



# **Strategic Alliance**

*Building Business Values*

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**18 Great Leverage Points for Your Business**

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## Leverage Point 1

### There are just 4 ways to grow any business

- Increase the number of customers of the type you want to have
- Increase the number of times customers come back
- Increase the average value of each sale
- Increase the effectiveness of each process in the business

#### Examples:

- *Use a structured referral system to bring more quality customers to your business*
- *Create offers to fill those seasonal 'voids'.*
- *Create packages*
- *Systemise everything you do!*

## Leverage Point 2

### What you can measure you can manage

- Measure and compare everything that moves
- We do not have the right or the power to predetermine what the marketplace wants – to do so is arrogant in the extreme.
- But don't stop. Keep measuring and testing to find out 'how high is high'.

#### Examples:

- *What is the conversion rate from inbound phone calls into sales?*
- *What percentage of business comes from each sales channel?*
- *What are the fluctuations of sales by day? By month? By season?*
- *What is the best price to charge for services? Do we test?*

## Leverage Point 3

### The true purpose of any advertisement

- The true purpose of any advertisement is to get a RESPONSE.
- There must be a mechanism for potential customers to respond.
- Have a system to receive and convert responses

#### Examples:

- *Call now for your free booklet entitled '18 Great Leverage Points'.*
- *Detachable coupons that encourage readers to send in for more information.*
- *Toll free telephone numbers.*
- *Create an offer for the first 'X' number that respond to an advertisement.*

## Leverage Point 4

### Build a Unique Core Differentiator

- Build UCD's, focus on them and articulate them constantly.
- People buy the differences they perceive.
- We must differentiate, or give the perception that we are different.
- That difference must be at the core of the business and flow into everything we do.

Examples:

- *Federal Express 'Absolutely positively overnight'.*
- *Canon – 'You can on a Canon'.*
- *Strategic Alliance – 'Building Business Value'.*

## Leverage Point 5

### Look for a 2<sup>nd</sup> dimension

- Back-ends. Use the 1<sup>st</sup> sale as a lead-in to subsequent sales.
- Approach your existing clients with a new service/product.
- Don't focus on the up-front costs or profit margin but the 'lifetime value'.

Examples

- *The Bungy Jump experience. Customer pays for the jump, then has the option of purchasing T-shirts, photos, video footage.*
- *Caddies coffee giveaway. Profit is made on subsequent orders of coffee.*
- *Free 1 month subscription to a magazine.*
- *Book Clubs – first 4 books free provided you buy at least 4 books at the normal price*

## Leverage Point 6

### Learning to really listen

- Prescription without diagnosis is malpractice.
- The 'Titanic' Principle. Beneath the water-line of our customers lie their emotions, just like an iceberg. It's these hidden emotions that we need to 'tap' into.
- Ask 'Why?' a lot.
- Be cautious about assuming that you know what each of your clients/customers wants and needs.

Examples:

- *A customer that asks for weed-killer might really be after a complete home lawn solution.*
- *You should ask questions like:*
  - *Could you elaborate on...?*
  - *Why is that important to you?*
  - *What would be the effect of ...?*

- Your client should ask questions like:
  - Is the jacket for casual or business wear?
  - Is the plant for an outdoor or indoor area?

### **Leverage Point 7**

#### **Cutting the price is the easy option (- there's usually a better way!)**

- Value-add to products or services, rather than discount
- Create packages to add value to slow-moving items.
- Ask us for our chart that shows the increase in sales required to compensate for a discount – we think it will surprise you.

#### *Examples:*

- *Send vouchers or a cheque made payable to your own business as a bonus gift, to be redeemed against further purchases.*
- *2 for 1 sales to clear stock. Customers value these more highly than 50% off.*
- *Discount for subsequent purchases. One item £X, 2 items £X, 3 items...*

### **Leverage Point 8**

#### **Lower the barriers to doing business**

- Payment systems – not everyone has ready cash.
- Distance to the business premises – some customers are in remote locations.
- Delivery of bulky goods – not everyone owns a truck.
- Opening hours – some people work 6-7 days per week.
- Ease of contact – phone/fax/email/voice-mail.

#### *Examples:*

- *Credit cards, cheques, instalments.*
- *Free delivery*
- *Extended opening hours.*
- *Toll free numbers.*

### **Leverage Point 9**

#### **The more you tell (specifics) – The more you sell**

- The more embraceable, factual, believable, credible and plausible reasons you can give me to deal with your business, the more compelled I am to do so.
- ‘Tell me reasons why’.

#### *Examples:*

- *Price reductions because:*
  - *Need to clear stock for new shipments.*

- *Exclusive first time offer only.*
- *Prices are higher than others because:*
  - *We use best quality products.*
  - *Guaranteed.*
  - *Added value package/after sales back-up.*
  - *Best trained team in the market.*

## **Leverage Point 10**

### **Avoid changing horses in mid-stream**

- If you indiscriminately change campaigns you:
  - Lose the cumulative effect of a winning concept.
  - Don't allow the dynamics of testing to work.
  - Make a 'patchwork quilt' of the company's image.
- Just because you are sick of the same marketing campaign does not mean that the market is.
- Testing is the only mechanism that should tempt you to abandon a campaign.

#### *Examples:*

- *The Coca Cola 'New Coke' experience. Their market rejected it in favour of the original.*
- *Market responses of 1-5% mean that 'saturation' is a long way off.*
- *Products that are steady sellers should not necessarily be removed in preference to 'fad' items.*

## **Leverage Point 11**

### **The power of a headline**

- Attract the attention of your target audience in your headline or opening remarks.
- State the proposition or offer.
- The rest of the ad develops, supports and presents the offer and reasons why it should be taken.
- Finally, tell the prospect how to act.
- Humorous, circuitous and abstract ads are a waste of time.

#### *Examples:*

- *'Want to have awesome abs for the beach this summer?'*
- *'Guaranteed retirement income of £33,000 p.a. for just £45 per week.'*
- *'Just call the toll free number below and mention this special offer.'*

## **Leverage Point 12**

### **Learn value in discovering and addressing key frustrations**

- Use client forums to ask them direct.
- Survey your clients.
- Just ask!
- Examples of key frustrations are:
  - Time – not on schedule or taking too long,
  - Communication – unclear explanation of work involved or not returning phone calls.
  - Errors – mistakes and general mix-ups in orders.

*Examples:*

*How you might address them-*

- *'If you are kept waiting more than 10 minutes for a scheduled appointment; it's on us.'*
- *'If we make an error in your booking, we'll send 2 of you to dinner on us.'*
- *'We'll agree the fee for work up-front. If we believe that additional work is needed we will clear this with you in advance.'*
- *'We will return your phone calls within the next working day; or send you a cheque for £25.'*

## **Leverage Point 13**

### **Systematise**

- Working ON your business means developing systems.
- Steven Covey – Begin with the end in mind.
- Michael Gerber – Create systems as if to franchise your business, even if you don't plan to.
- Develop real VALUE in the business – sustainable without you as an individual.

*Examples:*

*Systems for:*

- *Greeting clients when they arrive.*
- *Interviewing new clients/referrals.*
- *Hiring and firing.*
- *Ordering stock.*
- *Answering the phone.*
- *Approving time off/holidays.*
- *Handling customer complaints.*

## **Leverage Point 14**

### **Invert your pyramid and empower your team**

- Traditional structure sees the boss at the top with 'power' commensurate with position on the ladder.

- Invert the pyramid and see the positions as ‘supporting’ those in the ‘front-line’.
- Look at the management role as ‘frustration removal’, not one of giving orders.
- Look at ‘resourcing’, ‘motivating’ and ‘coaching’.
- Adopt the use of ‘team’ instead of ‘staff’.

*Examples:*

- *Share the responsibility for chairing meetings.*
- *Encourage ‘front-liners’ to develop their own performance standards.*
- *Look to reward positive behaviour – don’t become centred on punishing negative behaviour.*

## **Leverage Point 15**

### **Don’t reverse the risk – remove it**

- Take on the purchasing risk for the customer when making a sales proposition.
- Time limit – 30 day money back guarantee.
- Pay only if it makes the customer a certain amount of money.
- Consider the following for guarantees – unconditional, unique, financially relevant and simple.

*Examples:*

- *The guarantee on the work you complete.*
- *‘Bark Busters’ dog barking guarantee for lifetime (they will retrain as many times as necessary).*
- *Paddi Lund’s ‘no pain’ dental work or no charge.*
- *Professional service who guarantee waiting time.*
- *Help line support – guarantee ‘on hold’ for less than 1 minute.*

## **Leverage Point 16**

### **Give people a clear and detailed action plan**

- Customers need to be told explicitly how to act in order to obtain a business product or service.
- If businesses do not get proactive in asking for orders, they are denying themselves perhaps 2/3rds of their potential business.
- Many businesses BELIEVE they are doing this but it is still left to the customer to act (and maybe forget).

*Examples:*

- *Hairdresser – ‘how would Friday a month away suit for your next appointment’.*
- *Accountant – ‘I’ll be calling you in a few days to discuss the options for working on these priorities with you’.*
- *Tradesperson – ‘How about if I send one of our qualified consultants around to provide an obligation free quote for the repair work’.*

## **Leverage Point 17**

### **Create offers to add value and to encourage quicker responses**

- Offers to recent purchasers to tap their delight – ‘bounceback’ offers.
- Offers to clear ‘dead’ stock.
- Offers to reactivate ‘old’ clients.
- Offers to create an awareness of a new product or service.

*Examples:*

- *50% / Half price / 2 for the price of 1.*
- *Car servicing reminders with a ‘special’ offer such as free air conditioning re-gas.*
- *Dummy cheque for £X to put towards your product or service.*
- *Cheaper meals on Tuesday and Wednesday nights.*
- *‘Early bird’ offer for those booking by a certain date.*

## **Leverage Point 18**

### **Add the third dimension**

- Affiliation/Alliances/Partnering/Hosting/ Co-opetition (Co-operative Competition).
- Ask yourself – ‘Who else is currently dealing with the ‘desired customer’ we want to get to?’
- Determine possible links with potential hosts.
- Negotiate ‘win-win’ relationships with hosts.
- Also ask yourself – ‘Who else might want to get access to the customers that I already have?’

*Examples:*

- *A small winery may approach restaurants to gain access to their clients through wine with meal offers.*
- *‘Piggyback’ mailing – a business sends out a letter on their letterhead endorsing another firms product or service.*
- *Spheres of influence – an accountant may work with a Bank.*

*And finally...*

### **A personal note from Mark Salmon:**

I hope that you found these Leverage Points interesting. I am, however, mindful that interesting ideas come and go like ‘ships in the night’. If you really want to benefit from these ideas, choose one and take action and, only when this is working well, move onto implementing the next idea i.e. be systematic when creating new systems!

Good luck!

*Mark Salmon*