market, he secured appointments with a range of high-level executives and ended up with clients that included an airline, a major hotel brand, a major insurance company, and a major ISP, among many other smaller clients. Talk about a fast impact.

Our same consultant made his staff accountable for their metrics and inspected them at the weekly sales meeting. He promoted and rewarded those that did their job and released those who refused to. End result: it worked!

1. Pick up the phone. The average salesperson calls just 250 people per year. That's just one person per day. One! High-performing salespeople (the top 15%) are averaging 4 calls per day. That's it! The bar isn't very high here. You can have a tremendous impact if you discipline yourself to pick up the phone. However, the door to sales is standing wide open. Here are some amazing statistics according to ResourcefulSelling.com:

- 57% of C-level buyers prefer that salespeople call them,
- About half of all directors and managers prefer the call too
- 69% of buyers accepted a call from new salespeople in the past 12 months
- 82% of buyers accept meetings when salespeople reach out to them

The best time to call is in the earliest part of the buying process. 71% say they want to hear from salespeople when they are looking for ideas to drive strong business results.

The ideal number of calls to win the sale is six. Fewer than that and salespeople might not cover enough ground. More than that and there are diminishing returns on time and effort.

However, 50% of leads never get a second cold call from salespeople.

The lesson is: make the call!

If you don't bother trying, or you give up after the first attempt, then what you're selling must not be very important!

2. Nurture leads. According to the DemandGen Report, nurtured leads will produce, on average, a 20% increase in sales opportunities versus non-nurtured leads. We can see small impacts here are not only realistic but easily achievable… if you have a lead nurturing system.

Specifically, this means that every time you reach out to someone, you add value. You educate. You ask intriguing questions that get them to think, “Wow, I’ve never thought of that!” When you do this, you will begin to be seen as an expert.

Think about this. When you contact an executive and you share some interesting trends in their industry, or you share some research that you did that they should be aware of, they’re a lot more likely to pay attention to you, and a lot more likely to give you that appointment.

3. The Hook or the Headline. The first words out of your mouth when you talk to a prospect could be considered your headline, and it accounts for 80% of your success. If you lead with a strong hook, then the prospect will be compelled to at least listen to your pitch.

4. The Elevator Pitch. You have 30 seconds to make your pitch to get in the door. What can you say so that the prospect thinks, “I’d be an idiot not to talk to you”? Keep brainstorming and working on that script until you optimize it. Then practice it relentlessly. Consider this example. You’re the CEO of a large manufacturing company and you have several of your sales team that need to relocate to a different part of the country. These salespeople are worried about the time it will take to sell their current home. Let’s say a realtor calls the CEO and says this… “Hi Marcia, my name is Don, and I can sell *any* home in less than 30 days, or I sell it for free." Think that might grab that CEO's attention?

5. Overcome Objections. Use mind maps (branch scripting) to ensure that your responses to objections are clear and persuasive. There are 4 main objections that people may have:

a) I don't have the time.
b) I don't have the money.
c) It works for everyone else, but it won't work for me.
d) I don't like you or trust you.

Of course, they may not state it in those exact terms, but 80% of objections fall under one of those four categories. When you prepare your scripts to overcome those objections, you should prepare between 3 and 10 responses for each one. Then *practice* them so they roll off your tongue effortlessly. Does this take work? Sure it does, but you could probably master 10 responses to one objection in a day and have 10 responses to all 4 objections in a week. You're a professional, so set high standards for yourself.

6. Assume Success. State a day and time and ask if that works for them. Alternately, give them a couple of options. Ask the question to get the appointment so that they must respond.

Further Advice for Sales Managers

Asking these questions would very quickly help you to get to the bottom of the problem of an under-performing team.

1. How many sales reps do you have working under you?
2. Can you give me a breakdown of their individual performances?
3. Who is your top performer?
4. Have you 'benchmarked' their performance criteria?

5. How does his/her performance compare to the average?
6. How many low performers do you have?
7. How do their numbers compare to the average?
8. What do you normally do with low performers?
9. Do your top performers help or train the low performers?
10. How are your reps compensated? (base, commission, bonuses, etc.)
11. Is the compensation adequate to motivate the highest level of performance?
12. Do you have scripts for your reps?
13. What workshops or trainings do you provide for your reps?
14. How often do they get this training?
15. What accountability is in place to ensure that they master the training material?
16. What metrics do you track and measure?
17. What reports do you get on your reps?
18. How do you discipline reps?
19. How effective is your marketing material?
20. What changes would you make to your marketing material to help your reps be more effective?
21. What increases in sales, as a percent, do you think you would see if you had better marketing material?
22. What's your best medium for making sales?
23. What is the biggest hindrance to making sales?
24. What opportunities do you see that could lead to a dramatic increase in sales?
25. If you become the CEO or owner, what 3 things would you change to make the company more profitable?

If you’re a solo operator, you could still ask these questions of yourself:

1. What are my daily, weekly, and monthly numbers?
2. What training do I need?
3. What metrics *should* I be tracking?

4. What are the minimum acceptable results each day?
5. What are the characteristics and set of activities I'd like to see for myself that I would expect from a staff person if I were to hire them?
6. How could I improve my marketing material this week?

6 Keys to Ensure Appointments are Kept

Prospects will fail to keep appointments for the basic reason that the compelling and urgent nature of your appointment is replaced by the more compelling and more urgent nature of something else that comes up. Aside from adequate preparation where you build value in your product or service to get the appointment, there are several keys to ensuring that those appointments are kept.

Follow up. After you set the appointment, follow up by email with the date, time, and place, and with a summary of the *benefits* of the meeting. Focus on the compelling nature of these benefits. Include the web address where the prospect can learn more about you and your company. It could be your LinkedIn profile or your website.

Always Confirm. Email (or text) 24 – 48 hours before the appointment. If possible, use an automated system if your business schedules a lot of appointments. State the benefits of the meeting in a unique and original way. Show your enthusiasm. It seems that people are becoming increasingly disrespectful of the time of others. They will often ignore the planned meeting and not bother to inform you. Others will just forget.

Your confirmation could easily save you time on the road to a meeting or a sizeable chunk of your day, even if you planned to meet online. If clients are coming to you, it will ensure that your time is optimized efficiently. And by all means, avoid calling your prospects to confirm. They will use the phone call as an excuse to cancel.

Value your time. If you value your time and you teach your clients to value your time, then they will be more likely to keep their appointments. If you offer great value in your sales proposition, prospects will be hungry to do business with you. If you only do a mediocre job at selling yourself or your products or services, prospects won't respect your time as much.

You must show them the value and the benefit of meeting with you and show them how they'll lose out if they don't meet with you. Of course, if you're operating a business that sells a commodity, then it's much more difficult to build that value. This is another reason for creating a Market Dominating Position. What can you communicate to your prospective customers that would cause them to think, "I'd be an idiot to miss this meeting!"?

For this reason, you don't want your confirmation reminder to come from you. You want it to come from your secretary or personal assistant. Assume control. State the date, time, place, and purpose of the meeting.

Create a System. As you implement your solutions, you will be able to observe best practices. The key to long-term success is to formalize a system of follow-up that your team can religiously follow. When you meet each week with your sales team, you can refine your system continuously and train your current and incoming team on that system.

Give a bonus or gift for keeping the appointment. If you sell a product or service by subscription, you can offer a free additional month if people show up for their appointment. This can be communicated by email or text. If it's appropriate for your business, you could include this comment in your email reminder:

> *"Joe, we realize that we live in an environment where many people don't keep their appointments. We would like to offer you a shameless bribe for keeping your appointment with us. You see, we value our work and our time, but we also recognize that you may be busy. For that reason, when you show up to our appointment, we'll <insert copy of shameless bribe>* (Examples could be a free book, a free month of the subscription, a special training, a free one-on-one with a company VP, etc.).

Salvage cancellations. If a prospect wants to cancel, offer an alternative date and time. This is a much better option than losing the sale completely. If the prospect doesn't take you up on it, make the phone call personally. They will find it much harder to say "No" to you and you may yet salvage the relationship.

If you were to implement the ideas from this chapter into your business, by what percent could you increase your revenue? (Be conservative with your estimate and write the number in the space provided.)	%

Downsell Your Way to Wealth

We're all familiar with upselling and cross-selling. But what exactly is downselling? To make sure you understand the difference, upselling is where you offer an additional item with the primary purchase to *increase* the overall price of the transaction. In contrast, downselling is where you offer an alternative to the primary purchase to *decrease* the overall transaction price. So why would you ever want to decrease the overall transaction price?

If you're losing prospects because they can't afford your product or service, or chose not to commit to purchasing it, even though they want what you provide, then downselling provides a lucrative way to "give them what they want" and instantly convert them into a profitable sale.

Simply stated, the downsell is where someone has declined your product or service offer and you offer them an alternative product at a lower price which, by the way, you should *always* do.

This may be

- a smaller <u>quantity</u> package of your products or services...
- a lower <u>quality</u> item...
- a stripped-down version of your current offering that contains fewer bells and whistles, or even
- a first-time buyer "special purchase" opportunity.

The goal is to turn the prospect into a client, so you not only realize some short-term financial benefit, but you gain the opportunity to do business with them again in the future as well.

The advantage of a downsell is that even if a customer doesn’t buy the product you’d ideally like them to buy, they’re at least buying something. That means you get some return for your sales effort. And since they’re now a customer they will hopefully have a good experience with you and be much more likely to buy higher-priced items in the future.

In today's uncertain economy, the downsell might actually be a preferred strategy. Consumers spend cautiously during uncertain times, and they tend to stick to a predetermined budget. If they're giving up the bells and whistles in favor of more basic and affordable products, why not follow suit and take the "premium" out of your premium products? However, the key is to know your limits. If you go too cheap, you risk killing your profit margins and diluting your brand.

Look at what happened to Martha Stewart. Known worldwide as a very savvy marketer, she recently yanked her low-end Martha Stewart Everyday line of houseware items from Kmart. What was once a lucrative revenue stream for her company had become, in her words, a low-quality brand that was tarnishing her good name.

Donald Mazzella, COO of Information Strategies Inc., a New Jersey-based small-business consultancy recently said that "Martha Stewart has never been able to go back up to premium since Kmart. She's a commodity now." Fortunately, you're *not* a major corporation like Martha Stewart, and because of that, here's the good news.

Marketing experts say smaller businesses are better positioned to experiment with new products and new pricing more easily and to respond more quickly to customer feedback. If you can't sell your premium product, there's no shame in offering a lower-end item to keep sales up. Just make sure that by going cheap, you don't cheapen your brand.

Downselling can be amazingly simple. Look for ways to repurpose the same products and services you already offer to create a lower-priced item.

Example: Health Club. If you own a health club and your primary goal is to sell a prospect on your Gold Membership Program that includes a one-year membership, then an obvious downsell is a 90-day “trial” membership. This allows you to enroll a new member and a second chance to convert them into becoming regular members. Taking this a step further, you could also have a second downsell to a 30-day membership and finally to a one-week membership.

But the problem with downselling is twofold.

First, they can be annoying. If you’ve pondered over a purchase and decided not to buy, it can be rather annoying to be delayed while someone makes you another offer. It might even come across as desperation.

Second, they can encourage bad buying behavior in the future. If a customer comes to believe they will be made a “better offer” simply by saying no to the original offer, then they will always say no.

I hate to say it, but I *always* refuse to purchase something online the first time I visit *any* site. I’ve discovered that in 90% of all cases, the moment I attempt to click off the page, I receive a better offer. If I don’t, I can always go back to the original offer and purchase it then.

To counter the annoyance issue, you need to make the downsell something the prospect truly values while making the transaction itself relatively pain-free. Some marketers might argue that if you're going to lose a customer anyway, who cares about whether you annoy them. But in reality, they may still be potential customers in the future. You should always consider the fact that they can easily create bad publicity for you using social media if they find your process for downselling annoying.

To avoid encouraging bad buying behavior, the downsell must not simply be a cheaper version of the original offer. It must be significantly different in some way which justifies the lower price, and it must also be perceived as offering value to the prospect.

For example, a common offer in internet marketing is a DVD containing training material. A downsell could be a cheaper, downloadable version with no physical DVD.

Or it could be for less advanced training material that may be a better fit for the potential customer. A good way to decide what the downsell should be is to survey customers to find out why they didn't buy your original offer. Ask them what their main objections were. Was it price? Was the offer too simple? Or too complex? Are they actually more interested in a different area? Once you know the main objection you can offer a downsell that addresses it.

Applying Downselling to "Professional Services."

If you provide a professional service such as a doctor, lawyer, accountant, or consultant, you have the advantage of selling face-to-face so there shouldn't really be a mismatch between what the client is looking for and what you're offering. But no one is perfect.

- Sometimes we offer a service that's more than the client was looking for.
- Sometimes it's just not quite focused in the right area.

- Sometimes they realize they just don't have the money to afford the service we're offering.
- Sometimes they're just not quite convinced we're right for them

After all, they haven't seen us in action yet. In these cases, a downsell can often help secure the sale.

For example, if you've been discussing a consulting project with a client and they decide not to proceed at this time, perhaps a downsell to a training course in the same area would get them to agree. After doing a brilliant job with the training course, the consulting project may get put back on the agenda.

Perhaps you've proposed a major lead-time reduction program across all the client's major factories, but it felt like too much of an undertaking for them. You might be able to downsell to a pilot program in just one factory to get things started.

But when is the *right* time to downsell? A downsell is most appropriate when you realize a client is not going to buy what you're currently offering. Don't introduce it too early; you may just need to work through some objections to confirm the original sale.

A downsell can also be introduced later in the sales process. For example, if you run a campaign to sell a 10-day analysis project to a qualified list of companies, try contacting the ones who turned you down approximately one week later and offer them a half-day workshop you're presenting on the subject. It could be they were hoping to work with you – but just weren't yet convinced enough to justify the full 10-day project. A half-day workshop is much easier to buy and may give them the confidence to hire you for the big project, especially once they experience your talents and expertise firsthand.

In this case, you must be careful and have a logical reason why you're proposing something new which you didn't initially mention in your original proposal.

In order to downsell effectively, it's critical that you know your margins. In this situation, I always look at my *gross* margin. Gross margin only considers the cost of goods which is what you must pay to produce the product or service and deliver it and any sales commissions that must be paid on the sale. It does *not* account for overhead or miscellaneous expenses since those are typically already covered by the initial sale.

Think of a downsell as "found money". Here's an example. A business owner I know helped prospects author their first book. He guided them in writing it, publishing it, and marketing it. He sold this package of services for $5,000. He had an 80% margin, meaning that it cost him just $1,000 in hard costs to deliver this service. That leaves him with $4,000 in gross profit.

What would happen if, for every 5 prospects who express an interest in his service, he manages to close only one of them? He makes $4,000. But what if he could downsell the remaining four prospects to a slightly smaller program, perhaps one where they would work with one of his staff instead of with him personally?

They could acquire that program for half price: $2,500. And perhaps he could finance that over three months, or six months, or possibly one year. If three of them bought that program and it still cost him the same $1,000 to deliver it, he just made an additional $4,500 with *no* additional work or effort on his part.

Just be sure you *never* bastardize your pricing. Be careful to never give the impression you're discounting your price or service just to close a sale. Like it or not, word will spread like wildfire that you will cave on your price at the first sign of resistance. In our example above, let's say the business owner does *not* have a fallback program that can be offered at a lower price point.

Consider using what I refer to as a "Scholarship" or "Hardship" Program. This owner could explain their program to a prospect who they believe sounds serious about investing their time, effort and energy into writing and publishing their first book, but who are experiencing financial challenges due to their specific situation. The owner could go on to explain that they have set up a "Hardship" Program where up to three participants are granted a special pricing waiver each month and that to date, they have only used one of these waivers so far that month.

They could then set specific terms and conditions for this prospect to agree to—perhaps document their success, provide a testimonial, send three referrals within six months or something similar and if everything sounds acceptable, they would be granted the second waiver and allowed to receive the full-service program for a 50% discount.

This maintains the integrity of the original program price, and yet provides a logical reason for your willingness to discount. It also limits the number of discounts you need to account for every month if others find out about it and inquire further. In short, it keeps you in total control of your pricing.

As long as you have the margins to more than cover the discount, then this becomes additional profit to your business. In this example, the profit would be an additional $1,500 for each Hardship Program awarded, and if you granted three of them every month, that's an additional $54,000 in annual profit that would have otherwise been lost.

Every smart business owner will always have a series of downsells ready to use and the specific times and conditions identified when it's best to offer them. Just be sure you're not downselling for pure profit only. The downsell *must* still meet the needs of the prospect or you risk losing your reputation and integrity.

When you are ready to downsell, then you must also prepare to upsell. For each item that you sell, think of complementary items that you might offer that would make the offer more attractive. If you are ready to give compelling reasons why a customer should buy something else from you, then you'll be better positioned to profit from downselling.

A classic example is when someone walks into a store to buy a suit. The salesman starts at the higher end of the rack—perhaps suits that start at $1,000. The customer is not excited about spending that amount, so the salesman backs off to the $400 suits. When the customer decides to buy the $400 suit, the salesman tries to upsell to an $800 suit "on sale for only $600" and tries to cross-sell on shoes, ties, shirts, and belts. Good clothing stores have this down to a science. They know that a certain percentage of their customers will take the offer and it becomes a matter of numbers.

When a customer is about to walk out your door without having bought anything, you should have (at least) one final offer that would make the customer turn around and at least spend a few dollars. It must be something of a high enough perceived value for a low accepted price. This begins a buying relationship.

At that point, your job is to think long-term and see how you can serve that customer as much as possible so that he or she will be compelled to return and give you more business.

This is not an exciting strategy, but if you could find ways to downsell, you'll increase your revenue. By how much?

Think of it this way: If 100 customers come into your store (or come to your website) every day and only 20 buy something, it means 80 of them don't buy. If you could convince just 1 out of 80 to make a smaller purchase through your down-sell strategy, then you'll gain 21 customers instead of 20 and have possibly increased your revenues by 5%.

What's an easy way to get these 80 customers to buy something? What if you spoke up as people were heading to the door and you said, "Is this your first time in the store?" If they say Yes, then say, "Oh, we have a special offering for first-time shoppers." And then you present them with a coupon or something to convince them to at least buy something. Could you capture 1 out of 80 shoppers with that line? Absolutely! You might capture 10 or 15.

To conclude, here are three things to keep in mind.

#1: Give customers something new. You could simplify an existing product by stripping it down to its essentials or take advantage of a slow economy to invent a completely new and cheaper product. If you're going to try to go cheaper, go to your customers for clues about what they're looking for and what they're willing to buy. Just make sure you don't give them exactly what they say they want—your customers probably only know what's already out there. It's your job to figure out what's new.

#2: Emphasize the value. Marketing non-premium products in a down economy requires a different kind of sales pitch. You must work at helping people understand the value difference. You need to convey that they're still getting a valuable product but "it's priced for the recession" and they would be crazy not to take that offer. That way, customers get the message that you're looking out for their needs and you're still providing the high quality that they associate with your brand.

#3: Know your brand. Downselling customers won’t work for every company, particularly if the brand image depends on an air of high-end exclusivity to differentiate it from competitors. Don’t risk shattering your higher-level brand image by offering lower-cost alternatives. After all, in a down economy, nobody stops drinking Starbucks. They just don't drink as much.

If you're losing prospects because they can't afford (or they choose not to commit to purchasing) your product or service, even though they want what you provide, then downselling provides a lucrative way to “give them what they want” and instantly convert them into a profitable sale, boosting your overall revenue and adding badly needed profit to your bottom line.

If you were to implement the ideas from this chapter into your business, by what percent could you increase your revenue? (Be conservative with your estimate and write the number in the space provided.)	%

Easy Methods to Reactivate Customers

New customers are a business owner's personal addiction. We can't get enough of them. 99% of the marketing messages in the world today exist for only one reason—to pull in new customers. Business owners are hammered over and over that they need new customers.

If you're a relatively new business, then of course you need new customers. But if your business has been around for some time and you have *former* customers, you can experience serious business growth by target marketing to those customers.

Consider which of the following situations seems easier? Convincing complete strangers to do business with you *or* getting customers that have already bought from you to come back? Reactivating former customers is one of the quickest and most sure-fire ways to make more money and increase sales and profits with amazing speed.

No doubt you have heard the saying that it's five times easier to sell to an existing client than to find a new one. Have you ever stopped to ask why this is the case? It's very simple. Existing clients have already overcome their fears of doing business with you and they've developed a level of trust in both you and your business.

Fear and a lack of trust are the two key reasons why prospects don't turn into clients. You must overcome these two obstacles to bring people on board as clients. This is perhaps one of the most challenging aspects of marketing and why you *must* create a sales process that is based on a specific and well-thought-out strategy.

So, it always amazes me when a business will go through all the trouble to develop a new client only to then forget completely all about that client after the initial transaction. It just seems ludicrous to me that you would invest the time, money, and effort into finding a prospect and developing them into a client and then let them wander off never to be communicated to again.

Keep in mind the golden rule for business success.

Never let a customer or client forget you!

It doesn’t take much to keep your happy customers and clients coming back to you again and again. When they do come back, the profit margin is substantially higher than if you have to seek out a new client from a list of cold suspects.

Here are 5 Strategies to Reactivate Past Clients so that you fully monetize the value of each client:

Strategy #1: The Reactivation Letter. This is simply sending all of your past clients (who you haven’t heard from or dealt with in the last six months or more) a letter to say that you miss them. There are several variations on this theme. However, the general idea is just to be back in contact with them, apologize for not being in touch for a while, and let them know you value them as a client and would love to see them back with you. This particular strategy works well in a transactional type of business, but it can be adapted to practically any type of business.

Strategy #2: The Exclusive Irresistible Offer. You must give them a reason to come back. The easiest way to do this is to create irresistible offers exclusive for past clients. Make them an incredible offer that they can't refuse and get them back doing business with you. Once they are back in the fold as a happy paying customer or client, they're far more likely to continue.

Strategy #3: Offer New Products or Services. Sometimes your customers or clients just simply get bored. They move on because you're just peddling the same old stuff over and over to them. It's really important to keep developing new products, new services, and new ways of bundling your products and services together. This way you always have a reason to go back to them.

Strategy #4: Client Appreciation. You should value your clients and show them that you value them. One of the best ways to do this is to use the Client Appreciation strategy. This can take many different forms but one of the best ways to do this is to hold a Client Appreciation Seminar or Webinar complementary for your clients and past clients. Invite them all and provide real value to them. You will be amazed at how they will respond and how their enthusiasm for doing business with you will be re-ignited.

Strategy #5: Say Thanks. We live in a fast-paced world where few people take the time to simply say thanks. Most customers and clients feel unappreciated which is why they wander off over time never to be heard from again. Why not send them a simple hand-written card to let them know you're thinking of them and to say thanks for their past patronage. At the very least this will help you maintain top-of-mind awareness with them.

These are just a few simple ideas to get you started. The key is to maintain regular contact with them, continue to add value to them through the relationship you have with them and continue to offer them different products and services.

Whatever you do, don't be like the personal trainer I spoke with some time ago. He was complaining about how difficult it is these days to get clients. When I asked him about the number of previous clients he has had, he told me the number was well over 100. I asked him how he remains in contact with these past clients... to which I heard crickets chirping. Stone cold silence. He looked at me like I had lost my mind.

It had *never* entered his mind to stay in touch with his past clients. I asked him to honestly estimate, based on his past experience, the percentage of his past clients that had let themselves fall back into their previous behavioral patterns which included poor eating habits and a lack of exercise. In other words, how many of his past clients did he estimate were once again overweight and unfit and in desperate need of his help? He told me that it was at least 70%.

Think about that for a moment. When was the last time you spoke to all your past clients or customers? What strategies can you put into place today to reactivate them? If you do nothing, then you're leaving large amounts of cash on the table that could easily be flowing through your business. After all, there's no point in marketing for new clients if you can't take care of your existing and previous ones.

So, who is a reactivation candidate? To reactivate customers, you need to be attentive to the process. You'll first need to determine which previous customers to reactivate, then define what reactivation specifically means for your organization. Most companies define reactivation candidates based on their lack of response to previous marketing efforts. The sequential marketing efforts that an organization may follow typically begin with acquisition then proceeds to resell/upsell/cross-sell/downsell strategies, then moves to retention, and winds up with reactivation.

So how do you differentiate between customers who require selling and retention efforts from those who require reactivation efforts? First, and most obviously, if you know that you’ve lost your customer's business, then you've probably exhausted your sales and retention efforts and can assign the customer to your reactivation group.

If you don't know whether you've lost your customer's business, make inquiries. If you find that it's too expensive to keep in touch with customers, then analyze their buying histories such as the length of time since their last purchase, their number of prior purchases, the length of time between purchases, and the average order size. If necessary, apply industry averages to determine who might be a reactivation candidate.

Who do you select for reactivation? Before designating customers as reactivation candidates, determine whether you have their correct contact information. Exclude past customers who have outdated information that can't be updated through third-party sources.

Also, review any customer service or third-party data you have on reactivation candidates and categorize the reasons for lost business as "controllable", such as those that were shipped the wrong product two weeks after the promised delivery date, or "uncontrollable"—those that have moved from the retail area. If you’re to blame for the failed relationship, determine whether there is value in re-establishing it.

Once you select your reactivation candidates, segment this group and test offers before spending money to reach them all at once. If possible, use lifetime value to determine which segments may yield a higher return.

When do you conduct reactivation marketing? Reactivation is not a one-time event you save for when times are tough. Reactivation should be an *ongoing* activity prioritized among additional marketing efforts.

Once you have customers who meet your reactivation requirements, execute a reactivation campaign. This is where you want to apply those **five strategies to bring your past clients back to you that we previously discussed.**

Strategy #1 was the reactivation letter. Let me show you a way to combine strategies #2 and #3 using postcards to educate your past clients on new products or services using a compelling and irresistible offer. Let's take something as simple as bathroom remodeling.

Here's a sequence of postcards that can be sent out either as direct mail or you could create an e-version of these to send by email. This is an actual campaign that was tremendously successful in reactivating past customers.

This client was a bathroom contractor that had been in business for more than 5 years and had performed several hundred home remodeling jobs. Instead of recommending to him that he do what all contractors do (try to be all things to all people), we convinced him to segment his past clients and focus on one specific type of remodeling in order to appeal to those seeking a specific type of work. This goes back to the old saying, *the riches are in the niches*.

In this case, we had our client focus their marketing efforts on bathroom remodeling. He segmented his database and removed all previous clients that had already remodeled their bathrooms. Obviously, they wouldn't be a candidate to have that work performed again so soon.

We then analyzed the hot buttons of homeowners wanting their bathrooms remodeled and we quickly discovered that there are 5 distinct signs people begin to notice that creates a compelling desire for them to remodel their bathroom. We then created a 5-postcard reactivation campaign... with each postcard laser-focused on educating the prospects on each of these 5 distinct signs. Our purpose was to use these postcards to create awareness with these prospects that it's time for them to finally remodel their bathrooms.

Here's postcard #1.

The headline says, **5 Signs It's Time to Remodel Your Bathroom. Sign #1: Things Start Going Wrong**. It's one thing to have an outdated, ugly-looking bathroom; it's an entirely different thing to... and then it trails off leaving the prospect engaged and intrigued as to what comes next. This all but forces the prospect to flip the postcard over so we can educate them on the back and begin to create an awareness that the situation in their home dictates it's time to seriously consider remodeling their bathroom.

We would also prefer to offer them a compelling and irresistible incentive here as well but in this campaign, our bathroom remodeler wanted to hold off and send a different type of compelling offer in a separate mailing.

When they do flip this postcard over, the headline and sub-headline remain the same as on the front to establish continuity, and then to the left, it gives reason #1: *...have a bathroom with leaks; black flaking grout; and half-clogged faucets. No need to continue living with a "broken bathroom."*

These are the most common situations that force prospects to make a remodeling decision. By bringing these to their attention, they think to themselves that they have that exact situation right now and they've been meaning to do something about it. This can lead to an immediate phone call and request for additional information. But we didn't stop there. The next four postcards listed reasons #2 through #5.

#2 focused on the outdated bathroom... which most women respond to.

In fact, that crosses their mind literally every day when they get up in the morning. Then the back of the postcard educates them that by simply replacing outdated fixtures with new and more neutral colors can totally change their bathroom's appearance.

#3 focuses on the home sellers and the importance of an updated bath when trying to sell your home for top dollar.

#4 targets new parents and reminds them that needs frequently change over the years.

The bath that was adequate 3 years ago no longer fits the bill.

And #5 targets their personality and style.

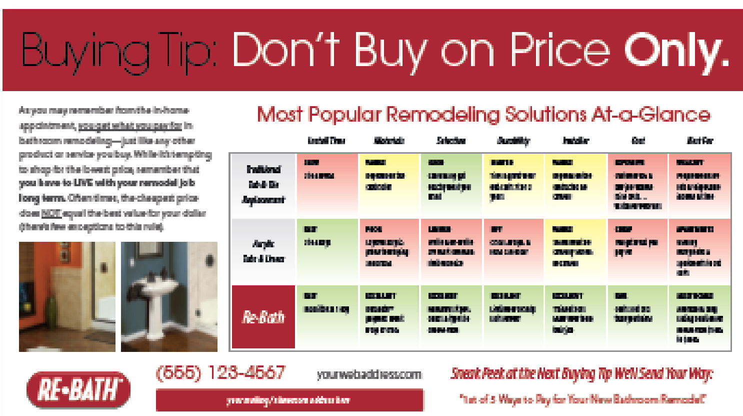
People grow tired and bored of the same thing day in and day out. Especially the bathroom where most people spend approximately 6% of their waking hours each day.

This postcard campaign begins the education process and gets past clients thinking about remodeling their bathroom. But that brings us to the next stumbling block: How can I afford it? So, we created a 6-postcard follow-up campaign that targeted that hot button issue.

The first started the formal reactivation strategy by asking them how they've been since we saw each other last?

The sub-headline lets them know we want to pass on an important tip when considering bathroom remodeling.

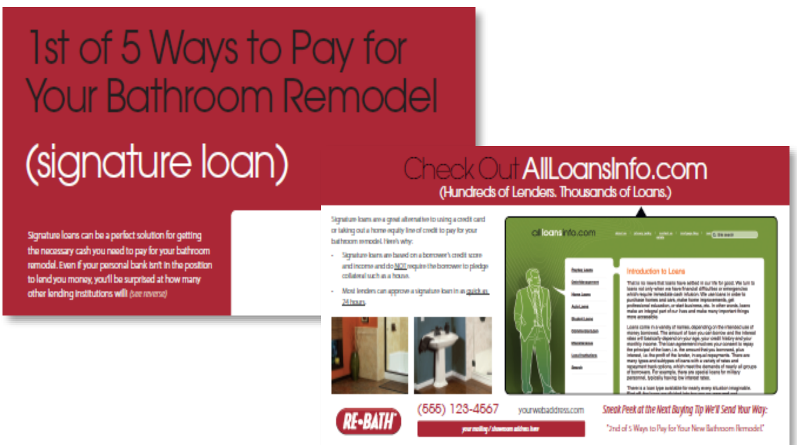
That tip is the headline on the back: Don't Buy on Price Only.



We then reinforce the value our client provides over all his competitors using a "comparison checklist" which has been tested and proven to be one of the most effective ways to highlight the value one business provides over others.

This postcard now positions our client as the one that can offer them the most value for their remodeling dollar, but they still are trying to decide how they can pay for the work itself. The next 5 postcards are designed to educate them on the 5 most cost-effective options to pay for a bath remodel.

Postcard #2 educates them on obtaining a signature loan and even directs them to a website for additional information.



Postcard #3 talks about the benefits of using a credit card and how to find the right type of credit card to minimize the prospect's finance charges. It provides them with a website where they can compare dozens of card offers and select the one that's right for them.

Postcard #4 educates them on the benefits of tapping into their 401k or additional retirement account. This is like borrowing from yourself and paying yourself the interest.

This postcard also directs you to a site containing all the specifics to make sure they have full disclosure as to any pitfalls they may encounter such as losing their job before they repay the loan and what their options are should that unlikely event happen.

Postcard #5 fills in the details if they elect to use a home equity line of credit and directs them to the online information to help them decide if this is their best option.

And postcard #6 exposes the benefits and pitfalls of borrowing funds from a friend or family member.

But can you see how all these postcards, working in sequence, begin to create a strong desire in past clients to work with our client again by establishing that he offers the most value for their remodeling dollar?

What's the best way to actually design your very own reactivation campaign? The following **8 Steps to Reactivation** will set you up for success, should you decide to launch one.

Step #1:
Who is your target market? Is it people who stopped buying from you three months ago? Six months? Twelve months? If you run a subscription service, is it people who canceled one month ago? Two weeks ago? Two years ago?

Decide first who you want to try and reactivate. If someone bought from you four years ago and you're just now getting around to sending them an e-mail, it's probably too late. However, it's OK to run a few different variations of the campaign if you want to target several different groups.

Step #2:
What's your goal? I think I can safely assume that your goal is to either have these consumers buy from you again, re-subscribe to your services, or otherwise reengage with your business. But are there more specific goals than that? Maybe you want to introduce a new product line, introduce a new account manager, or upsell them on something they already own... or a service they already use.

Step #3:
Why did these consumers leave in the first place? Unlike a normal marketing campaign, you need to understand why your clients left. Did they dislike your products or service? Were you too expensive? Did you lack sufficient content in their particular field to keep them interested? Knowing the probable reasons why they left will enable you to craft a message that addresses those issues specifically.

Step #4:
What segmentation or persona data do you have? If you can segment these consumers either by persona or by purchase habits, you can make your reactivation campaign that much more effective. The rules here are the same as for any direct marketing campaign: don't just send a mass "we want you back" e-mail. Instead, use whatever knowledge you have of the consumer to create a more relevant message that speaks directly to them and their situation, much like we did with the bathroom contractor.

Step #5:
Split test your offers. It's fine to offer a reactivation discount code to these consumers. They were effectively "dead" anyhow, so you aren't really losing a full-price purchase by offering them some form of a discount. However, showing consumers that you understand them and have new offerings that meet their needs might just be enough. So, do a split test and create discounts for some percentage of the group, but not all of them. See how they do when compared to the group with no offer. This is also the place where you want to communicate your Market Dominating Position and be sure you develop a truly Compelling Offer more fully. If you don't remember the key points of those lessons, go back to those when you're at this stage of building your plan.

Step #6:
Focus on your content. Instead of just saying, "we want you back, here's 15% off," make a *real* effort. Show your consumers you understand them. If they used to buy video games, talk about all the new things that have happened in video games since they last checked your site out. If you run a content subscription-based site (like E-Learning), highlight the new content you've added to your site since they were last members. Put the relevant content first. Consumers can get a discount anywhere if they try. It's your content and products

that will be more interesting to them, providing that they are relevant.

Step #7:
Make it easy for them to come back. If it's been a while, there's a good chance your consumers don't remember their usernames or passwords. Either send them this information in the e-mail or make it really easy for them to find it. If their account has "expired," make it easy for them to renew without reentering all their information again. If you offer a discount code, make it very clear where they enter it.

Step #8:
Reach out through different channels. Are these consumers on Twitter? If so, do they follow you? If they do, send them a direct message, not an e-mail. E-mail marketing is great but try other channels if you have access to them.

Be sure you understand the difference between a reactivation campaign and a regular campaign. While the steps we just discussed could be the recipe for any type of marketing campaign, there is one important difference. Reactivation marketing needs to understand how long people have been gone, why they possibly left, what is different in your offerings now that would compel them to come back, and what, if any incentive they might need to come back.

If you can't answer "what is different in our offerings that would make them come back," then skip the reactivation campaign and focus instead on answering that question! Just remember that if your business has been around for some time and you have current customers, you can experience serious business growth by target marketing to those customers.

Getting customers that have already bought from you to come back is 5 times easier than convincing complete strangers to start doing business with you in the first place. Reactivating old customers is one of the quickest and most sure-fire ways to make more money and increase sales and profits with blinding speed.

If you were to implement the ideas from this chapter into your business, by what percent could you increase your revenue? (Be conservative with your estimate and write the number in the space provided.)	%

80/20 Rule: Outsource

When it comes to getting work done, there are two main options for a business:

1. Do it yourself (DIY)
2. Outsource it.

How do you decide which to do? *Time* is the first critical factor.

Most of us don't really understand the value of our time. Look at the following chart to see what your time is worth and to see how much money you could generate by cutting time-wasting activities to create income-building activities. The chart assumes that a person will spend 40 hours per week or 160 hours per month in work-related activities and will work for 270 days per year. Your specific situation may vary slightly but the message to you will be the same:

Your time is valuable, and you need to do work that is worthy of your desired hourly rate.

Monthly Income	Value of 1 Hr.	Value of 1 Hr./Day Over 1 Year	Value of 1 Hr./Day Over 40 Years
$5,000	$31.25	$8,438	$337,500
$10,000	$62.50	$16,875	$675,000
$15,000	$93.75	$25,313	$1,012,500
$20,000	$125.00	$33,750	$1,350,000
$25,000	$156.25	$42,188	$1,687,500
$30,000	$187.50	$50,625	$2,025,000
$35,000	$218.75	$59,063	$2,362,500
$40,000	$250.00	$67,500	$2,700,000

Let's face the facts. If you want to earn a higher monthly income, you must start doing work that is worth your hourly rate. Here's an example:

Let's say you want to earn $20,000 per month. Your hourly rate needs to be $125/hour. If you are spending 60 minutes per day on a round trip drive to deliver an envelope to a client, then that delivery "costs you" $125. Over the course of a year, it costs you $33,750 and over your career, that decision cost you $1,350,000.

It's a bad decision… unless it's absolutely critical that you deliver the envelope yourself. A high school student could do it for $15 hour, thereby freeing up your hour to do work that *only you can do*.

If you must commute to your work every day and you sit in traffic for 1 hour each way, that's 2 hours a day. That decision to drive yourself "cost you" $250. If you're going to a meeting and you must face the same traffic, why not sit in the back, and use your valuable time to grow your business? You could make phone calls, prepare proposals, practice your pitch, or a hundred other things. Leave the driving to an intern or an assistant.

If you're thinking about running a social media campaign but you have almost zero business knowledge about social media… and you get the bright idea that you should learn this and do this yourself… calculate the cost to your business. It's almost guaranteed it's a bad business decision when there are people who spend 80 hours a week becoming experts at social media, and you can hire them for far less than your hourly rate of $125/hour. Usually, you'll find a lineup of people who would love to help you for under $15/hour.

If a business has a designated graphic design department (or an internet marketing department), they are basically *outsourcing internally*. That means, the department must prove their existence by adding greater value to the business than they cost.

In your workday, you'll achieve 80% of your intended impact in 20% of your day (around 2 hours).

IF you can free up one extra hour to focus on highly productive work, you'll achieve 50% more in your day. The result: your *business* makes more money, and *you* make more money.

One business hired an outside consultant to help them, full-time, for a period of two years. The consultant advised them that a marketing video needed to be created. One video production company gave them a proposal with a price tag of $6,000. The client balked at the price and insisted that they'd have their own person take care of it. One *year* later, the video was ready, and the quality wasn't quite as professional as the outside company could have produced. The actual cost of this poor decision by the owner is incalculable.

If you go with a DIY model, you must ask yourself what the true cost of the project will be, considering the opportunity cost and the quality of the outcome. This leads us to the second critical factor: *expertise*.

The internet is *full* of experts. Imagine trying to be more knowledgeable about social media marketing than an agency that spends 60 hours per week per person learning and implementing social media. Do you think you can run your business effectively and still find the time to become an expert in digital marketing? Because if you do, you'll be competing against experts in the areas of:

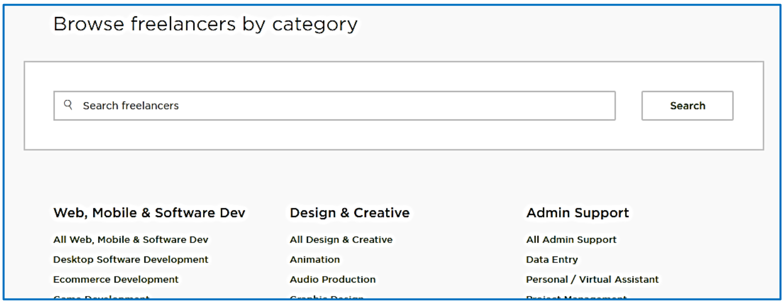
- Content creation
- Search Engine Marketing
- Social Bookmarking
- Search Engine Optimization
- Data Science & Analytics
- Copywriting
- Ecommerce
- Behavioral marketing
- Networks
- Local marketing
- Blogging
- Reputation
- Affiliates
- Live Video and Audio
- Email marketing
- Mobile marketing
- Link Sharing
- Paid Advertising
- Conversion Optimization
- Social Media

Hiring Local vs Hiring Someone Overseas

Hiring someone locally (in Western countries to be specific) will almost always be more expensive than hiring someone from a developing country. Local providers will tell you that you should support the local economy and there is some truth to that, but you must be the judge as to what that "support" will cost your company.

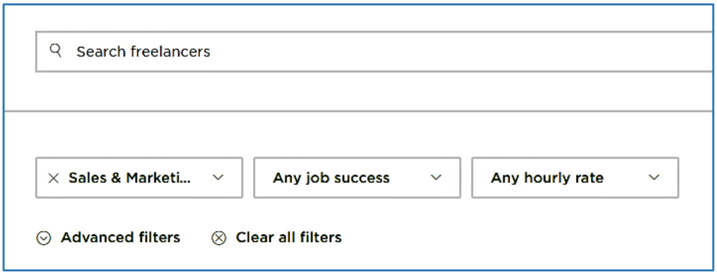
Several years ago, my colleague wanted a 16-page high gloss corporate brochure. Three local companies quoted him between $2,000 and $5,000 for the design. He ended up getting it done on Upwork for about $200. If you are serious about hiring locally to inject money into the local economy, then Upwork isn't for you. Furthermore, you may get better quality if you work locally, but it's not always the case. He showed his brochure to one local designer and was told, "I couldn't deliver something like that for less than $3,000."

Upwork (found at www.Upwork.com) is fairly simple to use. Create an account and then you can browse freelancers by category.

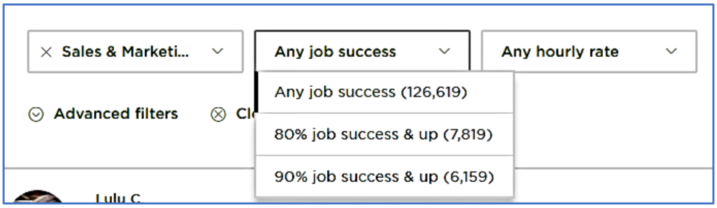


Maybe you want to find someone to help you with Email Marketing. Click on the Email & Marketing Automation category,

Then you come to a screen where you can narrow your search choices.

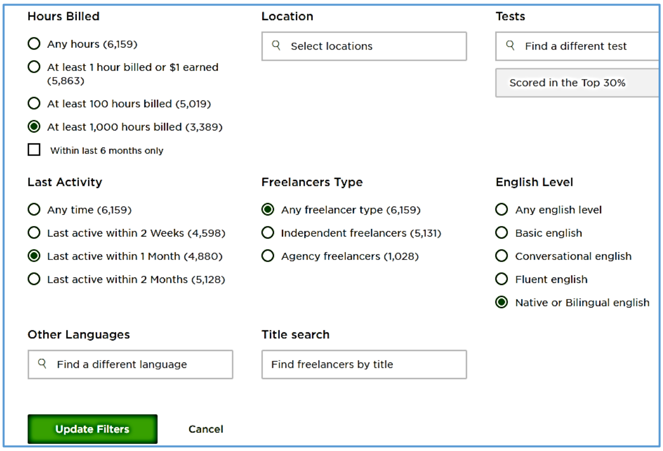


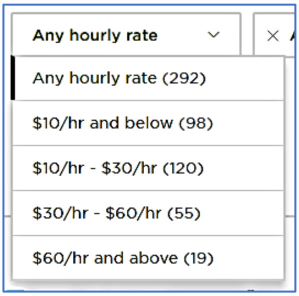
If you click on the "Any job success" dropdown menu, you'll see all the choices of freelancers who are looking for work.



I always go with those who have a 90% rating or higher.

If you click on the "Advanced filters" link, you can refine your search even more. I want someone who has billed at least 1,000 hours, has been active in the last month, and has native or bilingual English (communication is *always* difficult across language and cultural barriers so keep the odds in your favor).





When you’re finished, click Update Filters and you’ll see the results. You can then click on “Any hourly rate” and see how many freelancers are available at each hourly rate.

I see that there are 292 freelancers who have a 90%+ rating over 1,000 hours of billed work, have been active in the last month and are fluent in English. 98 of these 292 people charge less than $10/hour.

In Upwork, you pay Upwork for the work the freelancer does for you and then Upwork pays the freelancer, taking a small amount for themselves—20% of the first $500 you bill a client across all contracts with them, 10% of total billings with a client between $500.01 and $10,000, and 5% of total billings with a client that exceed $10,000.

I clicked on the "$10/hr. and below" category and found several excellent candidates. You can click on any of the profiles, see the work they've done, the reviews they've received, and their portfolios (if applicable).

The best way to find someone to help you is to create a small job and invite three to five people to connect with you. Interview the people over Skype and measure their language ability, their timeliness, and their responses to your questions. Then offer the top two or three the same job and see which one comes back with the best work. Then give that person more responsibility.

What kind of jobs can you outsource easily?

- ALL your social media, including preliminary connections with new prospects, content marketing, video creation, managing reviews, etc.
- Design work, including web design, brochures, business cards, banners, etc.
- Digital marketing, including paid advertising
- Other marketing (Note: *you* should still be responsible for your strategy but there are a lot of functions and tasks in marketing that others can do)
- Legal services. Unless you're training and qualified, outsource it.
- Customer Support or Client Care. Find someone who loves to help people and let them help you.
- Assistant or Virtual Assistant. They can weed through your emails, follow up with overdue bills, make deliveries, manage your mail, and generally do things you dislike doing and for which you are forever procrastinating.
- IT services. It's nice, and many times *necessary*, to have someone on standby to help you overcome technical challenges. But there are many roles you could outsource

including web support, building apps, coding, tech support on many layers, and cybersecurity.

- Accounting. If you're really good at it, then consider doing it yourself. If you must learn it, then outsource it.
- Bookkeeping and Payroll.
- Sales. Some people are gifted at picking up the phone and making cold or warm calls and actually *love* doing it.
- Driving (for your commute or meetings).

The key is to realize that your time is valuable. You need to do work that is worthy of your desired hourly rate. Then outsource the work that others could do more effectively, more efficiently, or at a lower cost than your targeted hourly rate.

Start small and outsource the jobs you *hate* to do. It might be bookkeeping, accounting, or social media messaging. Track the hours that you save and ensure that you use your time working on the areas of your business that are worthy of your targeted hourly rate. Then, as you gain success with the smaller outsourcing tasks, you can increase what you outsource so that you continue to leverage your time and talent.

If you were to implement the ideas from this chapter into your business, by what percent could you increase your revenue? (Be conservative with your estimate and write the number in the space provided.)	%

Calculate Overall Profit Impact

To calculate your profit impact, you need 3 numbers (and the impacts from each chapter): Annual Revenue, Gross Profit Margin, and Net Profit Margin

To find your unique impact, we need to rely upon basic calculations and that starts with an understanding of these three basic numbers.

Annual Revenue is your net sales for the fiscal year.

To find your Gross Profit Margin, subtract the cost of goods sold from total revenue then divide that number by the total revenue.

Net Profit Margin is the net income or profit that is generated as a percentage of revenue. What percent of your Annual Revenue can you put in the bank?

If you’re confused, typical margins could be as follows:

Net Profit Margin: 20%

Gross Profit Margin: 50%

This is key to understanding your impact. Basically, if you make an additional sale, you've already covered the rent, utilities, salaries, insurance, etc. Therefore, you can measure the increased sales by Gross Profit Margin. You may have to pay commissions and hard costs. But you are left with a higher percentage than the Net Profit Margin.

Chapter Content	Your Impact %
How to Make Your Marketing Super-Compelling	_______%
Lifetime Value, Lowering the Barrier of Entry, and Risk-Reversal	_______%
How to Implement Successful Risk-Reversal Strategies	_______%
How to Create Your Million Dollar Message	_______%
Return on Investment - The Key to Generating Wealth for Your Business	_______%
Discount Your Prices and Go Broke!	_______%
Raise Your Prices This Way… And No One Will Blink an Eye	_______%
Stop Competing on Price & Start Competing on Value	_______%
How to Get Your Customers to Stay With You For a Long Time	_______%
The 7 Fundamentals That Create Great Marketing	_______%
Lead Generation Made Easy	_______%
Simple Steps to Get More Appointments With Your Prospects and Make Sure They Keep Them	_______%
Downsell Your Way to Wealth by Creating Out-the-Door Offers	_______%
Bring Them Back Again: Easy Methods to Reactivate Former Customers	_______%
Leverage the 80/20 Rule: Outsource the Mundane	_______%
ADD THE IMPACTS FROM EACH CHAPTER TO FIND YOUR TOTAL	________%

Calculating Your Overall Impact	
A: Your Annual Revenue	____________________
B: Your Net Profit Margin (as a %)	_____________%
C: Your Net Profit (multiply your Annual Revenue by your Net Profit Margin)	____________________
D: Total % Impacts from the previous page	_____________%
E: Calculate Increase in Revenues (multiply Annual Revenue by Total % Impacts)	____________________
F: Your Gross Profit Margin (as a %)	_____________%
G: Multiply Increase in Revenues (E) by Gross Profit Margin (F)	____________________
H: Divide the Increase in Profit (G) by Current Net Profit (C) (This is YOUR profit impact!)	_____________%

Here's an example of what this might look like:

Impact Example	
A: Your Annual Revenue	$1,000,000
B: Your Net Profit Margin (as a %)	20%
C: Your Net Profit (multiply your Annual Revenue by your Net Profit Margin)	$200,000
D: Total % Impacts from the previous page	60%
E: Calculate Increase in Revenues (multiply Annual Revenue by Total % Impacts)	$600,000
F: Your Gross Profit Margin (as a %)	50%
G: Multiply Increase in Revenues (E) by Gross Profit Margin (F)	$300,000
H: Divide the Increase in Profit (G) by Current Net Profit (C) (=$300,000/$200,000)	150%

Your Next Steps

We've just spent a short time together in the pages of this book and we've only scratched the surface on a few areas. Imagine what we could do if we dug deep to find you the breakthroughs, but we were much more systematic across *many* more areas. Then imagine if I gave you the step-by-step plan to move forward.

Would you like my help to achieve these numbers?

READY
TO GET STARTED?

Please contact me directly
to schedule a live appointment at:
AskAlfredMcComber.com

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