



**SHEPHERD  
& GOLDSTEIN**  
Business Consultants and  
Certified Public Accountants

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# Grow your Business

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## And The Winner Is...

Every economic downturn produces winners and losers. Often the losers are the ones who hunker down, hope, and wait for better days to come. At the other end of the spectrum are the winners: those who strategize and implement those strategies, who succeed and improve their business in the downturn, and who create, not wait for, better days for their business. As you wage today's economic war for cash, customers, and credit, I'm sure the articles below will give you at least one more weapon to aide you in counting you among the winners.

Joseph Vajda, MBA  
Editor

## Recessionary Toolkit and S&G's Economic Response Team

The global economic downturn has caused hardship for many of us. It's ugly out there and it's not getting better anytime soon! To combat the ongoing struggles to survive the challenges that lie ahead, we have organized an Economic Response Team dedicated to providing resources and tools for business owners and advisors to face some of the most difficult challenges they have ever encountered.

Touch times and touch economics can be the impetus for improving your company. Working through a plan that will not only help you survive, but also possibly help you grow through the recession, calls for an in-depth and well thought response.

Through our international consulting division, ROCG-Shepherd & Goldstein Consulting Group LLC, our leaders have developed and posted valuable resources to our website.

Please visit us often at [www.sgllp.com](http://www.sgllp.com).

With regular updates combining over 100 years of hands-on business strategy planning and execution, dynamic industry background, and volumes of global best practices, we anticipate that these tools will allow you to take proactive steps getting your own house in order by working from a position of stability and not one of panic.

## Small Ticket Cost Cuts Add Up

In the turbulent economic time, many business owners are caught in the crunch between tightening credit and increasing energy, transport and material costs. Accordingly, an SME owner's mind turns to ... cost cutting! Great idea, but where? Use lower quality materials to cut down inventory cost? Maybe leave out that final inspection before packaging up? Cancel the ad in the Yellow Pages? Fire a couple of employees?

Pruning the big ticket items will save on costs right enough, and quickly, but at what long term consequences to the quality, reputation and awareness of your product. Your ongoing activities need to be reviewed and revised as necessary to contain risk and to ensure you are managing your remaining resources wisely. You need a 'steady as you go' attitude that diligently protects your resources.

Besides the big ticket items, there may be any number of costs lurking in your everyday activities and procedures that just don't get noticed simply because they aren't big ticket items. But that doesn't mean they can't add up to a significant amount nonetheless. Look around and see if these tips can help drive down costs, once you have dealt with the bigger items.

### Fuel

- Organize your errands so you can take care of several on the one trip
- Arrange delivery schedules, sales calls or installations according to the shortest route between them rather than zigzagging across neighborhoods
- If delivery is a courtesy rather than an integral part of your sales process, then consider cutting it out, offering it to only your best customers, scheduling it in late morning or early afternoon when traffic is lightest, or introducing a fee for it

### Utilities

- Turn off equipment that's not in use - computers, photocopiers, lights, air conditioning, heat
- Switch to energy efficient light bulbs

- Use high efficiency rated appliances
- Install automatic light switches and put the thermostat (air conditioning/heat) on a time switch
- Make use of natural lighting where possible



### Office supplies

- Put a moratorium on buying all but essential supplies
- Reduce printing to essential documents and use the reverse side of paper for preparing drafts and notes
- Use recycled paper
- Buy from office warehouse companies or discount stores
- Purchase locally – shipping costs from distant distributors can more than double costs

### Office equipment

- Before buying new furniture check out second hand office supply dealers or look for ‘going out of business’ sales

### Communications

- Cut back on unnecessary phone service add-on features like music on hold
- Price compare phone service providers and consider a VoIP solution
- Take away cell phones from employees who don’t rely on them to do their job
- Price compare website hosting service providers
- Consider next afternoon or two- or three-day service instead of express shipments
- Use email instead of postage mail whenever possible

### Make cost cutting a continuous improvement program

While you may have been pushed into a cost cutting exercise by the current economic situation, it’s smart to make cost review a normal and regular part of running the business. Now that you have carried out this review, ensure the process of actively searching for cost cutting opportunities stays alive and keeps contributing to increasing your profitability.

### Grow Your Business By Increasing The Average Sale Value

In our two previous editions of the newsletter we discussed growing your business by increasing your customer base and by increasing the number of times customers come back. This time, we discuss the third of the four ways you can grow your business, by increasing the average sale value.

Customers come to you for help and guidance. So it’s important to let them know about all the options, including additional products or services, that are available to add on to the original purchase. You’ve put a lot of time and money into getting that customer into your business in the first place, so why not leverage the return on that investment where you can?

There are a number of common selling strategies you can use to increase the average sale transaction value.

#### Cross selling

Cross selling is when you sell other products or services from your offering in addition to the customer’s original choice - “*Would you like fries with that?*” Look at your major product or service offerings and ask: What else could we offer to go with this item that would add value and help the customer get the most out of the purchase? Then develop cross selling checklists for each item that will guide team members in making suggestions to customers.

#### Up-selling

A great way to up-sell from a lower to a higher priced item is to offer your products or services in three or more tiers, along the line of good, better and best; or bronze, silver and gold. Your first tier might be your budget items, the ones for price conscious buyers. Your second tier is the one you actually want the majority of customers to buy, and your third tier items will appeal to those who are happy to spend a little more for more value. Train your team members to offer three options from your range of items, explaining the tiers. Statistics show that most people will select the second tier item.

#### Bundling

Bundling should make your products and services appear more attractive and create a higher perceived value in the mind of the customer. For example, a health professional might bundle together a free assessment when a customer signs up for a certain minimum number of sessions. Take a

look at your full range of products and services and see if there's any opportunity to package things in this way in your business.

### Smart merchandising

Signage, ticketing, presentation and packaging, traffic flow, and point-of-sale displays are all types of merchandising that can increase your average sale if done well. Having educational information about your products or services, and sales tools like testimonials or brochures, can help build customers' confidence in your business and increase the average sale value.



### Work your margins and pricing

To increase your average sale value you must have a firm understanding of your margins and how they affect your bottom line. Avoiding discounting and price wars is important to maintain and increase your average sale value. If your present margin is 35% and you reduce your prices by 10%, then just to produce the same profit as before the discount, your sales volume must increase by 40%! On the other hand, if your present margin is 35% and you increase your prices by 10%, your sales can reduce by up to 22% while still maintaining the same profit. Do some what-if scenarios around increasing and decreasing your margins to see just what the effect on profit might be.

## Discover Your Unique Core Differentiator—And Market It!

Unless customers perceive something unique about your business or its products, they will relegate you to commodity status and make purchase decisions solely on the basis of price. As you wage the daily war to capture sales in the competitive marketplace, you'll need more weapons than just price. You need to stand out from the competition.

Discovering and promoting what makes you different, your Unique Core Differentiators (or UCDs), will make your business and your products stand out from the competition. UCDs are powerful selling tools that can be used in all elements of your marketing. They are key contributors to your image, and they are what your customers and prospective customers relate to you and you alone.

Anyone hearing the business' name should instantly think of the UCD if you get your marketing right.

Your company's UCD can be a slogan or a graphic. It can be a customer perception of pricing or value. To make it work for you it has to be both factual and demonstrable – a deliverable to the marketplace. Your business name itself can be a UCD.



### What's in a name?

Take a hypothetical retailer: Bigger Discounts. Their advertising slogan could be *'The name is what you'll get when you shop with us'*. The UCD is clearly articulated in the company's name and slogan, and is intended to be perceived as a reflection of the store's pricing policy.

This kind of UCD is simple, but appeals to a large segment of the market. It says to bargain shoppers 'shop here and you'll save more money than if you shop elsewhere'.

What if you're trying to be an exclusive retailer of luxury goods where customers want quality and aren't as interested in price as the Bigger Discounts shoppers? UCDs can be a lot more than just a descriptive name.

Saks Fifth Avenue and Harrods are names that are, in themselves, meaningless but have connotations of wealth and quality going back decades.

The same principle applies to individual products. Scotch Tape and Kleenex Tissues are products whose qualities are known worldwide, and the strength of their branding ensures their success independent of the companies that make them. (Can you name the makers of these two products?). Both names are unique in the minds of consumers and worth millions of dollars. That's what's in a name.

### Define your own UCD

Define your own UCD by cataloging all those things that you think make you better than your competitors: your product mix, your standards of service, your guarantee, the specialized knowledge of your team, or even a service such as free home delivery.

Look also at areas where you may not be better than competitors but can promote differently - there's nothing inherently different about one builder's concrete from any others, but one successful marketer painted their delivery trucks a shocking pink and gained all the attention they wanted.

### An Important Message

While every effort has been made to provide valuable, useful information in this publication, Shepherd & Goldstein and any related suppliers or associated companies accept no responsibility or any form of liability from reliance upon or use of its contents. Any suggestions should be considered carefully within your own particular circumstances, as they are intended as general information only.

If possible, relate your UCD to something that customers need, or relate it to one of their major frustrations. Try and tell them that they can get what they want from you and that they will enjoy the purchase experience more than if they'd gone to one of your competitors.

What you say must have a genuine appeal to your target audience. And it can't be something your competitors could also say. If you don't have a real point of difference, invent one. Even if it's only packaging your products in a distinctive wrapping, get away from the herd!

### **Make it work for you**

Integrate your UCD into every part of your marketing. You may not want to change the name of your business, but you can certainly adopt a new advertising slogan, graphics style, color scheme, or amend other elements of your business that will remind customers of your core promise and set you apart from the competition.

## **Upcoming Seminars**

This spring, take time away from your daily demands to work ON your business, with us. Watch our website for updated details on the following events:

### *Navigating The Recession Seminar*

Presented by Mark Leone, EA *Eye on Milford*, broadcasted by Milford Cable Television on March 10th & 17th at 8:30 PM and March 12th & 19th at 7:30 PM

Presented by Carl J. Goldstein, CPA Grumpy's Restaurant in Dennis, March 31st, 7:30 AM

Presented by Curtis A. Feldman, CPA Clark University in Framingham, April 30th, 7:30 AM

## **Affiliated Companies**

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## **Comments? Changes?**

We all want to improve what doesn't work...but we need YOUR help! Share your improvement ideas and topics you would like to read in future issues with:

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