

# *Winning Strategies for Business*

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## **Topics Covered:**

*Marketing*

*Salesmanship*

*Customer Service*

*Staff Selection*

*Financial Management*

*Financing*

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## **How a Business Works**

- Uniqueness (niche) – Why You?
- Target Markets – Not the Whole World
- Competitors – Everywhere
- Playing Field – Battle Zone
- Marketing - Communication
- Salesmanship – Seal the Deal
- Customer Service – Keep ‘Em Coming Back

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**Marketing** ( all **actions** you take and **collateral materials** you create to build and maintain an **image** of your business in the eyes of your **target markets**)

Actions

Collateral Materials

Image

Target Markets

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## **Marketing – here's how it's suppose to work (cont.)**

- What are you selling*
- To whom*
- Competitors – who else*
- Niche*
- Strategies*
- Communication – what and how*
- How much to spend*
- How to measure results*
- Evaluate and change*

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## **Marketing (cont.)**

- ❑ Advertising
  - ✓ Part of marketing, but not synonymous with
  - ✓ Generate a sale
  - ✓ Requires a plan
  - ✓ People need to see/hear 4-5 times before they pay attention
  - ✓ Use few words
  
- ❑ Measure results (if not working, move on)

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## **Salesmanship – Seals the Deal**

- Marketing got their attention
- Advertising got them to the store
- Salesmanship job is to seal the deal

### SUMMARY OF THE PROCESS

- ✓ Let customer settle in; engage in conversation before going after the sale
- ✓ 2. Get merchandise into customers hand
- ✓ 3. Be a better listener than a talker (What, I thought the loud, fuzzy haired people got the sale!)
- ✓ 4. Salesmanship is all about overcoming objections
- ✓ 5. No more “may I help you”; answer is almost guaranteed to be “no just looking”

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## SUMMARY OF THE PROCESS ( cont.)

6. Salesmanship is primarily about overcoming objections
7. Primary reason sale does not take place is because we don't ask for the sale.
8. How do you ask for the sale – your method needs to be sincere and natural.
9. Closing the sale is a planned event, and there are different methods that can be used. Examples:
  - a. Alternate choice
  - b. Assumption
  - c. Compliment
  - d. May be only one left
  - e. Summary of benefits
  - f. Whichever close you use, be sincere and natural
10. Don't forget to cross sell

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## V. Customer Service – Keeps Them Coming Back.

A. Process not an event

B. Interesting old stats:

1. Most of the people who have an issue with your business will never issue a complaint. They just disappear.
2. Dissatisfied customers are verbal – up to 10 people hear about a bad experience.

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- C. People care about two (2) things, primarily:
  - 1. You hear what they are saying
  - 2. You do what you say you will do
- D. Some new stats on customer service – verify old, although percentages differ:
  - 1. 45% of customers who experience problems never contact the company
  - 2. They simply don't return
  - 3. Rather than complain these people spread negative word of mouth
  - 4. Most customer service surveys are not well formulated
    - a. What needs fixing should be priority
    - b. Not, how much do you love us

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- 5. About 70% of customers defect because of service or quality problems that could be easily fixed
- 6. Customers are not very truthful when surveyed
  - a. More than 60% say they are satisfied, immediately before their defection
  - b. 60% experience at least one (1) problem with a product or service of a 6-12 month period
  - c. 21% of the typical North American company's revenue is at risk as a result of customer satisfaction
- E. 10:1 rule
- F. Good customer service reduces shrinkage

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- G. Creating a customer service culture
  - 1. Must be driven by management
  - 2. Rooted in core values
  - 3. Two (2) levels of customers
    - a. Employees
    - b. Customer
  - 4. Employees have to buy-in to customer service
    - a. Training
    - b. Training
    - c. Training
  - 5. Discuss some “how to’s” – see hand out.

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- VI. Staff Selection and Training
  - A. Owners/managers – need to make the pass
  - B. Most small business owners (except you) do a poor job of staff selection/training
  - C. The process
    1. Decision to hire – consider alternatives
    2. Recruiting – job description
    3. Application – requirements
    4. Interview – do it legally

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5. Testing and background checks – do some kind
6. Make an offer – person or on phone
7. Employment law relating to hiring
8. After employee is hired
  - a. Train
  - b. Manage
9. Prevention before termination – document
10. Motivate
11. Reward
12. Train
13. Dismissal – when and how

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## D. Things to remember

1. Staff can not do what they are not trained to do
2. Staff will not do what you will not let them do
3. Nobody wins if the “can do/will do” is not clear
4. Employee handbook (I’ll show you how to create one)

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## VI. Financial Management

### A. Learn how to read

1. Income statement
2. Cash flow statement
3. Balance sheet

### B. Record keeping

1. What to keep – “Starting a Business and Keeping Records”, Publication 583, [www.irs.gov](http://www.irs.gov)
2. Kind of records to keep
  - a. Gross receipts
  - b. Purchases
  - c. Expenses
  - d. Assets
  - e. Liabilities

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3. Options
  - a. Journals – record each business transaction
  - b. Ledger – total from all your journals
  - c. Electronic; e.g.
    - i. Quicken Home and Business – record keeping
    - ii. Quicken – accounting
4. Business checkbook – Mandatory
5. Business credit card – Mandatory
6. Period of limitations – IRS Publication 583, page 15

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## C. Financial Reports

1. Income Statement
2. Balance Sheet
3. Cash Flow Statement

## D. Key Relationships (overview only)

1. Accounts Receivable Turnover Factor
2. Inventory Turnover Ratio
3. Accounts Payable
4. Book Value

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## E. Key ratios

1. Debt paying
  - a. Current
  - b. Quick
  - c. Debt to equity
2. Return of investment
  - a. Return on equity
  - b. Return on assets

## F. Leverage (mention only – read about on page 11)

## G. Improving financial condition

1. Sales revenue to total assets
2. Debt to equity
3. Operating expenses to sales revenue

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- H. Budgeting and forecasting
  - 1. Sales revenue
  - 2. Operating costs
    - a. Fixed
    - b. Variable
    - c. Semi-variable
  - 3. Profit – money earned by business after operating expenses are paid
  - 4. Approach
    - a. Revenue – first
    - b. Operating expenses are relatively easy to project
    - c. Profit = Revenue less expenses

# *Winning Strategies for Independent Retailers*

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## VII. Where's the Money

### A. Two type of money

1. Equity – your money
2. Debt – their money

### B. Equity

1. Types
  - a. Hard money
  - b. Sweat
  - c. Trade

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3. Hard money
  - a. Personal funds
  - b. Friends and relatives (beward of gift issue)
  - c. Angel investors
  - d. Venture capitalists
  - e. Stock sales

## C. Debt

1. Loans
  - a. Secured
  - b. Unsecured
2. Leases
3. Credit

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- D. Before seeking funding
  - 1. Business plan
  - 2. Financing plan
    - a. How much do you need?
    - b. How much will you invest?
    - c. What do you have for collateral?
    - d. How much can you realistically borrow?