

# The MX WAYS

## Report

How to Grow Your  
Business and Increase Your  
Profitability - Guaranteed



THE GROWTH FACTOR

MX – The Growth Factor e-books

# How to Grow Your Business and Increase Your Profitability – Guaranteed.

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This e-book has been published for business owners undertaking the  
MX Growth Factor program with their Accountants...

# 5 Key questions to help you discover if



If you own a business that is currently operating, large or small, and you genuinely want your business to grow and improve – the MX System could be a match for you.

Here are some key questions to determine if the MX System is an opportunity you should seriously consider.

## As a business owner:

	Question	YES	NO
1	Is revenue growth something that's important to you?	<input type="checkbox"/>	<input type="checkbox"/>
2	Is cash flow an area you would like to see improve?	<input type="checkbox"/>	<input type="checkbox"/>
3	Is profitability – taking more money home for yourself – critical to you and your family's future as well as your personal goals?	<input type="checkbox"/>	<input type="checkbox"/>
4	Is increasing (and protecting) the value of your business asset something you've been hoping for or wanting?	<input type="checkbox"/>	<input type="checkbox"/>
5	And what about the future – is planning your succession within the business or the successful sale of the business something to consider?	<input type="checkbox"/>	<input type="checkbox"/>

If you answered 'yes' to any of these questions, you are a candidate for the MX Coaching and Mentoring System provided by your Accountant.



A recent survey of 1077 business owners via 129 accounting firms across Australia and New Zealand, showed that the majority of respondents listed these five areas as the critical issues they needed and wanted support in. Now, your accounting firm can provide this essential support with the MX Growth Factor System.

Together we can impact each and every one of these key areas in an environment designed to bring out the best in you, your team and your business.

You will discover the hidden leverage points in your business – the very 'real' levers and dials that immediately lift your results without huge expense and drive your profits upwards.

To make this work – really work – all parties have to be committed. Committed to making a difference in your business and your life, committed to improving the performance of your business, committed to achieving your goals and committed to taking the **action** necessary to produce dramatically better results.

So if you're committed to making a difference and getting the positive answers to the five questions then let's have a look at some of the key areas we'll cover...

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# Contents

The 7 ways to Increase the Profitability of Your Business	P5
Develop Your 'Back Room' for More Sales and Greater Profits	P9
Understand the Lifetime Value of a Customer	P13
Improve the Effectiveness of Your Advertising	P15
Learn to Talk in 'what's in it for me' language	P20
Test and Measure Everything You Do	P24
Risk Reversal – Give a Guarantee	P28
Delivering a 'WOW' experience	P32
How to use Cross-Selling techniques to Increase your Average sale value	P35
Upselling	P39
How to Attract More Referrals	P42



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# The 7 ways to Increase the Profitability of Your Business



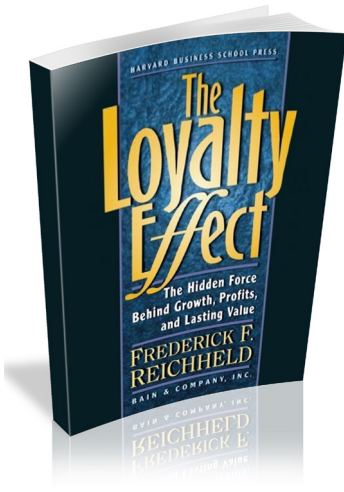
*Before we examine in detail the different strategies for increasing your results, it's important to look at what's possible.*

It doesn't matter what business you are in or where you are located, fundamentally there are **7 ways to increase the profitability of your business:**

1. Attract new potential customers (lead generation).
2. Turn more of those potential customers into customers (sales conversion).
3. Keep more of those customers from defecting to your competition (retention rate).
4. Get those customers to do business with you more often (transaction frequency).
5. Encourage them to spend more money with you each time they buy (Increase the 'average sale' or 'transaction value'. Increase what some people call 'wallet share').
6. Reduce the Cost of Goods Sold (profit improvement).
7. Reduce the Expenses (profit improvement).

## Which of these areas do you focus on the most?

If you're like most people, you spend most of your time focusing on point number 1 – attracting new potential customers or generating leads.



And while you focus all your attention on this area, you end up neglecting other areas which are potentially even more profitable for the business. For example Frederick Reichheld in his book 'The Loyalty Effect' suggests that a 5 per cent increase in 'retention rate' can produce a profitability yield anywhere from 25% to 100% . . .

*Also, while you focus all your time on attracting new leads, you're actually missing some absolutely sensational sales and profit opportunities.*

Here's a simple exercise that illustrates this **MASSIVE** impact in detail...

**First** – for the purposes of this exercise, let's say that in any year you attract 1,000 leads to your business by way of advertising, flyers, direct mail, word of mouth, passing trade, and other promotional activities that you undertake.

**Then** – let's say you discovered a new advertising method that enabled you to attract 10% more enquiries each year which in turn meant 10% more new customers. Your customers have now increased to 1,100.

**Next** – picture what would happen if you increase your sales conversion ratios by 10%. So let's say that your sales conversion rate (the number of people who buy in relation to the number of people who enquire) is 30% and by increasing your conversion rate by 10% that number grows to 33%.

**Then** – you might notice that over the course of the year, about 5% of your customers tend to drift away to your competition. What if you could

reduce that customer defection rate by 10% ... to 4.5%. If your customer retention rate was 95% before, it would now be 95.5%.

**Now**, let's imagine that you managed to get your customers to deal with you 10% more often over the year. So – instead of doing business with you once, they now do business with you 1.1 times...

**Next**, if you work out that by implementing certain initiatives you can get customers to spend 10% more with you each time they visit then this takes your average transaction value from, say \$1,000 to \$1,100.

As you can see, only small 10% changes were made to each of these areas.

But when you put all these changes together the improvements are dramatic ... way more than the small 10% figure.

Here's an illustration of this. The following calculation shows the numbers before any increase and multiplies them to estimate turnover *roughly*.

No. of Prospects	Conversion Rate	No. of Customers	Retention Rate	No. of Retained Customers
1000	x 30%	= 300	x 95%	285

285 customers x 1 transaction a year x \$1000 = \$285,000

See what happens to your revenue when we increase just one area – attracting new leads by 10%.

No. of Prospects	Conversion Rate	No. of Customers	Retention Rate	No. of Retained Customers
1100	x 30%	= 330	x 95%	313

313 customers x 1 transaction a year x \$1000 = \$313,000  
(an increase of 10% - no surprise there).

## Let's take a step further and apply the other elements of THE GROWTH FACTOR

No. of Prospects	Conversion Rate	No. of Customers	Retention Rate	No. of Retained Customers
1100	x 33%	= 363	x 95.5%	347

347 customers x 1.1 transactions a year x \$1100 = \$419,870 ( an increase of 47% ).

Incredible, isn't it. There's the multiplier effect... THE GROWTH FACTOR. The revenue isn't increased by just 10% but by a massive 47%.

In the above example, that means an additional \$134, 870 in revenue simply by making very small adjustments to what you're currently doing.

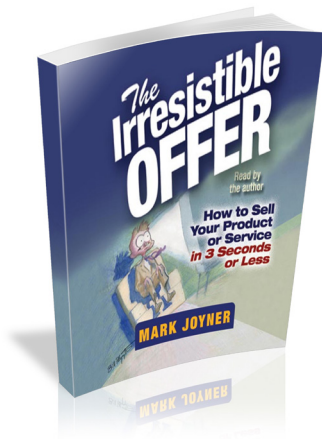
The news gets even better when you consider what activities need to be undertaken to achieve these increases. The answer is 'very little'. You see, the changes in each of these areas only needs to be small. So achieving them is quite easy with the right strategies in place.



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# Develop Your 'Back Room' for More Sales and Greater Profits

The most important order you ever get from a customer is the second order. Why? Because a two-time buyer is at least twice as likely to buy again as a one-time buyer.



Have you ever heard the term 'front end' and 'back end' in relation to marketing and selling? (The Irresistible Offer – Mark Joyner)

You may know that the term 'front end' is used to describe the initial sale of products or services to a customer.

This is the area where many businesses focus all their attention. They consider that this IS the backbone of their business. In reality, it isn't.

The 'back end' is. The back end focuses on repeat sales from your existing customers. The bigger the back end the more profitable your business is.

In other words, the more you delight your existing customers, and the greater the number of additional sales you can generate from them, and the more frequently you can do that, the more profitable your business will be.

## The biggest mistake that most businesses make...

Did you know that it's at least 6 times easier (and more profitable) to get an existing customer to do business with you again than it is to attract a new customer?

The crazy thing is though, many business owners spend all their time focusing on advertising to get new customers. A big majority of their marketing budget goes in that direction. Their sales people focus all their attention on getting new business which means they don't have time to build relationships with their existing customers. Nor do they do anything to generate repeat sales.

### In fact:

- Most businesses don't thank their customers for doing business with them
- Most don't put in place customer delight measures to ensure customers don't leave
- Most don't even send newsletters
- Most don't ask their customers to purchase from them again
- And most don't ask for referrals



It's little wonder then that their existing customers feel neglected and many head for the competition.

Instead, imagine for a moment what would happen if businesses DID delight their customers. If they delivered a '**wow**' experience every time that customer encountered the business. Imagine the business making customers feel really special. And imagine:

- they send thank you letters regularly...
- they send newsletters regularly ...
- they have special 'customer only' offers and events ...
- they regularly ask customers to buy from them again and again ...

What would happen?

They'd experience an absolute deluge of sales for very little outlay and virtually no risk.

So much so that they could double or even triple their sales overnight.

Think about this for a moment ...

**Q** Who is most likely to buy your product or service?

Someone who hasn't heard of your products or services before, or an existing customer who has purchased from you before and likes what you have to offer?

**A** The answer is the existing customer, of course.

(The exception to this rule is if you only sell one product on a single purchase basis, but even these types of businesses can have a lucrative 'back end').

Existing customers know you. They know your product. They know the results they get from it. They trust you.

What's more, you know for a fact that they are in the market for your type of product or service.

Why? Because they've already bought from you before. So – it's relatively easy to get them to buy from you again.

Tapping in to the back end, back end marketing, or simply 'back ending' is the act of generating repeat sales from existing customers.

Whenever businesses advertise to attract new customers, most focus on how many initial sales they need to produce to break even on the front end of the transaction.

In other words, if an advertisement costs \$8,000 and their average profit per sale is \$800, they need to attract 10 sales to break even on the 'front end'.

Let's say that you run the ad and you only generate 5 sales or \$4,000 in 'front end' revenue. At face value, that's a loss.

Instead, consider this ...

Putting in place some initiatives to nurture your customers and that \$800 customer might actually be worth as much as \$4,800 to you over a few short years.

When you think of it this way, a whole new world of possibility opens up doesn't it!

The good news is turning that \$800 into \$4,800 is much easier than most people think.

First – let's say within 45 days of the customer's first purchase you build a really strong relationship with them and you do something that gets them to purchase from you again. In that instance, you double the value of that customer.

You have now gone from making \$4,000 loss on the initial \$8,000 advertising campaign ... to breaking even within the first 45 days.

But, that's not all.

What if you put in place special offers and customer loyalty measures to encourage your customers to come back and purchase from you again, every 3 months ... automatically?

This advertising campaign then becomes very profitable doesn't it?

As you can see, there's a massive amount of opportunity to tap into the power of 'back end marketing' and significantly increase your revenue and profits - easily.

*(You can discover more about the steps to profit from this strategy as you explore the strategy ideas and guides that form part of the MX System Kit – available through your accountant)*

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# Understand the Lifetime Value of a Customer

The lifetime value (or marginal net worth) is a calculation that shows how much a client is worth to your business over the period of time they do business with you.

Knowing what this figure is enables you to determine how profitable each customer is for your business as well as how much you can profitably spend to acquire a new customer, in other words, what your break-even point is.

To work out what the lifetime value of a customer is – the first thing to do is multiply:

- the average period of time that a customer continues to do business with you

by...

- the average net profit you make per customer per year

then...

- consider the value of customers that they may refer to you. For instance, you might find that your 'A' clients refer 1 client to you every 2 years; this then needs to be factored in to your lifetime value equation.

Here's an example – a graphic design firm.

Each year on average clients contribute \$327 to the profit of the firm. They stay with the firm for approximately 4 years and they refer 0.5 customers over that period of time.

Here's how we calculate lifetime value or marginal net worth:

(average period of time) – 4 years x (average net profit per customer) \$  
 $327 = \$1308 \text{ (A)}$

Number of customers they refer over that period – 0.5 x

(lifetime – raw – value of a customer) \$1308 = \$654 (B)

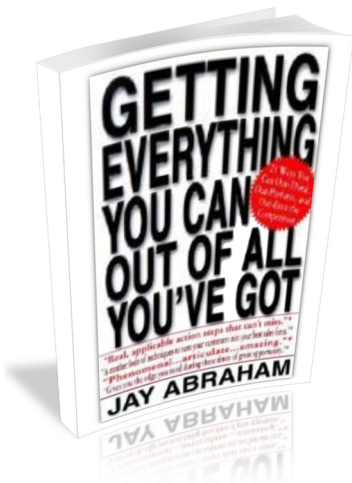
A (\$1308) + B (\$654) = C – Lifetime Value (\$1962)

Of course when calculating this figure you might also want to take into account things like inflation and price increases. This equation gives you a basic understanding of how the lifetime principle works.

So in this example, the lifetime value of one customer when you take referrals into account is \$1962.

What if your customer referred 1 customer over the period...then your lifetime value increases accordingly...(B) would now equal \$1308 and the lifetime value would increase to \$2616.

The 'theory' of the example means you could spend \$1961 to acquire a new customer – and still be in front. The idea opens you up to a whole new world of advertising opportunities doesn't it?



Jay Abraham in his book 'Getting Everything You Can Out of All You've Got' suggests that by 'breaking even today' we can 'break the bank' tomorrow. In other words, knowing the Lifetime Value of your 'ideal client' and using the gains to be made later is one of the most overlooked and underutilized methods of client growth and lead generation available to you.

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# Improve the Effectiveness of Your Advertising

Fundamentally, 'successful' advertising is nothing more than salesmanship in print. For instance, in a sales presentation you greet the prospect and build rapport with him or her.

You then ask questions to determine their problems, wants and needs.

You then introduce yourself and show your prospect how your product or service fulfils those needs.

Along the way you ask questions to further qualify the prospect and to determine hot buttons and any objections. You handle those objections then you ask them to buy.

Any advertising or promotion you do, whether it's via newspaper ads, flyers, radio or direct mail, should have one thing in mind – TO SELL.

Here's a simple formula you can use for all your ads...

## AIDA

A – Grab their Attention

I – Engage their Interest

D – Create Desire by Informing them of your Offer

A – Close for Action

## Attention – Grab their Attention

Start with a headline or opening paragraph that:

- flags your reader down e.g. Business owners, florists, overworked butchers etc.
- identifies with a problem they are having
- promises a strong benefit
- arouses their curiosity
- gives them news that may interest them

Here are some examples ...

- Say Goodbye to these 9 Business Problems that can Cripple any Business
- How to Turn \$5 into \$500 – in a blink
- Wanted: 10 Business Owners who are Desperate to 'Get a Life!'

Notice how they either use an 'attention grabbing' benefit or address a challenge that many people are facing.

*(The MX Growth Factor System Kit for accountants – has an extensive array of Headlines you can choose from).*

## Interest – Engage their interest

Once you have grabbed their attention you need to interest them enough to keep reading. The way to do this is to expand on the benefits or points mentioned in the headline then hint at a solution. One way to do this successfully is to ask questions ...

- Who else wants to get a life?
- Are any of these 9 crippling ideas affecting your business?
- Here's how a \$5 ad turned into a \$500 sale – overnight?

## Desire – Inform them and Create Desire

This is where you go into the benefits you are offering in much greater detail and as possible and practical by using ‘word-pictures.’

For example:

- Imagine spending more time with your family simply because you implemented a few key strategies into your sales and marketing efforts and now you’re making more money in less time.

This is the place where we dissolve scepticism by mentioning a guarantee or other credibility enhancing measures such as testimonials.

This is where we handle objections – in advance, and summarize the benefits.

## Action – Close for Action. Get them to do something!

- Make a limited offer
- Give the reasons you are making the offer
- Ask them to act
- Make it easy for them act by giving them as many options as possible

This formula works well in advertising, direct mail and in all promotional situations that focus on a positive ‘gain’ benefit. If your product appeals to fear motives in a buyer or their need to avoid a certain situation ( e.g. Stop Arthritis pain...) then another formula often gets better results... this formula follows this sequence...

Problem – Agitation (what happens if we don’t fix the problem) –Solution – including why pick us/this product and finally – Action.

*(This method along with many examples are in the MX Growth Factor System Kit)*

<p>Attention</p>	<p><b>ATTENTION : All Accountants</b></p> <p>Here's a simple, proven way to attract more of the type of client you want and at the same time guarantee you keep what you've got...</p>
<p>Interest</p>	<p>If there were a way you could more easily help your clients get what they want and at the same time offer the same service to attract new clients – you would want to know about it wouldn't you? Well, now there is a simple, proven system that helps you help your clients ...</p> <ul style="list-style-type: none"> <li>• Grow their revenue</li> <li>• Improve their cash flow</li> <li>• Increase their profitability and make sure there is more money 'going home' to support and give the family the lifestyle they deserve</li> <li>• Increase and protect the value of their business and</li> <li>• Plan for succession and the sale of their business</li> </ul> <p>...and now this system is available to you... together with the testimonies of over 50 accountants currently using the system and getting great results for their clients... we call the system:</p> <p><b>MX – the growth factor</b></p>

<p><b>Desire</b></p>	<p>The MX Growth Factor System designed by leading Sales and Marketing specialist – Trevor Marchant (featured in the top 1 per cent of coaches/trainers/mentors in Australia – see <a href="http://www.trevormarchant.com">www.trevormarchant.com</a> has now been tested and proven to work for you by over 50 accountants</p> <p>The System concentrates on the 4 pillars of growth – Marketing, Selling, Delivering and Servicing and shows you how you can easily work with your existing clients and help them grow their business.</p> <p>The results to date have been nothing less than sensational with some businesses reporting growth rates (and increased profitability) in excess of 43%. One even as high as 161%.</p> <p>The MX Growth factor System has been designed with you in mind and serves not only as a retention strategy for you but also as a lead generation strategy.</p> <p>The System is guaranteed to work for you and comes with 12 months coaching and support from <b>MDL Consulting</b> with access also to Trevor. Trevor also provides ‘full sign-off’ on all marketing strategies you develop with your client to give you confidence in your recommendations and to provide on-going training and mentoring</p>
<p><b>Action</b></p>	<p>If you want to know how to ‘get your hands’ on this proven, affordable system built just for accountants then go to: <a href="http://www.mdlconsulting.com.au">www.mdlconsulting.com.au</a> and download the free information pack on what the MX growth factor system can do for you and/or call Eve on <b>61 2 8084 1903</b></p>

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# Learn to Talk in 'what's in it for me' language

Let me ask you this ...

What's the one topic that interests all people the most ... no matter where they come from, or what their background is?

## Themselves.

Read any personal development book and it will tell you that the easiest way to win friends is to show an interest in them and more specifically, talk about things that are important to them

Successful salespeople know this. They know how to best help a potential customer feel acknowledged. And when people feel acknowledged they are much more likely to buy.

There's a secret language in sales and it refers to this ... It's called

## "What's In It for Me" or WIIFM for short.

Let me explain ...



You see, when people are in buying mode they're thinking only of themselves (or the person they're buying the product/service for). All they want to know is what your product is going to do for them. They don't want to know how great your company is or how long you've been in business. Instead, they just want to know information that is going to affect them personally for better or for worse.

That's where WII-FM comes in.

‘What’s In It For Me’ is about talking in the reader’s language.

**It’s about really tuning into the customer’s language** – talk it – breathe it – in everything you do and in everything you say – with everyone you interact with – **and watch the impact this has on your life.**

Talking WIIFM will help you really connect with your reader at a deep level. And when you connect with them, they’re receptive to your message and much more likely to buy from you.

The same goes for your advertising, direct mail, web copy, face-to-face selling and all your marketing material. When your sales copy talks in WIIFM language, your reader is fully engaged and much more likely to respond.

WIIFM is about grabbing your reader’s attention in such a way that they have been acknowledged and knows that you’re going to impart some information that is of interest to them.

More specifically...

**What your products are going to do for them?  
What the benefits are of the product? How it  
will change their lives for the better? Why they  
should use your company?**

Have you ever been in a conversation with someone who keeps talking about themselves non-stop? On and on and on and on. At first, it’s interesting finding out a little more about them, but after a while it gets boring. In some cases, enough to send you to sleep.

Has this ever happened to you? Why was that conversation so boring?

Why did it turn you off?

People certainly do like to hear about other people, but only to a point.

When people continue to speak about themselves for a long period of time, the person they're speaking 'at' often disengages. They switch off.

On the other hand, if you can speak on the customer's WII-FM wavelength you're 6 steps closer to a sale.

In fact, when people approach a business with the view of buying something they walk in with their WII-FM filter on.

Everything they think, everything they see, everything they hear and feel is tuned in to that frequency. The frequency of 'What's In It For Me'.

When they see, hear or feel anything that talks in that WII-FM language, they pay attention and listen to it closely.

Anything else that is said gets ignored. Full stop. In fact, WII-FM is so important, that it is the major reason why advertising campaigns flop and why sales presentations are lost.

## The Curse of Perceived Indifference

It's a fact that a staggering 68% of people DON'T buy from a business not because of price but because of perceived indifference. In other words, customers perceive that the business owner is indifferent to them and/or their needs. Or more specifically, they're not speaking in WII-FM language.

They are not telling the customer about how the product will transform their lives.

They're not mentioning why the customer should do business with them.

They're not saying why the product gives better results than anything else on the market...

The same thing goes for marketing material. It happens all the time. The business often mentions things about themselves and says nothing about the product benefits.

Throughout the material you find a proliferation of words like our, we, us, and we're. Not much is said about you and your...

Potential customers really don't care about your business or how big you are or what your business is like. All they want is 'what's in it for them...?'

*(Accountants who offer their clients the MX Growth System will be 'coached' and taught the many techniques for writing and speaking in the 'what's in it for me' language.)*



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# Test and Measure Everything You Do

This is one of those topics that perhaps aren't the most favourite activity on earth but for those who embrace it, it's probably THE most effective thing to do, to consistently increase sales.

In fact, ask the most successful direct marketers on the planet what their top 5 keys to success are and chances are that each one of them will mention that one of those five secrets is their relentless pursuit of the perfect marketing result. In other words, they relentlessly test absolutely everything to do with the marketing of their business.

They know to the last cent how profitable every marketing initiative is.

They know to the last cent how much each customer is worth to them, what works and what doesn't.

How do you fare in that department?

If you don't know, that's okay. You're not alone. This report is to introduce you to a very simple yet HUGELY successful way of increasing your profits exponentially over a period of time, using the power of testing.

You can:

- Increase the number of leads your advertising produces
- Increase the number of sales generated from those leads
- Get many more sales per ad
- Enjoy higher quality leads

Testing means firstly monitoring then measuring the results of all your marketing efforts. Then once you have done that, trying different variations of those campaigns to see which campaign performs the best.

Most small to medium businesses don't test. Most don't know exactly how profitable or unprofitable their advertising is.

Consequently, most are needlessly wasting many thousands of dollars each year on advertising that isn't working. More importantly, they're missing out on improving what's already working and bringing in even more sales from those successful campaigns.

The simple act of testing different ideas can produce amazing profit improvements for your business.

Knowledge is power and armed with knowledge on which products, prices, advertising media, advertising copy, offers and time periods are working best for you, means making better informed decisions on future promotions.

You can avoid much of the hit and miss of your advertising and accurately forecast your sales well into the future. You can easily inch up those results over time.

Ever wonder why McDonald's colours are red and yellow? Results



of testing showed that red and yellow produce better results for them.

The aim is to find out 'how high is high?'

Measure every variable.

Here's an example of where some people go wrong.

Some people stop running a profitable ad because that ad has been running for a while and they as owners are tired of seeing the ad. They figure that if they're getting tired of the ad, their customers must be also. Quite often this is completely untrue.

Don't change for the sake of change. You could be throwing money down the drain.

Keep running that ad until you've proven that it has stopped working (testing small variables of it along the way).

I'll repeat my earlier comment – don't change for the sake of change.

Instead, test very small variations of that ad (one at a time) to see if you can better it.

Keep doing that until you have found out how high is high.

It becomes a game of 'beat the control'. (The control is the ad or marketing piece that is working the best. Whenever you beat the control, the new winner becomes the new control).

## What to test?

The answer is 'everything', but start with the elements that are likely to have the biggest impact:

- headlines
- offers
- ad types
- ad sizes
- layout
- borders
- colours
- toll free vs normal phone number
- live postage stamp versus postage paid
- promotional periods
- pricing
- return policies
- guarantees
- sales approaches
- timing
- lists
- You name it – then test it
- Ad placement positioning – top, bottom, left, right etc.

- Newspaper vs magazine or one radio station vs another radio station

Studies show that certain elements of your advertising have more of an impact on your advertising results than others.

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# Risk Reversal – Give a Guarantee

Let's face it – 8 out of 10 potential customers who visit any business are sceptical for one reason or another.

Some of these people are quite open to you but have some sort of 'nagging doubt.' They wonder whether your product or service will live up to their expectations.

Others are pure cynics and they are sceptical about everything to do with your business.

And when you think about it, why shouldn't they be sceptical? After all, they're about to take a risk by buying from you. They are about to exchange their hard-earned cash for your product or service, so obviously they're a little nervous about that.

Regardless of the type of business you have, the type of product or service you sell, the size of your business, or where you're located, your customers all have

similar objections or fears when making that purchasing decision.

They wonder:

- Will the product work?
- Is your company above board?
- Will the product do what it says it will do within an acceptable time frame?
- Do your people have the right kind of experience to deliver?
- Does your company have the flexibility and capability to deliver?
- Will the product fall apart?
- Can I get better value for money somewhere else?

They need to make a yes/no decision on one or all of these questions

based on the experience they have dealing with the salesperson in your organisation.

In some (and sometimes many) cases, they'll simply walk away and NOT purchase because, for whatever reason, they perceive that it's too risky to do business with your company.

Instead, if there was a consistent and powerful way for you to allay these fears, you'd experience a dramatic increase in sales ... correct?

Well, by far the best way to turn sceptical prospects into delighted buyers is to lower the barriers to doing business with you. The best way of doing that is by offering risk-reversal measures. In other words, offer a guarantee.

A guarantee is a risk-reversal measure that gives customers peace-of-mind knowing that if they don't like your product or service or if it doesn't live up to its claims, they can return it for a full refund.

Solid guarantees have an absolutely massive impact on every business they are in place for.

When used in your advertising material, guarantees increase the number of advertising responses you get. They also increase your conversion rates. Not only that, they're also a great management tool in helping with quality control.

### **The biggest reason why people don't offer a guarantee**

Very few industries offer money-back guarantees (mail order industry is an exception). The reason why they don't is that they wrongly perceive that there is a

big downside. They perceive that they will get bombarded with refund requests and consequently go out of business.

Obviously, the occasional person will ask for their money back on a purchase. 99% of those people will genuinely have a concern with the quality of your product or

service. Only 1% of that 1% will try to take advantage of you.

BUT – even though refunds do happen, having a guarantee in place dramatically (very dramatically in many cases) increases sales WAY in excess of the refunds generated.

Let me explain ...

Let's say that nobody in your industry offers a money-back guarantee yet potential customers have big fears about whether your product or service delivers. So – you put in place a 90 day money-back guarantee.

You promote that guarantee by featuring it prominently in all your signage and point of sale material. You also feature the guarantee in all your advertising material as well AND your sales people make a point of mentioning it to all your potential customers.

As a result of these measures, your sales increase by just 25%...from say \$750,000 to \$1,125,000...which is an increase of \$375,000. Let's say that your average sale is \$1,000 which means you have attracted 375 new customers as a result of your guarantee with a total of 1,125 sales for the year.

Your refund rate would need to be 1 in 2 for that guarantee to be costing your business money. And the only way for that to happen is if your product or service is really – just not up to standard.

According to Christopher Hart, author of 'Extraordinary Guarantees: A New Way To Build Quality throughout Your Company and Ensure Satisfaction for Your Customers', unfair refunds come in at only 0.1%

If your sales increase by 50%, isn't a refund rate of 0.1% very, very acceptable?

The reality is the implementation of a guarantee is more likely to increase your business by up to 350% ... it's THAT powerful.

So the fear that guarantees will send you broke is just an irrational fear. It won't happen – guaranteed! In fact, the reverse will happen. It will send you smiling all the way to the bank.

Here's an example of what has happened when companies put in place guarantees – we read recently where...

Perth based, Steel Blue safety shoe company Co-founder, Peter Nichols was so confident their safety boots were a winner, that he took a risk – offering a 30 day money back guarantee ( the only safety footwear brand in the world to be sold with a money back guarantee), or a promise to buy a customer a pair of his competitor's shoes.

"It took a bit of time to pay off, but it has paid off," says Peter. Steel Blue's sales have grown 25% a year for the last 6 years; selling around 900,000 pairs of safety boots in 2005-6 – despite the fact that the boots are more expensive than their competitors.

*(There are some simple rules to follow when giving guarantees...and your accountant has access to this information).*



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# Delivering a 'WOW' experience

People expect a certain type of experience when they do business with a company. When you go above and beyond their expectations THAT'S when you create delight.

And when you create delight, you create a positive buzz which increases your referrals and your sales.

Not only that, there's also a flow on effect in all areas of a business – especially in morale, energy and productivity.

Here's a story you might enjoy – it's one of my favourites:



“ Nordstrom began in Seattle in 1901 as a shoe store and grew into the largest independent shoe chain in the United States. Nordstrom has become synonymous with customer service in a way no other chain of stores has, with the tyre refund legend doing its part to bolster that image. This is possibly the greatest consumer relations story of modern times – it's certainly pointed to as such in a multitude of business articles. In this one simple vignette is captured the essence of what it takes to build and maintain a loyal client base; The customer is always right... even when he (...or she is probably wrong). The story goes something like this...a customer wanted to return a tyre -insisting that he purchased it from Nordstrom. – So the salesperson/clerk knowing full well that Nordstrom did not sell tyres – refunded the purchase price to customer. (Apparently in the order of \$25). The refund was made because that's what the customer wanted. ”

## How to Create a “WOW” Experience

The first thing to consider is that a customer develops an impression of your business at many different points throughout a transaction.

The first impression they have is the most lasting so the first touch point with your organisation is of critical importance.



Let's consider this ...

When you dine at a restaurant there are as many 24 touch points for you to be either delighted or disgusted by the service at that restaurant.

Let's take a look at what they are:

1. You see the ad in the newspaper
2. You ring up to reserve a table
3. You arrive at the restaurant, walk in and see the maître de
4. You are seated at the table
5. the waiter or waitress gives you menus and asks you if you would like a drink
6. Brings back drinks
7. Asks you for meal order
8. Adjusts the table setting to suit the meal you ordered
9. Brings out your entrée
10. Clears your entrée
11. Brings out dinner
12. Clears dinner plates
13. You go to the toilet
14. Comes back with dessert menu
15. Comes back to take dessert order

16. Arrives with dessert
17. Clears dessert plates
18. Arrives to ask if you would like coffee
19. Brings coffees
20. Removes coffee cups
21. Brings bill
22. You hand them your credit card and they take payment away
23. Brings back your credit card
24. You walk out

Makes you sit back and think, doesn't it. The type of experience a customer has at any one of these touch points will have a bearing on whether or not they come back again. It will also have a bearing on whether they say 'amazing' things or damaging things about the restaurant to their friends.

# How to use Cross-Selling techniques to Increase your Average sale value

Cross-selling is such a powerful yet easy way of increasing your average transaction value, and in turn, increasing your profits.

The most commonly known example is 'McDonald's'. The cashier at Maccas always asks, "Would you like fries with that?"



Or - maybe you've walked into a ladies fashion store before to buy a dress and you've walked out with a dress, cardigan, earrings and shoes- all because the salesperson did a fantastic job of recommending other products to you.

Cross-selling means recommending to a new customer as they purchase, other items from 'across' your range.

It doesn't cost you anything to implement and it takes absolutely no time to get going. All you need to do is train your sales people and you can start profiting from this strategy immediately.

For instance, if you sell silver jewellery you might also cross-sell a jewellery cleaning cloth.

If you are a restaurant you might recommend extra side dishes with the main meal.

If you are a mechanical repair workshop you might recommend a wheel alignment when people come in for a quick service on their vehicle.

Most business professionals spend most of their time generating leads for their business.

Very little effort is spent on getting the most from the sale.

## How to Cross Sell

Before you start cross-selling, it's important to know what the starting point is. In other words, know what an average sale is worth to your business.

One of the most beneficial things about this strategy is that you're actually doing your customers a great service by implementing cross-selling measures.

You see, people visit your business because they want a certain result.

They select a product or service because they believe that this product will give them the results they're looking for. They often aren't aware of all the different options they can take advantage of, to achieve their desired outcome.

You and your salespeople obviously have a lot of expertise in recommending all the solutions that are likely to best meet a customer's needs.

Well, it makes sense to give these customers the advice that helps achieve these results in the best way possible for them. And in doing so, recommend the add-on products that will help them do that.

Does this make sense to you?

After all, customers come to you for help. If you don't give it to them and recommend the options and additional items that can achieve this for them, you're actually doing them a dis-service

And every time you fail to do this, it's another sales opportunity you have missed!

Think of it like this ...

You have paid a lot of money to get the customer to contact you. Doesn't it make sense to make the most of the money invested in acquiring that customer?

Before you work on ways to do this, take a few minutes to consider where you are right now. In other words, how much is the average customer spending with you right now? **What's the average transaction value?**

You can work this out by dividing your weekly revenue by the number of customers. Assuming those customers only come in once during that week, this figure becomes your average transaction value.

If they do come in more than once a week, simply divide the number by the average no. of times a customer visits you in a week.

Here's an example ... Let's say last week's sales totalled \$47,547. After checking your records you notice you sold to 257 customers.

Your average transaction value is the \$47,547 in weekly revenue divided by the 257 customers, which equals \$185.

Then – by cross-selling additional products you can easily increase that figure dramatically. Let's say you adopted some of the ideas covered in our Sales and Marketing Toolkit ( your accountant has a copy) and as a result of your efforts your average transaction value went up to \$200. That's an increase of just \$15 per sale or an increase of less than 10%. Extrapolate that across all transactions and your weekly revenue increases to \$51,400 or an increase of \$3853 per week.

Great isn't it, especially when you consider that **it didn't cost you a cent** to implement.

And think about how much this adds to your revenue over a year.

$\$3853 \times 52$  weeks is a very healthy \$200,356.

So take some time now, to work out what your average transaction value currently is.

How much would a 10% increase add to your revenue over a 12 month period?

First, consider what you can cross-sell.

Once again get clear on what cross-selling is. Cross-selling happens when you recommend an additional product or service over and above what the customer is purchasing.

Cross-selling is also known as suggestive selling or add-on selling.

To work out the best items to recommend to your customer, ask yourself these questions:

- 'What else can we offer the customer to go with this purchase?'
- 'What else could we offer that would add value and make the use of this product or service better?'
- 'What else, when coupled with this product or service, would help them get the most out of it?'

*(MX members receive comprehensive coaching in this area. In fact, as a member you'll get to discover exactly what you should and shouldn't be cross-selling for maximum impact. What's more, you receive even more guidance through the MX System Kit and training videos your accountant has access to...)*

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# Upselling

Like cross-selling, up-selling is another very powerful yet easy way of increasing your average transaction value, and in turn, increase your profits.

Up-selling means recommending a more expensive version of a product or service that they have decided to purchase.

And like with cross-selling, it doesn't cost you anything to implement and it takes absolutely no time to get going. All you need to do is train your sales people and you can start profiting from this strategy immediately.

For instance, if you sell motor vehicles and a customer is interested in the base model, you could make them aware of all the exciting features and benefits of the deluxe model and suggest they purchase that instead.

If you are a baker and someone wants a standard whole meal loaf, you could recommend they instead get the gourmet 7 seeds loaf instead (for \$1 more).

If you are a jeweller and somebody wants to purchase a .75 carat diamond ring, recommend the 1 carat instead.

In each of these examples you have increased your average sale and therefore increased your profits.

And best of all, it hasn't cost you any time or money to achieve this.

As we discuss in our MasterClass series and in our MX training videos most business professionals spend most of their time generating leads for their business.



They spend very little effort in getting the most from the leads and customers they already have.

Employing this 'up-selling' strategy will have a dramatic effect on your business.

Down-selling is a slight variation of that.

With up-selling the customer identifies that they want a certain product and your aim is to encourage them to buy the more expensive option like the 'super sizing' upsells that happen at McDonald's.

Up-selling happens at the point of sale once someone has already decided to purchase.

Down-selling, on the other hand, happens before the sale occurs. Once the salesperson identifies the customer's needs he/she recommends the highest priced option to the customer (assuming, of course, that this product is a match for their needs).

It's then up to the customer to either make a decision that they want the most expensive option or downgrade themselves to a lower priced option.

Let's say that you have a mower shop and a customer walks in and wants to purchase a ride on mower to mow his 5 acre property. You ask him a series of questions based around his wants and needs. You identify what's important to him when making a decision about purchasing a ride-on mower. You determine what frustrates him about ride-on mowers and you find out what other mowers he has seen so far.

After finding out this information you identify that there are 3 mowers that are suitable for the customer's needs:

- Mower A - \$7000
- Mower B - \$5000
- Mower C- \$3000

You recommend the highest priced option to them and mention why this model is best for their needs.

At that point, the customer can decide to take the mower, decide to leave the store without purchasing, or ask if there's a lower priced option.

If it appears that the expensive option is too much for the customer, the salesperson then mentions the next highest priced option, in this case, Mower B.

Before you start up-selling, it's important to know what the starting point is. In other words, know what an average sale is worth to your business.

You can see why it's always important when working in sales to have a good handle on how to calculate your average sale or average transaction value.

You will also have discovered that it's important that your team members can see that the acts of cross-selling and up-selling are about giving your customers the advice and solutions that will best meet their needs. If you don't recommend the best possible solutions, you're doing your customer a dis-service.

After all, many people go with the cheapest version of a product or service because they believe that this will give them the best value-for-money. But when you factor in how long the product will last as well as how efficiently it will work, in many cases, the most expensive option works out to be the best value for money.

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# How to Attract More Referrals

Imagine having a business where you don't spend a cent on advertising to attract new customers. Where every new customer who comes through your door comes by way of referral from some of your existing customers.

It would be fantastic wouldn't it! A dream come true for most business owners.

Business owners often spend a small fortune on advertising to attract new customers, yet the most lucrative source of sales (on a profit per sale basis) is referrals or word-of-mouth. Referral sales cost virtually nothing to attract because there's no need to spend big money on advertising. What's more, because they're referred from your best clients, they're usually a joy to deal with as well.

The biggest challenge that business owners have with referrals is that there usually aren't enough of them.

Believe it or not, some businesses have been so successful at generating referrals they only accept new customers and clients by way of referral.

At first thought this may sound a little frightening but think about it in this way ... if someone hears that they can only do business with you by being referred, becoming one of your clients becomes a status thing for them.

You've heard the term people want what they can't have so the more difficult you make it to become a client (without annoying them, of course) the more they want to become one.

I read about a dentist who only sees new patients who've been referred to him from his existing patients? His name is Paddi Lund.

Paddi's philosophy is that he is in business to have fun and he only wants patients who are a joy to deal with, so it stands to reason that friends of

his existing patients are also highly likely to be a joy to work with. Golf clubs, men's clubs and turf clubs all work in a similar fashion.

Having a 'By Referral Only' business means he only attracts the kind of patients that he enjoys helping.

Having a finely tuned referral system in place is one of the keys to Paddi's success.

### What's Possible?

Referrals are already a lucrative source of income for most businesses yet the further potential for most businesses is enormous. Here's an example of that ...

Let's say that you have 100 customers who are worth around \$5,000 in fees to you each year.

That's \$500,000...

Imagine that you also have another 20 customers who each provide you with \$10,000 in fees each year. That's another \$200,000. Total fees - \$700,000

If each of these 20 customers referred one person who was of similar value to them, your revenue climbs by another 29%.

When you're promoting your business, think about how much it costs you to acquire a new customer when compared to acquiring a new customer through referral. Your acquisition costs are lower AND invariably they're a better quality customer.

Before you start asking for referrals, it's important to spend some time thinking about your customers and your friends' situations. It might mean they have a need for your product or services. *Here's what a financial planner might think about...*

- Semi-retired people who recognise that their children should be starting to prepare for their future now;
- Brothers, sisters or friends who are of a similar age and hear about the great results the customer is getting using your

services;

- Parents who are reaching retirement and don't know where to turn;
- Colleagues who are in the same financial position as the customer is and may have similar needs;
- Redundancy clients who have colleagues who are in a similar position;
- Retirement clients who have colleagues or friends also reaching retirement;
- Franchisees who can recommend you to other franchisees;
- Business owners who deal business-to-business and can promote your services to their customers as a way of adding value;
- Any other industry contacts you may have;
- Business owners who are members of networking groups or associations.
- Business owner clients who can recommend that their staff members seek your advice



## 5 Simple Steps to Creating a Referral System

*(...there are many more in the Sales and Marketing Toolkit)*

## 1. Become more attractive to your customers.

Before anyone wants to sing your praises to their friends they need to have an incredible experience when doing business with you. That means your customer service and/or the results you deliver must be outstanding.

We need to create a 'winning' sales and service culture within the business, one that is about going way beyond the call of duty to deliver a service that literally makes customers go WOW when they experience it.

It's not about offering good service or delivering on time or producing a product that does everything that you say it will do. It's about offering MORE than expected.

That means looking at:

- The 'can do' attitude of your team
- The professionalism of your service
- The quality of your product
- Your turnaround times
- The level of WOW you consistently bring to the 'market place'
- The way in which you answer the phone
- The appearance of your premises

## 2. Give customers an incentive for referring their friends



Think of an exciting introductory offer you can make to potential clients ... something that your customers would be thrilled to share with their friends.

Maybe you have some tickets to a seminar that you can give away. Or maybe it's a voucher for a free meal at your restaurant or a free week's membership at your gym.

When you think of what you can gift, come up with something that has a

high perceived value but a low hard cost.

Maybe you can bundle some e-books together or reports, which might each have a perceived value of \$50 to \$100 but the hard cost is \$10 or less.

### 3. Actively Ask For Referrals

Most business owners and salespeople DON'T ask for referrals and it doesn't occur to your customers to refer their friends. With that, many opportunities are being missed.

The simple act of asking for referrals will dramatically increase your results.

The best time to ask for referrals is just after you've made a sale. This is the time when customers are most excited about your company.

### 4. Develop a system for encouraging referrals

Asking for referrals is one thing but having a systemized way of making sure those referrals happen will improve your sales even further.

You can tap into a great opportunity for your business by generating referrals systematically from almost every customer ... every time they deal with you.

To do this, develop an automated system for asking for referrals in different ways, using different methods, at different stages in the sales process. Also, develop

a way of recording those referrals and rewarding your customers for referring others.

Doing this ensures you maximise referral opportunities. It also gives customers more of an incentive to refer people.

Here's how referral incentives work ...

First – you provide customers a reward or gift for every paying customer they refer your way. This may take the form of a tangible gift or it could

be 'referral dollars' they can use towards future purchases.

Second – offer a 'welcome' deal for the referred person. It's important that the person being referred is offered something special just for being the friend of your customer. This helps your customer look like a 'hero' in the eyes of their friend.

Remember that in point #1 we discussed how important it is to ensure that you create an environment where people actively want to refer their friends. Well, here are some tips to do that:

1. Finish all client projects ASAP and within deadlines.
2. Thank customers for doing business with you by sending a 'thank you' letter/card or package. This shows that they're important to you and that you genuinely are ensuring they experience outstanding results.
3. Give customers a post-sale telephone call to touch base with them, see how they like the product, answer any questions they have and generally gauge feedback.
4. Next – send a letter telling customers how you value the relationship that is developing and how you would like more customers who are great to work with like they are. Then – introduce your referral program, how they can refer people and the incentives they'll earn.
5. Ensure you have a way of tracking referrals so you know who the source of every referral is. As part of that process always ask new 'referred' customers who referred them and record the details on your contact management software.
6. Send the referrer a letter thanking them for referring their friend and mentioning what they receive for that referral.
7. Send a welcome letter to the referred customer thanking them for enquiring about your services together with an information package that gives valuable advice and also outlines how you can help them.



Set the Expectation Up-front.

Firstly let your customers know you would like them to refer other customers to you. The best way to do that is to just ask them. Set the expectation up front – when you first meet them.

Simply say that once they're happy with the service you provide, you would normally ask them to refer people similar to themselves – because you enjoy working with people like them.

You could – as some firms do...send them a note that says:

**"We want you to be happy with our service, so we ask that you let us know how we're doing (either good or not so good) so we can see how well we're meeting your expectations. We also ask that after 3 months, if you are absolutely delighted with our service that you refer a friend or family member to us ... someone whom you think would also benefit and enjoy our service."**

Trevor Marchant is one of the most sought after speakers, trainers and mentors in Australia for helping Accountants and their Clients go to the 'NEXT level' – no matter what that level is. Tell him what you want – and he'll show you how to get it.

He has been featured in the top 1 percent of Sales and Marketing coaches in the country and is considered to be one of the few masters and teachers of professional salesmanship and how to market your business for increased sales and improved profitability.

Since his days as Head of Training, Education and Development with Westpac in the mid- eighties he has successfully grown a multi-million dollar consultancy business and has transformed the lives of thousands of business owners with his best-selling books (the 5 minute Sales Culture Strategy and The Road to Success), as well as his seminars, courses and personal coaching. His NEXT Level Business Growth Series has now been conducted with over 50 accounting firms and their clients.

Here's a list of some his other achievements:

- He is the Senior Partner in Marchant Dallas – an international business consultancy
- He is a Senior Partner in MDL Consulting – an international consulting firm founded to specifically address the Sales and Marketing requirements of leading accounting firms. Their new MX range of international products are on target to 're-write' the record books
- He is an accredited Master Sales Trainer
- In addition to his own consultancy he was the founder and part-owner of one of the largest mortgage broking businesses in Australia
- Over 20 major organisations now use the Road to Success Business Mastery System as their 'basic' business building manual
- On three occasions and in three different organisations Trevor has been the number one salesman
- He is a Bachelor of Business (Banking and Finance)
- His partner, Eve Dallas has tertiary qualifications in Psychology and Counselling and has written several papers and books including 'RU fit for Business' with Dr Ross Walker - eminent cardiologist and international speaker.

“People know how to make the thing they sell but they don't know how to sell the thing they make.”

“Every business is two businesses – there's the one that does the work and the one that sells the work. If you don't sell the work – then there's no work to be done.”

For more information on Trevor  
just visit [www.trevormarchant.com](http://www.trevormarchant.com)

