

WELCOME TO THE THIRD EDITION OF THE RECESSION BUSTER!

The COVID-19 pandemic not only triggered a global health crisis, it also plunged Australia into recession for the first time in three decades. As such, these economic conditions are unfamiliar territory for most business owners and we are here to help you navigate your way through this extraordinary and challenging period.

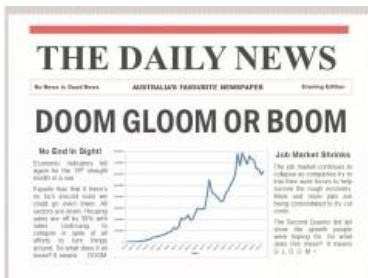
As businesses re-open we are being confronted with a new ‘normal’ with many people now working from home and increasingly, staff and customer meetings are being conducted online rather than face to face. Consumer behaviour has also changed and we have seen a massive shift to online sales. We genuinely believe your marketing could be the difference between gloom, doom and boom.

As an accounting, tax and business

advisory firm we do more than just ‘keep the score’ for our business clients. We aim to help you build a more robust, profitable and valuable business and the purpose of these ‘Recession Buster’ newsletters is to provide you with some practical, low cost marketing strategies to help you survive, revive and hopefully thrive.

To grow a business you need a combination of strategies, tools and people who implement so make sure you share the newsletter with your team and read each article with the mindset - How could this apply to my business? Take notes, create an action plan and allocate tasks to your team. Make sure you set deadlines for implementation.

Of course, if you have any queries or need assistance, please don’t hesitate to contact us.



4 WAYS TO GROW YOUR BUSINESS

Everyone wants to grow their business but there's no magic formula. The truth is, no amount of enthusiasm, passion, hard work or talent can guarantee business growth. Having said that, there are fundamentally only four ways to grow a business:

1. Increase the Number of (Ideal) Customers
2. Increase the Number of Times your Customers Come Back and Buy from You
3. Increase the Average Value of Each Sale you Make to your Customers
4. Increase the Effectiveness of Each Process in your Business.

If you could increase each one of these four factors by just 10%, the compound effect would be a staggering 46.4% increase in your revenue. While it theoretically sounds simple, there are lots of moving parts and marketing in the digital and social age can be complex. The internet and social media turned marketing and advertising on its head and offline marketing tactics like TV, radio, newspapers and direct mail have lost their marketing mojo. Online marketing tactics like Google searches, content marketing, social media, videos and email marketing are the new marketing magnets and are the focus of these newsletters.

A lot of business owners make the mistake of focusing almost exclusively on attracting new customers (clients or patients), however, it's only one part of the marketing jigsaw puzzle. If you're looking for exponential growth you need to consider all 'four ways to grow your business' and in this edition of the Recession Buster Newsletter we're going to examine the third way to grow your business – Increase the Average Value of Each Sale you Make to your Customers.

Four Ways to Grow a Business



How to Increase the Value of Your Average Sale

So how do you increase the value of your average sale to your customers? Given you've probably invested time and money to win them as a customer it makes good business sense to entice them to spend more with you before they leave your shop or website. Remember, your customers have come to you for help and solutions so it's logical that you make them aware of your full product range. They might have bought a single product from you but there could be other complementary 'add on' products they would buy if they knew they were available.



Before you implement any of the strategies listed below it's important that you know your numbers including the dollar value of your average sale. To calculate the value, simply divide your total sales for the day (or month) by the number of customers who bought your products or services. If your daily sales were \$2,000 and you made 20 sales on the day the average sale value would be \$100. Depending on the type of business you operate you might also want to calculate your average hourly sale,

average sale for each day of the week, average sale for each employee or average sale per marketing campaign. You can then devise a strategy to lift the results. For example, if Monday is your slowest trading day you could plan a special offer just for Mondays.

There are a number of ways to increase the average sale or transaction value including:

1. Cross Selling or the Add-On Sale

McDonalds are the master of the add-on sale. How many times have you been asked the question, "Would you like fries with that?" It's the classic example of a cross sell but the same approach works for almost any type of business. A solicitor could ask their clients, "Is your Will up-to-date?" I'm sure that could drive some more business from their existing clients and increase the average dollar value of each invoice.



A great way to generate add-on sales is to create a list of related products. For example, a hardware store could have a 'Paint Job Checklist' on display to remind customers to make sure they also get paint brushes, drop sheets, sandpaper and paint trays with their paint.

Do you have a core product or service? Think about what you can add on to increase the average sale value and overall profit margin. It could be a tie with a business shirt, a golf accessory with a set of clubs or a wheel alignment with a car service. Sit down and compile a checklist of items that you could cross sell and help your sales team 'sell' them to your customers.

With your website and shopping cart think about making product recommendations using

terminology like 'Customers who bought this product also viewed these'. This works particularly well in the fashion industry and by profiling products that other customers purchased you can increase average order values.

2. Up-Selling

A great way to up-sell your customers from a lower priced product to a more expensive product is to have products at different price levels. They could be marketed as gold, silver and bronze or budget, standard and deluxe models. Your base product might target the budget conscious buyer while the standard offering could be the option that most customers buy while the deluxe offering could target the small percentage of customers who are looking for extra value and higher quality. Again, it's important to train your sales team to outline the features and benefits of the three options to your customers.

3. Batching or Bundling

Batching or bundling several products together and offering a 'package deal' is a way to make your products and services appear more attractive and create extra value for your customers. Essentially you are offering a package or bundle of products together that will cost customers less if they were purchased individually. For example, a golf shop might bundle up a buggy with a set of clubs. A clothing retailer might package up 2 business shirts with every suit. The products should complement each other and we suggest you sit down and examine your product range to identify any opportunities to bundle them together.

For service providers, you can also bundle your time. For example, a physiotherapist might sell appointments in blocks of five 30 minute appointments. In the process they might yield a higher average sale and guarantee repeat

business. It might also help cash flow with the services being prepaid.

4. Prominent Merchandising

You can potentially increase your average sale if your signage, presentation and point-of-sale displays are strategically placed around your business. Supermarkets specialise in using this strategy and typically display specials at the checkout area to trigger impulse sales. You can also use testimonials, brochures or product samples to raise interest and get customers to buy that extra item.

5. Pricing, Margins and Discounts

Of course, before you package items together or cross sell to increase your average sale value you need to know your profit margin on



every single product in your range. It could be time to add a new product to your shelves that has a higher ticket price and profit margin. The good news is you don't have to sell as many of these items because of the increased profit margin. On the other hand, it could be time to stop carrying low priced, low margin items.

Be careful with discounting. For example, if your current profit margin on an item is 35% and you reduce your prices by 10%, then to generate the same profit your volume of sales must increase

by 40%. By contrast, if your current profit margin on a product is 35% and you increase your price by just 10%, your sales of this product can drop by 22% before your overall profit will fall below the original level.

Of course, simply increasing your prices will potentially increase your average sale value but you need to make sure you are competitive and don't lose sales because of the price hike.

6. Set Minimum Order for Free Shipping or Bonus

You can potentially increase your average order value by providing customers with an incentive when they spend a minimum amount at your store. Consider setting a minimum order amount for free shipping or give them a free gift or bonus when they spend a certain amount. Any incentive to spend a bit more will lift your average sale value.

7. Create a Customer Loyalty Program

If you sell consumable products (that customers need to replace at regular intervals) like stationery, take away coffee or razors then you might contemplate starting a customer loyalty or rewards program. Loyalty programs are a customer retention strategy designed to keep your customers loyal to your brand and increase the average order value. By providing an incentive for your customers to earn points under your loyalty program, you can expect to see them increase their average order value.

TURN YOUR 'ELECTRONIC BROCHURE' WEBSITE INTO A LEAD GENERATION MACHINE (PART 2)

During the industrial revolution there were tremendous changes to the way people did business. To name just a few, the advent of paper made from fibres rather than rags, the typewriter, the telegraph, photography, printing, newspapers, mail systems plus the start of radio and the telephone. All of those changes must have seemed daunting and

confusing at the time and that is precisely how many people feel now with the digital revolution.



The internet and social media have revolutionised the way we live, work, communicate and play. They have also turned advertising and marketing on their heads. Offline marketing tactics like TV, radio, newspapers and direct mail have lost their marketing mojo and have been replaced by online tactics like Google searches, content marketing, video, email marketing and social media.

Courtesy of the internet, your customers have access to more information in a day than their grandparents did in a lifetime. They had to spend hours sifting through their Encyclopedia Britannica collection to research something we can Google in seconds. The pandemic has also seen online sales and e-commerce explode so your website is now arguably your most important marketing tool.

The primary purpose of your website is to drive traffic and create leads but a lot of websites are really just electronic brochures that list the who, what and where of the business. Given the change in consumer behaviour, it could be time for a website review, reconstruction or makeover. Treat your website as an investment, not a cost and remember, it will always be a work in progress.

To help you, in these Recession Buster Newsletters we are examining the key website ingredients that could turn your 'electronic brochure' into a lead generation machine. The previous edition examined videos, blogs and responsive design but here are 3 more must have website features.

1. Calls To Action (CTA)

If your website does its job and people land on your pages, what action do you want your prospects to take? It could be - read more, download a free copy, get your free sample or simply subscribe to our newsletter.



READ MORE

Your calls to action can take many forms and ideally you should have multiple calls to action on key pages of your website. Remember, your visitors could be at different stages of their buying journey so give people still in research mode the chance to download an e-book full of information or simply subscribe to your newsletter. For people at a more advanced stage, let them order a sample or get a free consultation or quote. The objective is to capture them (and their contact details) and make sure it's difficult for them to leave your web page without taking some form of action.

Your call to action buttons need to be at the bottom of every page, in the header of your website and placed in multiple places throughout your home page. Your conversion of prospects to customers and sales will all hinge on the performance of your calls to action.

2. Lead Magnets

A lead magnet is something of value you offer your website visitors for free in exchange



It's all about attracting subscribers to your email list. In fact, one of the most important roles of your website is to collect contact information and the more valuable and relevant your lead magnet is, the more likely the visitor will exchange their contact details. These visitors become 'prospects' and enter your lead nurturing campaigns that could be a series of emails containing special offers.

Lead magnets come in many different forms including e-Books, a video, a webinar, a free product sample, an app or a case study. Give your lead magnet a great name that appeals to your audience's needs and you can have multiple lead magnets on your website to cater

for prospects at different stages of the buying process. While chefs have their signature dish, you can create a signature piece of content that you give away. If it's high quality information, it could build trust and potentially explode your email subscription list. As a guide, the content should be so valuable that prospects would pay for it and like most things in life, quality is better than quantity. You probably have loads of online competitors but this piece of work should be outstanding and irresistible to prospects.

The content must be genuinely helpful and showcase your expertise and be made available on the web for free. It might be an e-book, a how-to guide, a checklist, template or business planning tool.



The images you use for your lead magnets are also important. The image can have an impact on your subscription rate, so we encourage the use of a professional graphic designer. Professional images can add to the perceived value and look much more impressive than a standard design. We use and recommend www.fiverr.com where you can engage a freelance graphic designer to do one page jobs like a book cover. These graphic designers can even convert a conventional flat image into a 3D image of a report, book, box, case or video for maximum effect.

Final point, you should make filling out the form really simple and just request the basic information so you can get the prospect into your email database. The technology is simple and any decent email software program can build a form where contact information can be entered and saved for your follow up marketing.

BUILD A CHAMPION TEAM

There is an old saying, 'A champion team will always beat a team of champions'.



Think about some of the great teams you have been involved with at school or through sport. That same passion and drive that made those teams successful can be created within your business 'team' when the same spirit and principles come into play in the work setting.

Successful teams are infused with an energising spirit that draws the participants together into a cohesive unit and has everyone pulling together to reach a common goal. The ultimate result is an organisation that displays synergy - where the whole truly adds up to more than the sum of its parts.

To turn your 'staff' into a TEAM here are some time-tested ideas:

1. Lead by example. Be enthusiastic, encouraging and motivating.
2. Take team members from different levels and areas to lunch and ask what they would change in the organisation and how they'd change it.
3. Communicate, communicate, communicate.
4. Encourage team members to improve one process, procedure, or aspect of their job every day. (This helps your business achieve 'CANI' - Constant and Never-ending Improvement)
5. Agree to conduct personal and professional lives in a manner that will bring credit to your team members, their families and the business at all times.
6. Send a problem or challenge out to all team members and ask for their suggestions on how to solve it.

7. Give your team permission to say "yes" to clients and the resources to do it.
8. Break down barriers between departments. One way to do that is to create project teams to solve various issues.
9. Encourage every team member to take risks, exercise initiative, deliver quality results and never be afraid to make mistakes.
10. Create a supportive environment that nurtures professional and personal growth.
11. Do what you say you're going to do — and more!
12. And finally, while you're building a great business — have fun!

MEASURE, MONITOR & TEST

You can have a great product or service. You can have the very best advertising and marketing campaigns in your industry. Your support and service may be awesome, however, your business will never perform at its optimum level unless you master the art of measuring, monitoring and testing.

Measuring shows you what's really happening in the business. Only by measuring can you track whether something is truly working for you or not. Only by monitoring your activities on an ongoing basis can you make decisions as they happen rather than waiting for the end of the quarter or year (that alone could save you thousands).

Testing the results from one advertisement against another can tell you what's working and what needs working on. What and How do you Monitor, Measure & Test?

Measure and compare everything that moves! Here are some examples:

- Which marketing campaign, headline or offer works better than another?
- What is the conversion rate from inbound phone calls and website leads to sales?
- What percentage of business comes from each marketing activity?
- What percentage of sales comes from referrals?
- What is your team's morale level?
- What are the fluctuations in workload by the day? By the month? By season? How can we modify our processes to best handle this?
- What is the best price to charge for services? Do we test or do we assume?

To answer these questions you have to monitor, measure and test. When you've done that, test and measure some more. Never stop adding new measures or refining old ones. This allows for 'constant and never ending improvement' in your businesses, a concept that led the car manufacturing industry in Japan to take the world by storm. Where could it take your business?

FUNNY BUSINESS...

A shopkeeper was dismayed when a brand new business much like his opened up right next door and erected a huge sign which read BEST DEALS. A week later he was horrified when another competitor opened up on the other side and announced its arrival with an even

larger sign, reading LOWEST PRICES. The shopkeeper panicked, until he got an idea. He put the biggest sign of all over his own shop that read ... MAIN ENTRANCE.

**FUNNY
Business**

BACKWARD THINKING?



In 1963, John F Kennedy said, “We will have a man on the moon by the end of this decade.” NASA landed a man on the moon in 1969 by beginning with the vision that it had already happened and then planning backward steps.

Most people work the wrong way around when it comes to the future of their business. They start from where they are now and think about what needs to happen to move the business forward and then tend to get bogged down trying to solve the problems.

Instead of seeing the future for what it could be, we see the position we’re coming from. For many, the dreams for your business are a long way into the future and hard to picture. By starting with the end in mind we seem to ‘trick’ our brain into thinking we have already solved those concerns. Consider what your business would be like if you were already at the point where you had achieved your goals. A point where your business was performing and providing everything you wanted.

As a starting point grab a pen right now, think about how you’d like your business to be in 2 years time and jot down your answers to the following questions:

1. What personal annual NET income would you like to be earning by then?
2. What profit would your business need to be generating to give you that level of income?
3. What gross revenue would your business need to be generating to give you that level of profit?
4. How many hours per week would you like to be working, if any?
5. How many team members would you need (not counting yourself) to deliver on those revenues?
6. What equipment would you need deliver on those revenues?
7. Where physically would your business need to be - in its current location or with expanded premises to house your business doing that level of activity?

By answering the question, ‘What happened just before that?’ you can create a path you can follow backwards rather than forwards! In the construction industry this is called creating your ‘Critical Path’. Builders use it to break down the creation of a house into little pieces from the very last step of handing the key over to the first step of breaking ground to map out how the job will work best.

DISCLAIMER

While every effort has been made to provide practical and valuable information in this newsletter, this firm and any related suppliers or associated companies accept no responsibility or any form of liability from reliance upon or use of its contents. Any action should be carefully considered within your own particular circumstances as the information is intended as general information only.

The Recession Buster Newsletter is produced exclusively for members of the Accountants Accelerator Group. This is a group of proactive accounting firms across Australia who do more than just keep the ‘score’ for their clients. They are committed to helping their clients through the pandemic so they not only survive, but actually thrive.

**THE ACCOUNTANTS
ACCELERATOR GROUP**
Fast Track Your Firm's Growth