



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

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# Grow your Business

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## We're Back!

Shepherd & Goldstein is pleased to reintroduce its quarterly Grow Your Business newsletter. Just like the newsletters of the past, our aim is to provide you with information relative to current business issues facing the small to medium sized business owner – to provide the food-for-thought for you to work ON your business. As always, our goal is to help you maximize the value of your business and attain your personal financial objectives. Happy reading!

Joseph Vajda, MBA  
Editor

## Drumming Up Business During Slow Times

Every economy and every business has its ups and downs. The trick to weathering the storms successfully is to be prepared for them.

### Reactivate Dormant Accounts

The quickest and easiest way to do this is to sit down with your list of past customers, call them, say hello, and see what's going on. Don't make this a hard sell call, just a reminder that you have done business before and you are interested in working with them again. You don't have to ask for work directly but when you end the conversation you might say something like, "Well, it's been good talking with you. Keep in touch, and if there's anything I can ever help you with, don't hesitate to give me a call." If you are uncomfortable about phoning, send a letter, flyer or brochure that mentions new products or services and includes testimonials from other customers.

### Provide Superior Service To Current Customers

When business is slow you want to do everything you can to hold on to your existing customers. The best way to hold on to them is to give them not just their money's worth, but more than their money's worth. Now is the time to go the extra distance, give that little bit of extra service that can mean the difference between dazzling them and merely satisfying them. The best protection against a downturn in business is an active list of delighted customers.



## Have Existing Customers Drum Up new Business For You

It's probably fair to say that the customers you're currently dealing with associate with like-minded people - people who are in a similar income bracket, have similar interests, hobbies, and buying habits. And therein lies your sleeping giant. A referral system can harness this giant by encouraging existing customers to refer these people to you. If it's true that most of your customers are happy with your business and the products and services you sell, then it follows that most would be quite happy to refer you given an easy way to do so, such as displaying your brochures in their business. Slow times also provide the opportunity for more active networking, looking for opportunities that may only present themselves when talking to people.

## Plan An Ongoing Marketing Campaign

Slow business presents an opportunity to increase the amount of your time spent on prospecting for new business. During a lull in business you need to make this extra effort to attract clients or customers, follow up on leads and close sales. What types of marketing work best in slow times? Use a combination that includes direct marketing (direct response print ads, sales letters, self mailers, postcards, special offers) plus low-cost/no-cost visibility enhancing publicity techniques (press releases, articles, speeches, booklets, seminars, newsletters). Avoid costly image building marketing such as large space ads, slick corporate brochures, expensive annual

reports and other marketing communications that can drain your budget without producing sales.

### **Add Value To Your Existing Services**

In a slow economy customers are more concerned with price than ever before. Actually, their real concern is making sure they get the best value for their money. You can win new customers and retain existing ones by enhancing your services and providing your customers with more value for their money. For instance, if you are selling a commodity item you could add value by offering faster delivery than your competitors. Or a wider selection. Or easier payment terms. Or a better guarantee. There is no need to give away the store and promise an excessive amount of extra service. The extras you provide need not take a lot of time or cost a lot of money.

### **Keep Busy By Working ON Your Business**

A slow period in your business is a good time to busy yourself with internal projects that will improve the business, such as developing a new marketing strategy, making technical improvements to an existing product, auditing and improving your customer service procedures, revising your newsletter or website, or any of a hundred things that you couldn't find the time for previously. Now you have the time. So do them.

## **Grow Your Business By Increasing Your Customer Base**

It may sound a little simplistic, but there are really only four fundamental ways to successfully grow your business – in other words to make it more valuable. These four ways are:

1. Increase the number of customers of the type you want to have.
2. Increase the frequency with which customers come back to buy from you.
3. Increase the average value of each sale you make.
4. Increase the effectiveness of each process in your business.

It's interesting to contemplate the fact that all of the business development strategies you might implement will fall into one of these four categories. Any other strategy that doesn't appear to sit in one of these, for example cutting costs, may help you temporarily, but it won't grow your business. Cutting costs will not make your business more valuable unless you turn around and re-invest the money you save into one of the four ways.

In future issues we'll devote a story to each of these ways. This issue we deal with strategies for increasing the number of customers you have.

### **Develop a unique core differentiator (UCD)**

A UCD is the reason why customers buy from YOU, something you have that is of real value to them and decides their

buying decision in your favor. You may in fact have several UCDs – different ones targeted towards different segments of your customer base.

Good UCDs can come out of simply reviewing the way you do business and deciding to emphasize some aspect of what you already do, or of thinking up a different way of doing it. For instance, if you ran an automobile parts business you could offer free same-day delivery of parts ordered from repair shops within your area – only you service customers who need fast delivery.

Think about how you'd finish this sentence: 'People buy from me because I'm the only business that...' If you can put in something there that only you are doing, then that's a UCD. If you can't, then its time to start creating some UCDs for your business.

### **Tap the power of the phone**

Many marketing people consider the phone to be the single most underutilized selling resource in business today. An effective phone technique is really important in keeping prospects interested – there's no percentage in spending



money on generating leads only to turn them off the first time they call you because of the manner in which you talk on the phone; or by handling the call carelessly and leaving people hanging for long periods; or setting up one of those telephone tag situations. We all know how frustrating these things are.

With the right training, your team will have the focus to handle any call, and make it work to your business' best advantage.

### **Develop a sales system**

Just about everyone in business knows of someone they'd call a 'natural' salesperson. If you observe these people you'll begin to notice a pattern to the way they do things – how they get the prospect interested, how they keep them interested, how they handle objections, how they deal with questions about price and how they finally ask for the sale. All in a way that builds trust and understanding with the prospect as they go along.

They have systemized their routine – they have a 'sales system'. Now it is actually possible to learn an effective sales system. A systemized approach to selling based on an effective sales method and shared by you and your team is a must-have for increasing your customer base.

### **Research your market**

To improve your return on investment in marketing communication pieces such as letters, advertising, emails, and direct mail, a targeted rather than shotgun approach is very important. Your marketing should focus on a specific group of people who are the right type to purchase your product or services and give them a message they will relate to.

So it's extremely important to understand what makes your customers tick; if you are selling computers then you need to realize that the expert user with knowledge of software and hardware and all the technicalities is going to want different information than a person who just wants something easy to use for their email contact with family and friends.

To arrive at this knowledge of your actual and potential customers you need to do some homework identifying your main market segments and profiling them according to their interests – some market research. Then you can market accordingly in a much more focused and cost effective way.



### Avoid A Retirement Crisis

At some stage every business owner must sell or pass on - transition from - their business. Many 'transitioners' have predicated their post exit plans on having a nice nest egg from the sale of their business. But here's the hurt – it is estimated that as many as 40 per cent of baby boomer owners plan to leave within the next five years. That means we may see a glut of small businesses for sale making it increasingly difficult for small to medium sized enterprise owners to sell their business at the price they had been counting on.

The fact is, 'hoping' is not a strategy. Hoping won't create value in the business. A strategy involves actually being in control of your business, being aware and goal focused, and having a plan for an organized and profitable ending.

So what will it really take for a business owner to successfully extract themselves from their business? To leave under their own terms; when they want to; and get the price they need?

#### Strategically decide WHAT you want to have happen

You can't develop a transition plan without having your end objectives in mind. You need to start by considering your endgame and making some specific decisions:

- How you would prefer to transition - sell, pass on to family, etc
- What you want to do after transition – specifically, so

you can set a budget for it

- Just how much money you will need to leave with to make your post transition plans a reality – not just 'as much as I can get'
- When you want to go – this determines how much time you have left to make things happen in the business

#### Plan HOW you are going to make it happen

Strategies need to be assessed and specific plans developed for how they will happen. For instance, precisely how to structure the sale to a third party for top dollar after taxes; or just how you will transfer your business to family members, co-owners, or employees while paying the least possible taxes and receiving the greatest financial security.

The obvious option may not necessarily be the best. Structured withdrawals staggered over a number of years where the owner takes less than market price up front but remains under contract for some time to help out during changeover, maybe in a part time capacity, can add up to a bigger sum than simply taking the first check offered. That's the value of planning things out.

#### Actually GET ON with making it happen

Making it happen means taking each of the strategies in the plan and implementing what needs to be done to achieve it. Typically the major one will be to increase the value of the business. Can you imagine putting your home on the market without getting it ready? Not likely – you know it needs to look good and be in good repair to bring the best price. The equivalent with businesses is called grooming for sale. Grooming means looking at ways to improve the value of the business – developing a bigger market share for instance and improving productivity.

Secondly, the business needs to be in sale ready condition. At the time of sale the buyer will run a thorough due diligence check of your business records to satisfy themselves of the viability of the business and the validity of the claims you have made about it. You need up to date financial records and several years' backup records that all make the business look good.

The third key factor is taking YOU out of the business. If most of the value of the business is predicated on your involvement – your own knowledge of processes, your own ways of doing things and so on - then it isn't worth much without you. Instead, you have to be able to demonstrate that yours is a turnkey operation that the buyer can run as effectively as you. One way to do this is to have trained employees and systemized processes in place that allow the business to run without your constant oversight.

#### 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.

## Transition planning can bring immediate benefits too

Even if retirement seems a long way off and even though some things are going to change your ultimate goals as time goes by, the fact is that because transition planning revolves around taking steps to improve the value of your business there will usually be some immediate benefits from starting the process.

- More profit
- Higher efficiency
- Greater peace of mind
- Clearer focus

To develop a viable transition plan professional guidance is essential. The source of that support may be your accountant, lawyer or business advisor.

For more information on this subject, go to [www.business-transition.com](http://www.business-transition.com).

### Need Help?

*Please contact us for questions or implementation strategies on any topics presented.*

## Shepherd & Goldstein In The Community

We are pleased to be sponsoring The 17<sup>th</sup> Annual Why Me Golf Classic to be held at Sterling National Country Club on August 12, 2008. Ronald J. Masiello, partner, is once again chairing the event which includes a full round of golf, golf cart, lunch, dinner, raffles along with a live and silent auction to make for an enjoyable event for all. Proceeds will benefit Why Me who is the Central New England region's only non-profit charitable organization dedicated to the emotional well being of children and families afflicted with childhood cancer.

### 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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