

# Four proven ways to **grow** your business

BY JOSEPH SANTANGELO

Take four basic steps and you can increase sales exponentially, and multiply the value of your business. They are:

1. Win new customers;
2. Increase the number of times they deal with you;
3. Increase the average transaction value; and
4. Improve the effectiveness and processes within your business to achieve the first three.

Terence J. Shepherd, managing partner of Shepherd & Goldstein LLP, a business consulting and certified public accounting firm, emphasizes that the biggest reason a customer will leave you for a competitor is perceived indifference.

To improve the way your business operates, he recommends starting with his step No. 4: improving processes and systems within your business and how it serves the customer.

“You have to fight every day to keep mediocrity away,” said Shepherd, a keynote speaker at the Cape Business Connect small company development conference held last fall.

“Make no mistake about it,” he emphasized, “business is hard work. It’s hard work to be on top of your game, day in and day out, for every customer interaction. And to implement some of these things, you’re going to need to rise above mediocrity, you’re going to need high energy levels, you’re going to need focus and you need to pay attention to detail.”

Shepherd said it is “amazing to me how many business owners don’t have a vision. They go to work every day, they might work 12 hours, 13 hours or 16 hours, six days, seven days a week. And they figure if they put their head down, blinders on, and simply show up, that they will not only survive but they will prosper and will grow their business. But it doesn’t work that way.”

With systems in place, he said, you are freed up for a better quality of life or to someday sell the business and move on to something else.

“So imagine if you started your business or you went home this weekend and started thinking about what the end vision is,” said Shepherd. “What would you do differently in your business? How would you operate it? How would you structure it? How would it survive without you there?”

“If you don’t have processes, if you don’t have systems, if you don’t have things documented, then it has no value. It’s not going to survive if something happens to you,” he emphasized.

### UNDERSTAND WHAT YOUR BUSINESS IS

In Shepherd’s view, your business is about pleasing your customer – encouraging them to come back, spend more and expand your sales.

“You need to be looking at sales instead of a one-line item; you should look at the components of the sale, so it gives you better insight into where the potential for future growth is going to lie.”

A common mistake for most businesses is that they just look at getting new customers and ignore or underestimate the value of current customers. “That’s where businesses focus all of their time and attention, and I believe it’s a mistake to do so,” he said.

“Because small business owners are not paying attention to the customers they have, their revenues are about the same size year in and year out, sometimes a little bit less, sometimes a little bit more. So, with spending a lot on advertising and marketing dollars, business owners are getting customers in, but they’re just replacing those individuals that are walking out the back door.”



Keynote speaker Terence Shepherd of Shepherd & Goldstein addresses the crowd during Cape Business Connect’s afternoon program.

JULIA CUMES

The key is retention: holding on to your base of customers and then building new loyalties.

If you start out with 1,000 customers and increase the number of new customers, the number of times they purchase from you and the average sale by 10 percent each, then total sales are increased by 33.3 percent – the multiplier effect.

### DIFFERENTIATING YOUR BUSINESS

“People buy on differences and perceptions of difference,” said Shepherd. “You need to look at your business and come up with something that you can state in your marketing and your advertising that clearly differentiates you from everybody else.”

A detailed sales plan also is essential, he said, including forecasts, sales techniques and tools, targeting, conversion

## BUSINESS DEVELOPMENT

rates, cross-selling, up-selling, and bundling products and services. This takes time. "If you don't map out what you're going to do, you're not going to get it done," he said.

customer with help and guidance, offering options and opportunities, selling additional items that add value, packaging products together and creating a higher perceived value.

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To get customers to come back more often, he recommends staying in front of them with things like mailings, notes, birthday cards and newsletters.

Other tips to attract return customers: Offer excellent service, create a team commitment and make your customers feel valued and nurture them.

On increasing the average sale, Shepherd recommends providing your

Merchandising the way you present your products and keeping a firm grasp on your margins also help increase revenue. "Avoid discounting and price wars," he advised.

Most customers, he said, look for service, quality, support, help and advice. "If a customer feels well served and understands the benefits, they are likely to buy without overly considering price."

Inevitably, however, it keeps coming back to Shepherd's step No. 4: improving your processes. "Do things you are really great at," said Shepherd. Understand strengths, weaknesses, opportunities and threats. Measure your current operational analysis and use it as a benchmark for improvement.

"Take time to work on, not just in, your business," he added. "One hour a week, one hour a day, shut off the cell phone and think about the business."

Setting ideal and consistent standards and systems makes the business run more smoothly, he noted. "Do anything to improve service." ■

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