

# FRANCHISING WORLD®

## Four Ways to Improve Your Business Development Efforts

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*Every business has something that makes it unique.*

*By Mike Boyd*

Best practices is a hot buzzword right now, but don't get lost in a jargon black hole. What it really boils down to is business development — taking the company you've got and helping to transform it into something to be admired. The tips that follow have been helpful in spreading the Instant Imprints brand to more than 45 locations across North America and several more locations are being developed.

### ***Top-Notch Training Program***

Thomas Edison said: "There is always a better way." That's an attitude you should embody while considering training franchisees. Continual improvement is a key step.

Faced with making some big changes to Instant Imprints' training program, we went back to the roots — rewriting the training manual, reworking the class systems and teaching business development. I've found that less than 2 percent of franchises teach business development.

Consider the most important skills you aim to teach those in your system, and follow through to make sure that the learning doesn't end after training. Have your new franchisees visit a store nearby and talk with the owners. Let them observe a typical business day and find out what makes the place run smoothly.

During on-site training, try role-playing to focus on customer-service skills. Don't forget about continual learning. You might have franchisees who have been in the system for years, and it's your responsibility to ensure that they

receive ongoing training in technology, marketing and other programs that are of value. Don't let anyone fall through the cracks. Now that you've got a great training program, what's next?

### ***You Have to Measure to Win***

You have to measure if you want to grow. The results you have now will tell you what's working, and the results you don't have will make obvious what is absent. But you're a small-business owner, and you're already overwhelmed; measuring can't be your full-time job. It doesn't have to be.

A system I recommend is called the "Thumbprint." It's just three groups of numbers:

- Sales — We usually talk about monthly sales and compare them to last year.
- ACT – The amount of an average customer transaction.
- TGM – Total Gross Margin

ACT and TGM should both be measured historically over 12 months or as many months as you've been in business.

There are only two ways to grow sales: either get more customers or convince your existing customers to spend more. To calculate ACT, divide sales by transactions. Both ways to grow sales are accounted for in that one simple number. There are also only two ways to grow margin: raise prices or lower costs. TGM is the money you have after you subtract any costs that are directly related to making a sale, so both sides of that equation are represented in that number as well.

This is an accurate way for franchisees across the system to compare how they're the same, how they're different, who is having success and who needs a hand. This quick Thumbprint allows two small-business owners from completely different businesses and regions to relate to and learn from each other. In turn, this multiplies opportunities to learn from each other.

### ***Only Margin Pays***

Break it down however you want, but the truth remains: there are only four ways to grow a business:

- More customers,
- More often,
- More money,
- More margin.

As a business owner, you know that only one of the "Four Mores" pays: more

margin. Very little of the formula for business success is complicated. It may not be easy, but it is simple. Consider how to grow your margin: you can raise your prices or lower your costs. The key to success is to work with both sides of this equation.

Be aware of your costs and watch for the same or better product at a lower cost. That's not to say you shouldn't be loyal to your vendors, but one of the best ways to lower your costs is to consolidate purchasing with fewer vendors. As the volume of business that you do with them grows, they are likely to reward you with better pricing.

Take the time to calculate your margins on a regular basis — monthly, for example. You should break out your costs into the same categories that you use to categorize your sales. Total gross margin makes a great indicator for the overall profit health of your business. But when troubleshooting, changes and improvements are necessary. You have to address those at the department level. This means you'll need to calculate gross margins for each department in your business.

On the other hand, the prices that you charge your customer need to be competitive. When gauging the effectiveness of your pricing structure, listen to your customers and shop your competition. While price is commonly one of the first questions your customers will ask, it's not necessarily the key to customer satisfaction. Your job is to create value for your customers and finding a winning balance between cost and price helps build a strong business foundation.

### ***Marketing Is Your Trump Card***

One of the most successful programs we've put in place as franchisees is a Marketing Action plan. Simply put, this plan plays to the strengths of the franchisee. I was never one for going door-to-door to find new customers, so I found a few specific actions I could do well to get new people in the door. If we got a business card, we'd turn it into a luggage tag and send it back to the client. We found that 73 percent of these people actually used the luggage tag, and many became customers.

I also recommend joining a networking group or a BNI group. Becoming a business leader in your community is an easy way to make lasting connections with influential people. You never know when that can turn into a mutually beneficial relationship. Consider too, looking into something like pay-per-click advertising. This is a great way to reach people you don't already know who can become new customers. What you do isn't as important as the fact that you do something consistently and well.

To reach existing customers for repeat business, we've always strongly believed in sending thank-you notes. If you spend more than \$100 in our store, you get a personalized thank-you card. Nearly 85 percent of our business comes from

repeat or referred customers. We send out weekly emails to more than 1,400 customers. The messages are product-based, include news from the shop and feature a customer to tell their story and ask for ideas to grow.

Most importantly, remember to tell (and show) customers what you can do, not what you can't. Marketing is not a verb. With a few specific actions you can do well and measure, you can be successful. Big corporations market based on money, but small businesses market with the time, energy and passion of the owner.

Every business has something that makes it unique — the thing that it does better, faster or cheaper than the competition. This uniqueness and your guarantee need to be the core of the message that you deliver to your customers. Put yourself in the mindset of your customer. This will allow you to speak to their fears, wants, needs, expectations and delights. Describe your business in the terms that are most familiar to the people who buy from you. This will lead to more business for you.

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