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Hidden Paths to Greater Business Growth, Profit & Cashflow

Clive Margetts



The Business Success Consultant

Leading good businesses to great profit

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Meet Clive

Hi, I'm Clive, a business owner and entrepreneur of 20 years standing.

I have taken three businesses from start-up through to profit and subsequent successful exit, so I understand what it takes to generate business growth and build value.

Possessing the academic qualifications to underpin the experience, makes me fairly unique in the business owner mentoring and consulting space, not least because none of my other businesses had anything to do with the business advice sector.

So what's my big 'Why' I hear you ask?

Put simply, I love business and the challenge of making them as successful as they can be. I also like dealing with driven business owners that crave success, whether you are running a new start-up or an established business seeking to take your Company to the next level. I am here to support and guide you.



So, I hope you find this e-book useful, and PLEASE READ IT. I recently heard a statistic that over 98% of books purchased never get fully read. This one is short and I know the lessons can really make a positive difference to your Company's bottom line.

One of these paths generated £562,000 in revenue and another path helped me take a company from being loss making into profit within just 3 months.

I also sincerely hope this is just the start of what will become a long and very enjoyable business relationship for us both!

Best regards,

Clive

The Challenge

As an Entrepreneur and Business Owner, you and I know there is a multitude of potential service providers offering commercial advice, suggesting they hold the key to increased business growth, profit and cashflow.

Unfortunately, in reality, many of these so-called 'advisers' fall short of actually delivering the end result. Why?

- a) Because of their area of specialist knowledge means they can only offer one narrow element to one of the routes to commercial improvement. For example the Public Relations (PR) expert who contributes to an overall Marketing Mix of may be ten differing approaches.
- b) They are professional coaches and consultants that have academically studied business but have no previous practical experience in actually running a business. So being a self-employed business consultant or coach is their first experience, and more often than not most fail!

Which is not a great endorsement of their services is it?

Having employed a number of specialists and coaches myself within my various Companies over the last 20 years I recognised an opportunity to cut through the swathes of false hope and promise. Hence, when I sold my third business success, I decided that I would provide other business owners like you with the whole landscape from someone who has travelled the journey a number of times and 'walked the walk'.

So I now invite you to come on a journey with me to discover 'The 5 Hidden Paths to Greater Business Growth, Profit & Cashflow'.

Now when I say 'hidden' what I actually mean is the routes that most business owners unwittingly overlook. I describe it in this way because I have no doubt that you will recognise at least one of the ways, if not more, yet the majority of business owners fail to acknowledge or give attention to the other routes.

Maybe this is why over 50% of businesses that start up fail within the first five years.

The good news is that all that I am going to cover in this guide are ways I have personally proven to work AND, in my opinion, are the ONLY 5 METHODS TO ACHIEVE GREATER GROWTH, PROFIT AND CASHFLOW.

Now before I get into where you need to focus, I want you to be very clear on something that is fundamental to any healthy business, yet out of three things that I have listed for greater gains it is the one most often overlooked or ignored by other advisers. It's cashflow.

As the business mantra goes, Cash really is king. No cash equates to no business. Generate more cash and it enables you to propel your business to bigger and better things in terms of growth and profit.

This applies whatever your business aims are, and I include those whose main motivation is only to serve in a philanthropic sense. When it comes down to it, businesses must firstly become sustainable and then growth naturally leads to wider awareness, acclaim with your utopia coming when organic growth materialises out of the 'snowball' effect as your efforts bring ever increasing returns.

The aim of this guide is help you identify the road to YOUR UTOPIA, and should you wish to take practical steps to achieving your aims then my further help plus support is available to help you and your business to do this.

Now before we get into the detail, I want you to visualise your business performing in a way it has never done before. There is no stress, everyone involved and associated with it are more cheerful, in fact there is a really positive vibe as optimism reigns supreme. You have consigned tough periods and times to the past, because you know how to make things happen by creating cash, profit and growth.

Feels good?

Great, because it is possible once you understand the 5 paths I am about to uncover.

The only other things you will need are some foundation level skills and an existing database of customers and prospects. If you do not have the latter then it just means the journey will take a little longer and you are going to have to work a lot harder. But don't worry because all businesses have to start somewhere, right?

In terms of skills, you need to understand how to:

- ✓ Gain new customers for your business in terms of marketing and sales.
- ✓ Develop strategies that link directly with your personal and business aims.
- ✓ Negotiate effectively.
- ✓ Manage your time effectively so that you have the ability to react to market conditions.
- ✓ Protect and insulate your business from the various threats to it.
- ✓ Analyse your business numbers (finances).
- ✓ Motivate people – Customers, staff and service providers.

If any of the above concern you then it could be the reason why your business is not performing at the optimal level currently, but we will deal with how you can address this in the 'What next' section of this report.

Anyway, on with the 5 paths to greater growth, profit and cashflow.

The first one is hopefully the obvious one!

Path 1 >

Get More Customers

Whilst it is obvious, as you will undoubtedly know it is easier said than done.

There are so many ways to approach this path, and it should be the aim of any entrepreneur like you to harness as many routes as possible, unfortunately most do not.

So often, usually after lots of trial and error, a Company will only exploit one or two routes to market, having proven these to work. This can be fatal.

I recall doing this with my first business, an unexpected market reaction to a set of economic conditions brought about an unforeseen end to 95% of my firms new business leads almost overnight. Had my Company not been so successful previously in terms of profit and cash-flow we would have suffered the fate that so many others did within our sector, being liquidation.

We survived, established a far more extensive marketing mix, and our marketing funnel ended up performing better than it ever had done previously. This stood me in good stead for my future business activity.

Below I list just a sample of the ways that I have used to generate new customers. Many of the approaches I adopt cost next to nothing, but are effective means of customer acquisition:

- ✓ Customer Referral Schemes
- ✓ Social Media
- ✓ Public Relations (PR)
- ✓ Pay Per Click (PPC)
- ✓ Direct Marketing
- ✓ Traditional and Innovative Advertising
- ✓ Synergy Marketing
- ✓ Digital Marketing

The important thing to understand is the 'Cost of Acquisition'. Each method of marketing will generate a different level of interest (leads), and from these opportunities will be a varying rate of conversion to custom.

So what does it cost you to acquire each customer via each of your existing routes to market?

The above is reliant on you ensuring your business has suitable tracking mechanisms in place. I am amazed by how many businesses have no idea on what, for example, their media advertising generates. When probed you might get a flaky answer and mumbling that getting Customers immediately is not the point, it is over 'awareness'. The problem is no one can ever quantify 'awareness' and it relies on too many additional factors such as sustainability and consistency of the advertising. It could be that your advertising is benefitting your competitors more than your business, dependent on the point at which the eventual buying decision is made by your audience.

A far better way of optimising the impact of your marketing is to build your database of prospects. The use of lead magnets and offers will capture the interest of your audience and enable you to further 'exclusively' engage with them via an auto-responder process.

Funnelling your leads in this way ensures when that buying decision is made you are the first in line to sell to them, and there is probably a comfort factor with your firm (assuming you have handled the communication well), so you become the natural choice.

The end result from constantly reviewing your marketing mix and funnel(s) is that you end up with a greater 'Return On Investment' (ROI). Even so, when you consider the initial investment and/or offers made it could be that certain routes to market just are not worth it. In other cases what you will find is that you get diminishing returns, such as when the market gets saturated.

There is invariably trial and error in marketing, so let's now look how else we can derive greater profits and resulting cashflow plus growth.

Path 2 >

Increase the Buying Frequency

I am sure we have all missed things that are 'under the nose'. I certainly have!

However, one of the biggest errors that businesses unwittingly make is to always look beyond their current and historic customers when it comes to generating more revenue.

Guess what?

They are your perfect customer. How do we know this? Because they have already bought from you!

The reasons for not contacting them usually range from not wanting to appear over pushy down to *'I meant to get around to visiting them again at some point'*. The reality is they may actually welcome your call and the day for getting around to re-connecting is today, because it is so often a hidden goldmine.

Plus it's far easier to contact someone when you have already had a commercial relationship with them than someone you have not. They will hopefully listen for a start!

So, for example, the florist could be contacting their previous clients by e-mail via an auto-responder process with tips on caring for flowers, or advice on how to present or arrange bought flowers or details of when certain flowers were in stock and in season. They could drop in offers that may just coincide with birthdays and other special occasions. It also means around certain dates like Valentines Day, Mothering Sunday or the customer's wedding anniversary they could send promotions.

Just a 10% uplift in the frequency of purchases can make big differences to your bottom line.

On occasion I am told that the purchase is a 'one-off' and the firm does not have any complimentary products or services. If this is the case, what other Companies out there offer products or services that have a synergy or complement your own? Can you forge a relationship that sees you promote their offering for which you receive a commercial benefit?

Whatever you are offering currently, start thinking of ways of getting in front of your customer more often at times when it might suit them, with offers they can use and will appreciate.

Path 3 >

Increase the Transaction Value

'Up-selling' or 'Cross-selling' is such a commonly referred to expression in business but so rarely adopted.

A common objection is *'I don't want to jeopardise the future relationship by seeming to push just more all the time'.*

You don't have to appear that way. If you approach up-selling in the right way you are seen as helping the customer - making their life easier.

As I draft this guide I recall a conversation from just yesterday when I spoke with the owner of a hair and beauty salon. When she took it over it was run as two separate businesses. She ran the beauty salon in a room at the back of the main hairdressing section. Whilst there was a loose arrangement to refer clients to each other, even after the owner took over both elements it has never really developed into a proper strategy because there was a concern that by pushing sales to the other side might lose the overall relationship. Hence, less than 50% of clients that visit for their hair use the beauty salon!

How many of the ladies that have their hair styled by this salon do you think might have had beauty treatments completed elsewhere or at least want some of the services offered at the other end of the salon?

We discussed a strategy for introducing the hairdressing clients to the beauty salon and vice versa. In addition, we developed a light and easy sales approach for the stylists to introduce the various appropriate hair products, including high value items such as designer 'straighteners'.

On crunching the numbers it was clear that based on the average spend that a 20% uplift in the transactional value should be achievable, again leading to significant increased revenue, profit and cashflow.

Start this process by thinking how you can add value to your customer. What might they also want or be interested in that is associated with your product or service. It's amazing what can develop from such an exercise. Go on, try it! :)

Path 4 > Improve your Profit Margin

Whilst there are just two ways to increase your margin, reducing your costs and/or increasing your prices, the approach to how you do it can be more complex.

A common response when I mention the above is 'I can't'.

My response is 'You can'.

Now I am not so arrogant as to suggest I will always be right but I have never yet come across an occasion when I have been wrong in this particular regard.

Let me give you a true story from a few years ago.

I became involved with a firm back in 2013 that had been losing money for some time and was definitely going out of business within a few months. The owner could not understand why and actually thought that a part of his business had made an £84k profit in the previous year when it actually made a £17k loss!

He simply did not understand the numbers.

I took a little time to assess the situation before advising swiftly that they needed to up their prices and lower the major material costs. I was told that I was mad as they would just lose their customers. exacerbating matters further. They actually believed their biggest supplier, being a local family print firm, did them a favour by completing their work at volumes and prices they could cope with.

I went through every single sales line and where the firm paid any supplier £300 or more per annum it was put out to the supplier's competitors to establish a fair price. Some of the suppliers we established were being fair, disappointingly, most were not.

Some of the existing suppliers decided to price match, others went a bit further to retain the business and chose to become a price leader.

Oh, and that friendly print firm was charging almost double the going rate on most of the print jobs they got!

Having switched suppliers where necessary, we then calculated the new margin and identified that the firm still needed to increase it in the majority of cases. Some lines went up by almost 70% in price!

Understandably some of the customers were shocked, but the firm communicated clearly as to why this was necessary, being a rise in material cost and the fact they had not raised their price in 7 years. Some lines, less than 10%, were culled by our customers, but most accepted the revisions realising that they still got value.

The result was that within 3 months we had saved the staff jobs and even made profit. This one area of the business that I mentioned above swung from a £17k loss to just under £21k profit within a few months. The firm is still running today.

Cost Saving

In terms of cost minimisation it is not just about drilling down on service provider cost, although it makes sense if you review these regularly, it is also about managing those internal expenses.

For example, service industries often have staffing costs as a major expense. In such an instance I would look to check if they 'Manage by Exception'. It is something I have worked on to perfect over the years, and meant that in one of my own businesses I reckon I saved up to 40% of my internal staff costs.

Ensuring your business is flexible enough to embrace technical advancements will also make a significant difference.

Price Rising

You need to understand that we all buy on perceived value. For example, you may just introduce rising service levels that increase in cost. Some customers will pay extra just to be 'exclusive'.

Where you have to raise prices there are often methods you can adopt to lessen the impact, such as to link the price with additional benefit.

Once I introduced my customers to their personal Account Manager as we recognised that many customers liked to get through to the same person when they called us. The former Customer Services team did not change in personnel, they just had their own set of clients on which they were now assessed. The cost of switching to this process was minimal but it enabled us to increase our prices by about 15% without quibble. Our revenues rose and we had such positive feedback that it became a selling point.

Latterly, we actually had clients advise they came to us because of this benefit, being even prepared to pay extra for the privilege.

So, when business owners say to me they cannot raise their prices I respond with *'you are not selling your benefits well enough then'*.

If your product or service has no benefit then you have no business. Assuming you do then it is down to your positioning of the offer.

I was recently helping another business consultant develop their offering. She often dealt with businesses that were struggling and were making a loss, it was seemingly a feature of her sector of expertise and due in part to recent market forces. However, on probing I found out she had achieved some outstanding results, even doubling her client's business performance within just a year. She really could turnaround these specialist businesses, yet whilst she was incredibly busy she was struggling to make ends meet herself.

Put simply, she was charging too little (in some cases nothing at all). The problem was that in another six months she was out of business herself.

When I suggested she raise her prices she laughed. She said *'if those that need me cannot afford me now how can they afford more?'* She proceeded to give me an example of a prospect that was similarly facing ruin.

I reminded my client of her own successes and pointed out that if she could do the same for this prospect what she had done for others then the financial amount we were talking about charging was easily worth the end result. Indeed, I turned her comment around and said *'it seems those that need you most cannot afford not to employ you at very reasonable cost to save their business future'*.

It was a light-bulb moment for her.

Sell the benefits of what you do rather than the features to convey value.

Path 5 > Acquisition

Your immediate assumption is probably that I mean Company acquisition which, whilst a possibility, does not necessarily need to be the case.

There are occasions when one company might sell to another a portion of it's portfolio, such as if it is pulling out of a certain market or they are looking to raise finance for one reason or another.

The critical thing for you is to understand 'Customer Value' which extends beyond the short-term. This is something that separates the most successful companies from the rest. Tesco's has been an exceptional example and exponent of the recognition of customer value utilising it's 'Clubcard' scheme.

In simple terms, you would calculate the average revenue of your typical customer over the usual lifespan. This gives you an indication of what that customer is worth to your firm. At this point you can determine how much you might be prepared to pay for this client at the outset.

For example:

Your average customer spends £100 with you every three months and stays with you on average for three years.

The average customer value is therefore $\text{£}100 \times 4 \times 3 = \text{£}1200$

So would you consider paying someone $\text{£}200$ for a customer that you know on average is going to bring you in $\text{£}1200$?

Likewise this approach to analysis also helps with Path 1, and in this example you may therefore be prepared to virtually give your initial sale away at a highly discounted price (say charge $\text{£}25$ instead of $\text{£}100$) to achieve your $\text{£}1200$ average earnings, because it will mean more customers.

When you understand true 'Customer Value' then it opens up a whole new window of opportunities for your firm to accelerate growth, profit and resulting cash-flow.

Of course, you can look to acquire firms in their entirety and the methods do not always require huge cash commitments. Equity or shares are often used as an enticement to build value in to a deal.

Of course, you can look to acquire firms or their subsidiaries in their entirety and the methods do not always require huge cash commitments (if any).

It usually results in a faster route to growth, profit and cashflow, providing you buy carefully with appropriate due diligence.

Acquisition happens to be one of my personal specialist areas and so do reach out if this is of interest to you.

The Proof

So now let's analyse the potential of the cumulative effects of what we have learned.

Assume the following is our business before we adopt any of the above.

<i>Number Of Customers</i>	<i>Average Order Value</i>	<i>Average Order Frequency</i>	<i>Turnover</i>
100	£75	4	£30,000

<i>Fixed Costs</i>	<i>Variable Costs</i>	<i>Total Costs</i>	<i>Turnover</i>	<i>Profit</i>
£8,000	£12,000	£20,000	£30,000	£10,000

Path 1: We shall increase our customers by 50% now we have our new marketing mix sorted.

Path 2: We will assume the 10% increase in frequency achieved by the florist.

Path 3: We assume the 20% increase in spend achieved by our salon owner.

Path 4: We will assume a modest 15% negotiated decrease in expenditure. Plus increase our prices by 5%.

Path 5: We will leave for next year when we know what we have to spend. :)

The Figures now look like this:

<i>Number Of Customers</i>	<i>Average Order Value</i>	<i>Average Order Frequency</i>	<i>Turnover</i>
150	£94.50	4.1	£58,117.50

<i>Fixed Costs</i>	<i>Variable Costs</i>	<i>Total Costs</i>	<i>Turnover</i>	<i>Profit</i>
£10,200	£15,300	£25,500	£58,118	£32,618

Our costs have risen in line with the number of increased customers we need to service, but allowing for the drop in costs, a modest increase in price (when compared with what I usually find can be justified) adding the improvements in frequency and transactional value the compound effect is:

An increase in turnover by over 93% PLUS

An increase in profitability by a whopping 226%!!!

What next?

The fact you are reading this guide sets you apart from the majority of business owners who fail to develop their knowledge. However, you are in good company as the most successful business owners constantly seek to develop their knowledge.

The day the business owner thinks he or she knows it all is the day their businesses start to decline. Some simply fail to recognise that as the leader and driver of the business their personal development is more important than that of their employees.

Oh, and the elite entrepreneurs are those that always take lessons and seek training from other successful people. I know, because that is what I do as part of my consistent self development routine.

Hint: The important word here is 'consistent'.

I hope this small gift of my insight has helped you in some way, and if it has inspired you in some way please visit me on Social Media and let me know. Follow me or my pages (there are links all over my website) to benefit from other free snippets.

Alternatively, if you would like to find out how I can provide personalised support to you and your business then book a Discovery Call.

I'd love to hear from you!

About The Author

As a Business Professional & Leader

Clive Margetts showed entrepreneurial spirit at a young age, starting his first successful business whilst at school!

He gained the necessary academic training whilst studying Business at Loughborough University and latterly attaining the Institute of Directors Diploma in Company Direction.

However, he considers his **real** education came by setting up and running various businesses, taking them to profit and then successfully exiting the same on his terms.

Clive has assisted many other businesses and organisations in various guises before he decided to become a professional mentor and consultant to other entrepreneur business owners.

He also voluntarily assists schools with 'Business Day' Programmes and Events.

Clive has also Chaired business forums and previously sat on the Advisory Board responsible for Visioning and Strategy for Solihull Metropolitan Borough Council, since which the region has gone from strength to strength.

Despite recognising that a deviation into a career of business coaching and consultancy is probably a sacrifice of future personal earnings, he describes himself as being in his 'ideal space'. He is inspired each and every day by the business owners he comes into contact with and motivated by helping them achieve more business profit and personal goals.

Up Close & Personal

His pride and joy are his four children.

Despite hating needles he is also passionate about giving blood, as he believes there are fewer greater things you can give other than possibly saving another person's life.

Having always been passionate about participating and spectating sport, Clive still plays football every week believing his experience makes up for his lessening athletic ability when compared to his younger team-mates!

He would love for you to join him on his journey of discovery.

What Clients Say

I have had several businesses in the high-tech, consulting and financial sectors. I have known Clive since 2000 and done business with him on all fronts - as a customer, a supplier and as a JV partner.

I have had dealings with many business consultants and where Clive excels for me is his ability to cut through the usual BS and get straight to the point of what the problem is and the options around how it can be solved quickly, simply and cost effectively. If you are a business owner and are looking for no nonsense, practical 'here is what I would do' advice, I highly recommend Clive. He has been a business owner himself for many years and has been there, done it all, seen it all, fixed it all and risked his own money along the way. This in my opinion makes him a man worth listening too. In a crowded market place of so called business consultants, most of whom have either never had a business or done it with their own money, I trust Clive's advice more than others.

If you are looking for a fresh pair of eyes and ears with a pragmatic approach, I would strongly recommend you speak with Clive.

Bryan Lymer
Chief Executive, Kontango

Notes

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