

The Power of One™ The Ultimate Business Growth System™

Growth Session #6

Increase Revenue 10%-50% by Providing Your Customers With a Continuous Stream of Products and Services They Need and Want

Hi, this is Scott Hallman. Welcome to this month's Power of ONE Growth Session

Let me start by asking you a few questions to stimulate your thought process.

If a trusted clothing store wrote you a letter about special merchandise that they just received, detailing the style, quality and price, would you have a tendency to go check it out? Especially, if the store focused the offer on items of interest and you hadn't purchased clothes lately?

- So, when was the last time that you sent a letter to your current customers, telling them about new merchandise or additional services you provide or letting them know about a special deal?

If your dentist sent you a brochure with pictures, educating you on the new "one-time, in-office teeth whitening procedure" they now perform. Would you be prone to calling them if you desired whiter teeth? How much more likely would you be to get this procedure done than if they never sent such a letter or discussed this with you in person?

- So when was the last time you tried to introduce your clients to other products or services that you provide but which they don't purchase? And have you educated them on why this would be to their best interest?

If you buy a furnace or water purifier or a bicycle, do these items ever need to be serviced? Or if you buy a software program, do you ever wish you had someone to train you on how to use it?

- Do you provide training or service on the items you sell? If so, when was the last time that you followed up with your clients to see if they had a need?

The Power of Leveraging off of your relationships with your customers creates a guaranteed stream of revenue that you can cultivate for years to come. I have divided this topic into two growth sessions. This session focuses exclusively on how you can get your customers to purchase more of what you provide.

Then, in next month's session, we will show you how to use *The Power of Strategic Endorsement* to tap into other business customers and visa versa.

Often existing and past customers are forgotten by businesses. The assumption is that when they need something they will come in or call. However, this is simply not the case. Businesses with this attitude are missing out on enormous amount of revenue that comes from staying in continuous contact with their customers.

Now, providing Your Customers with a Continuous Stream of Products and Services involves:

0. Staying in continuous contact with your customers
 1. Conditioning them to purchase more often
 2. Expanding their purchase patterns to include more of what you provide

The number one asset every business in America has is its customer list. Why do you think that **Microsoft** was willing to pay billions of dollars for **Intuit**, the Quicken creators? Do you think that Microsoft couldn't duplicate, and probably dramatically improve this software? Of course they could.

But what Microsoft lacks is the incredible loyalty that Quicken customers have to their software. Microsoft also understands that these customers will be highly susceptible to purchasing any software or other complementary items that Intuit offers— therefore, Intuit’s customer relationships are worth their weight in gold and that is why Microsoft is willing to pay so much for them.

Your customer list is equally as valuable to your business! If you provide a quality service and a quality product than your customers will be open to a variety of items that you introduce to them.

Your opportunities for instantaneous profits are within your grasp and require little time, money, effort or risk on your part. By marketing directly to your trusting customers, you avoid the expensive search for a new qualified prospect, and the diligently effort it takes to convert them into customers.

Why put your time and capital at risk to acquire new customers until you fully tap your existing customer reservoir to the max! After all, it cost 500% more to get a new customer them to keep the ones you have. Yet few businesses invest in keeping their customers by simply providing them with a continual stream of products and services they both need and want!

Three customer types create opportunities for motivating your customers to continually purchase

Customer Type #1 – Current Active Customers

Your current active customers should be purchasing from you regularly. In addition, they should be open to purchasing other products and services that you offer as well.

So what other products or services do your customers need that are related to what you originally sold them? You determined this in the first growth session involving upselling and cross selling. In that session we focused on the point of purchase transactions. In this session we will expand upon this process by actively following up at regular intervals to provide them with more of what you sell.

Remember that your goal is to convert *your* customers into *Lifetime Customers* who will continue to provide you with a stream of profits for years to come. Since you understand the Lifetime Value of these customers, you can easily justify going overboard with service to ensure their total satisfaction.

If you do they will:

- Buy only from you, instead of you competitors
- Buy what ever you recommend
- Buy more of what you sell
- Will enthusiastically refer their friends, co-workers and family members to you

It is important that you understand that you are really performing a valuable service for your customers by filling their needs and eliminating the hassle of finding others to perform these services.

The second customer type that creates an opportunity for follow up in order to motivate continual purchase is...

Customer Type #2- Inactive Customers

Customers are inactive for a variety of reasons. They may not currently need your service due to:

- Timing – they are waiting until they have the money
- They are waiting to run out of supply
- They are waiting until they have a problem or desire or other compelling need
- They have no need for more of the product you sold them

What else can your customers purchase that is related to the original product or service they purchased (even if they don't need the original product anymore)?

For example, did they previously purchase golf equipment but haven't purchased again in a while? Maybe it is because they don't need anymore clubs. But might they need golf balls or a special putting gadget or golf lessons?

Often these customers can be reactivated with a simple letter reminding them of your service. Jay Abraham tells a story about a chiropractor (Jordan Young) that sent 400 of his inactive clients a free adjustment as a Christmas gift. Since this was a slow time, he had excess capacity. He had something like 225 come in for the free service and 75 became patients once again. With a Lifetime Value per patient of \$2,500, that's pretty significant, isn't it?

Another inactive customer category is...

Lost Customers

This is where your customers either were dissatisfied or stopped using you, or they were indifferent and use someone else out of convenience.

Often businesses assume that once they lose a client, they have lost them forever. **This is a costly error.** If they stopped using you due to indifference, you merely must show them how you have improved or are now better at meeting their needs. Then provide a compelling offer, such as a free trial, and you will win a substantial percentage of them back.

In the case where you blew it and failed to meet their needs, you must methodically and patiently earn back their trust.

I had a competitor in my Health Information Management business that we took \$25,000,000 in annual business from over a five-year period. They also lost substantial business to other competitors as well. Why did they lose so much business? Because they took their eye off of meeting their customer needs and focused entirely on getting new ones.

Their poor quality service costs them dearly, both in lost sales and in the enormous expense of replacing them. In addition, they needed 40 sales people compared with our 5, even though we were the same size.

Well, before they went out of business they finally got smart and began focusing on providing better service. They revamped their entire operation and dramatically slowed their attrition. They then detailed the changes in regular communications with these past customers in order to win them back – many which used their name in place of a four-letter word! They also sent letters talking about the improvements they had made, they announced new key employees they hired, they hired an independent research organization do a study to show that their clients were happy, they attended meetings, they mailed these old clients every four weeks and so on.

The result was a complete turnaround and they are still today one of the two dominant players in the industry!

Never make the mistake of assuming you have lost your customers indefinitely.

The third customer type that creates an opportunity for follow up in order to motivate continual purchases is...

Customer Type #3 – Prospects that inquired but did not purchase

People often need to “kick the tires” and get comfortable with making a purchase before they take action. Perhaps they are waiting for a raise before going ahead. When my business was still in its infancy, I went to look at a Porsche. This had been my dream for years. Now I knew I would own that car one-day but not that

particular day. Unfortunately for the dealership, they never heard this growth session and therefore lost me as a customer for not one but two new Porsche's. Within just four months I bought a new 928 and it wasn't from that dealership – nor was the 930 Turbo Cabriolet convertible I later purchased.

Another reason why people inquire but don't purchase right away is the fact that they need more information before making a decision. Someone learning about *laser corrective surgery* may not just jump into the old chair. They may need to do research and get educated on the risks and what specifically is involved. Or they may need to convince their spouse to spend the money.

Often people will not purchase, even when highly motivated, until the need arises again. For example, someone that investigates tents for a camping trip may decide that their old tent is adequate at that moment. However, after having rainwater leaking on their face for the weekend, they may be motivated to replace the tent (however this may not be until they plan the next camping trip).

Another reason why prospects may inquire but not buy right away is the fact that are looking for a low quality alternative or a related product or service. For example, someone that looks seriously at a Lincoln Navigator, the luxury four wheel drive that costs \$47,000, may really love the vehicle but determines that it is just too expensive. However, the Ford Expedition on the other hand is almost the identical vehicle but it costs \$8,000 less. Isn't it logical that many "non-Navigator purchasers" will buy an Expedition instead? Therefore, by simply referring them to a specific Ford dealer, the Lincoln dealership can profit from the referral.

The important thing to point out is that many of the "non-purchase" prospects are really customers waiting for the right time or offer or education in order to move to purchase and therefore, consistent follow up is critical to winning them as customers.

Three opportunities to get these three customer types to purchase continuously from you.

For simplicity I will use the term "customers" to include all three-customer types. *That is, the active, inactive and non-purchasing inquiring prospects.* As always, these have been tested against our Power of ONE Guiding Principles of being based on proven results, and which require little time, money, effort or risk.

Leverage Opportunity #1 – Offer Your Customers the Same Types of Products or Services That They Currently Purchase From You.

Your customers have already demonstrated in the past that they will buy certain items from you. So don't wait for them to come back. You can trigger their repurchase by sending them a letter or calling them or discussing it at the point of purchase. This one opportunity is overlooked by 90% of small businesses today.

For example, say you purchased a computer from **Dell Computers®**. You are excited because it has the latest and greatest technology-Wow, you are state-of-the-art.

However, a few years later your system is badly out of date and there is a new state-of-the-art system.

So what does Dell do? They begin sending you, their loyal customer, regular updates on the latest state-of-the-art systems. Each time you get a little more motivated, until your current system no longer meets your needs, at which time you buy the turbo-charged new computer.

Now, what if Dell didn't follow up so diligently? Well first, you probably would have come to a purchase decision much later, wouldn't you? And unless you were really loyal to Dell, the chances of you buying the next system from them instead of someone else certainly would be far less likely, wouldn't it?

Dell develops a relationship with their customers and then turns them into customers for life! They go above and beyond in service, have a generous return policy and consistently communicate with their clients.

Here is a negative example of not following up with your customers regularly:

In talking with a local jeweler that was going out of business, the owner indicated that this was a family business that his father had passed onto him. This 30-year-old business had thousands of customers over the years. Yet when I inquired as to the last time he had mailed an offer to his customers, his answer floored me – he said **never**. What a shame to have had so many satisfied customers go elsewhere due to this jeweler's failure to consistently follow up and stay in contact with his customers.

By the way, isn't this really an application of "Conditioning their Customers to Purchase More Often"?

The second opportunity to get your customers to purchase continually from you is...

Leverage Opportunity #2 – Expand Your Customer's Purchase Patterns by Selling Them Other Products and Services They Don't Currently Purchase From You.

If someone buys a product or service from you, what else might he or she or a family member need that you provide? Businesses make the fatal mistake of thinking people are aware of all of the products and services they provide. That is, if you provide landscaping maintenance, do your customers know about your fertilizer program or mosquito abatement or snowplowing in the winter?

By the way, do you see how important your customer database becomes in following up with your customers? The more you know about their purchase habits, the better you can determine what other items they may purchase. Once Dell sells you a computer, they can then sell you accessories, additional storage, a larger monitor, a faster modem and so on.

Expanding your customers purchase patterns may also include motivating them to purchase more of the current products and services they already buy. What do I mean by this? Well, your customers may purchase exclusively during the week, for example. Therefore, getting them to also purchase or take advantage of your service on the weekends would have a dramatic impact on your revenue.

Some examples of this include:

- A hotel that motivates their customers to come spend a quiet relaxing weekend with their husband or wife.
- An accountant that, during slow times of the year, offers to do business consulting or assist with getting obtaining needed financing

The third opportunity to get your customers to purchase continually from you is

Leverage Opportunity #3 – Provide Service or Training to Your Customers

If your product or service involves the need for future service than you should be the one providing this to your clients. For example, when a carpet company installs carpet, they know that the customer will need their carpets cleaned within 1-2 years. In fact, they could easily make this a scientific prediction simply by calling several carpet cleaning companies, in order to determine how long after the installation the average person cleans their carpets.

If your product or service involves the need for future training than you should also be the one providing this to your clients. For example, if you are a consultant and help a company implement a new computer system or sales training program, might there be a need for follow up training to ensure the client maximizes their results?

How these leveraged opportunities apply to different business types

First, let's look at Repeat Purchase Businesses

A **Video Store** can send their inactive customers a coupon for a “free movie” or “buy one get one free” or “free popcorn and soda with a movie”.

They can also send their clients a letter educating them about the value of cleaning the internal parts of their VCR on a regular basis.

They could further offer to sell their customers tickets to other family or entertainment activities.

A **Telephone Service Provider** can once again offer their customers voice mail or call waiting. Customers are generally given an opportunity to purchase this service only at the point of installation. Perhaps they didn't think they needed call waiting initially or perhaps they had an answering machine, which later stopped functioning.

They could also offer a special deal on an additional line for the Internet or fax machine. People often will struggle with the inconvenience of having just one line simply because they fail to take action and order another one.

They can also offer them phones, answering machines, credit cards, headsets, time saving equipment and so on.

The permutations here are endless.

As I go through these illustrations, it is important that you constantly ask yourself the question, “*How can I adapt this application to my business*”. I try to select a broad variety of business types so each of you can relate to one or more.

O.K. let's look at a few Random or Infrequent Repeat Purchase Businesses:

A **Wellness Physician** I know has over 3,000 patients; some come on a preventative health basis, and the balance come only when they are ill.

This doctor stocks a premium line of vitamins and minerals, which he prescribes only for specific patient concerns. He may reach 10% of his patients in this way. This means 90% of his patients are completely unaware of the incredible benefits of these vitamins. Unaware of the fact that they are five times more absorbent and have a molecular structure that binds them to the cells 80% more effectively than standard vitamins— something like that. I don't remember the specific “techno” benefits.

The point is that this doctor is really passionate about the benefits of these vitamins – to the point of getting intense when he talks about the “garbage vitamins” that companies sell at the local stores – including health stores.

What if he wrote a letter to the 90% who don't buy these vitamins? Passionately educating them on the benefits, more energy, better memory, less disease, and offered them a special introductory price and 100% guarantee – would a large number of these patients buy? **You bet!**

These patients have already shown that they are into alternative health, so they are the perfect audience. And more importantly, and this is critical, they trust the doctor! Many of them probably are currently buying the “garbage vitamins” he described and spending similar money.

If only 5% of his patients purchased just \$40 per month in vitamins, he would generate \$75,000 per year in revenue and \$25,000 in profit - over five years these profits reach \$125,000!

Now, let me ask you a question, would these patients be open to other such health-oriented items that the doctor recommended? – **Absolutely**. Especially if each item he recommended was of good value and delivered the benefits he promised.

And here is the critical part. Are his patients better off because he made these vitamins available – Yes! Are they endeared to him even greater - Yes! Are they more prone to refer him – Yes! Are the inactive patients more apt to come back to him -Yes!

By the way, I often refer to “Critical Distinctions” on these tapes. And generally when I do I go deep into the illustration to drive home powerful points – these are always universally applicable and I suggest you re-listen to these illustrations and ask yourself the question, “How do the points of these Critical Distinctions apply to my business”?

What about an accountant? She can tell her business clients about her consulting services. Rather than wait until year-end, she can provide quarterly evaluations, which helps keep her clients on track.

She can also educate clients about her the other services she provides - payroll, estate planning, and outsource bookkeeping. If they use her only for year-end taxes, they may be totally unaware of these other services

She can offer to train the client’s staff on Quickbooks® so they can do the legwork more efficiently – and so on.

An **Orthodontist** can educate his patients (the parents or adults) on having their children come in at a younger age to get preventive work done. He can offer to put braces on the parents – even educating them on the “invisible braces” that are available.

He can also tell his patients about other appearance enhancements – decorative eyewear, teeth whitening and plastic surgery, and recommend other health care professionals to his trusted patients as well.

Finally, let’s look at a Single Purchase Business.

A **Contractor** can stay in contact with their customers and suggest home improvements that would enhance the client’s home. If they had done a large job initially, they should have good insight on the customer’s needs and potential wants. They can also suggest a patio cover for the patio they previously put in. Or offer to screen their porch. Finally, they can suggest installing a built-in entertainment center in the basement.

10 Step Implementation Process

Now let’s customize this growth strategy to your unique business and environment by going through our 10 step process.

Step 1 – Identify which products or services would be good candidates for an offer to your clients.

O.K., let’s go to Interactive Workshop 6-2a.

What I would like you to do is simply list 1-2 products or services for each of the three Leveraged Opportunities we have discussed. That is:

- 1) What products or services, which you have not promoted lately, could you offer to your clients?
- 1) What other related items, which they have not purchased, could you introduce to your customers or other family members?

If you don't currently have a program in place where you send regular offers to your clients, than you will want to select your most valued product or service, especially if your customers tend to need reminding in order to repurchase.

For example, if you teach golf lessons, simply by educating your clients on a new technique and promising some expected results can stimulate them to renew their lessons.

Often just a simple hello note is enough to get action.

- 2) What follow up service or training do your customers require as a result of purchasing your product or service?

Stop the tape and take 5 minutes to do this now.

Welcome back.

Step 2 – Which types of customers you are going to make your offer to.

First, is your product or service applicable only to your existing customers or only your inactive customers or to both?

A major Supermarket sent a \$10 coupon to 900 customers that had been inactive for 90 days or more. Over 300 past customers took advantage of the offer. Of those, over 150 became regular customers once again.

Now they certainly would not have made such an offer to active customers because it would have cost them a fortune and provided no real benefit for them – does that make sense?

Second, is your offer applicable to all customers or only those that have a particular interest? If you are a sporting goods store, and baseball season is approaching, you may wish to send a targeted offer just to this group of customers.

Interactive Workshop 6-2b

Determine which customers apply to each of the products and services you have listed under the leveraged opportunities in Workshop 6-2a.

If you need to segment these categories, you can note that as well.

Stop the tape and take 2 minutes to do this now.

Welcome back.

Step 3 – Determine *why* someone would want to purchase these items from you

Now, why should your customers want to purchase these items from you? What is the benefit they get? Does the client improve performance, health, save time, money, earn a special bonus, gain a convenience, improve appearance, or priority service?

So let's have you get clear on why they should purchase the products or services you have listed.

Interactive Workshop 6-2c

Under each of the products or services you listed in 6-2a, write down 2-3 benefits your customers would derive from purchasing these items.

Take 3-4 minutes to do this now.

Welcome back.

Step 4 – Crunch down to ONE

Interactive Workshop 6-2d

After evaluating your answers in Workshops 6-2a and 6-2b, decide which follow up opportunity you will focus on over the next 30 days.

In addition, what group of customers will you make your offer to?

Take two minutes to decide.

Welcome Back.

Now, as with every session, let's get clear on the profitability of the ONE product or service you will focus on over the next 30 days.

Step 5 – Determine marginal profitability

The Supermarket had 300 customers take advantage of their offer and 150 return as regular customers.

Since the average family spends \$400 or so per month at the grocery store, these 150 revived customers will generate \$720,000 per year and \$3,600,000 over the next five years! Now gross profit margins at a grocery store are perhaps 20%. Therefore, the Lifetime Value of these 150 customers is three-quarters of a million dollars! The promotion cost them only \$2,250 in free groceries and about \$600 in mailings - Not a bad return.

So let's determine your profit potential.

Interactive Workshop 6-3

- 3) What I want you to do is fill out the worksheet for the product or service you have identified, to determine your marginal profitability per transaction, per year and over the lifetime of your customer or business. The worksheet will guide you through the process.
- 2) Record the profit numbers on the appropriate space in Interactive Workshop 6-2.

Turn off the tape and take 2-3 minutes to do this workshop now.

Welcome Back.

Step 6 – Designing Your Program

Let's now custom-design your implementation program. There are **5 elements** of the program you need to customize.

Now before we review these, there are a few "tools" you will need in order to get most out of this growth strategy.

First is a Customer Database. Once again, we discussed the details of creating and building a customer database in *The 10 Fundamentals of Marketing* tape. You may wish to review this section after this session.

Your customer database will enable you to evaluate your customers purchase patterns to identify both their current frequency of purchase and lack of purchases of items you feel they should or would purchase if educated and motivated to do so. The more focused your offer is, the more likely you will be to make a sale.

Going back to the Wellness Doctor that we discussed earlier, if he tracks his patients by specific ailment (back pain, arthritis, headaches etc.), he can recommend specific vitamin and mineral supplements to specific ailment groups.

Element #1 – Determine what the offer will be

The first thing you need to do is to determine what your specific offer will be to your customers. You did some groundwork on this in two previous workshops, by listing the compelling reasons why should purchase and what your expected profitability will be.

At what price will you offer the product or service?

If you are merely “re-activating” or reminding your customers that it is time to purchase, than you may not need to reduce the price at all.

For example, a **specialty shoe store** that has a group of customers that buy the latest fashions each year. They may only need to inform these customers of the merchandise availability, and perhaps give them an exclusive buying opportunity before it is offered to the general public.

If you are trying to get them to expand their purchase patterns, either by buying additional products or services or including other family members, you may want to include an incentive price to motivate them to try something new or abandon their current merchant.

For example, a **Yellow Page Publisher**, who wants to offer their customers their new Direct Mail Services, may want to charge only half-price for the first mailing or offer to design the mailing for free to motivate the purchase.

Another example would be a **hair salon**. They certainly should consider a “free first visit” when they are trying to cross sell their customer to use their manicure service or motivate the husband to come in as well. After all, their Lifetime Value is enormous, and the probability of them converting to a regular customer is so high because of their current relationship.

If you are introducing your customers to your training or maintenance service, than you may choose to offer some incentive to motivate them to let you demonstrate the quality of your service and the benefits they can derive.

The next thing for you to consider in your offer is whether you need to motivate your customers to purchase by including value added benefits or bonus’?

The **Yellow Page Publisher** could charge full rate if they also included free design work and offered to increase the size of their Yellow Page advertisement as a bonus.

In a future growth session we go into detail on the power of value added services. The important thing to mention in this example is the fact that the client **perceives** they are getting a \$100 per month in **free** Yellow Page advertising. Plus another \$300-\$400 in design work, both which costs the publisher zero.

The next consideration for your offer is how will you reduce or eliminate the risk of the purchase.

We covered guarantees and risk of purchase assessments in detail on *The 10 Fundamentals of Marketing* tape. You may want to review that section after this tape is over. Remember that offering a guarantee is of virtually no risk **if** you first scientifically test the offer and measure the returns. If the increased profit exceeds the cost of returns, than you only win with the guarantee.

If your customer is merely purchasing their regular item(s) than there really is generally no need to offer a guarantee. Of course, you may want to test a money back guarantee to see if it stimulates additional sales.

If you are expanding your clients purchasing patterns, or introducing them to your training or maintenance service, you will want to strongly consider a guarantee. This can either replace any discounts or value added services or allows you to stack the deck so the offer is irresistible!

For example, the **hair salon** could charge full price for the manicure with a 100% money back guarantee. They could take this a step further by providing a value added bonus – free polish or a pedicure or a sample basket worth \$10 or free movie tickets and so on. They could even discount the first visit 50%.

This is a Critical Distinction, so let me go deep into this one to illustrate why you are so willing to make such outrageous offers and how the growth sessions we have covered so far are beginning to create such phenomenal momentum.

First, you are armed with the power of understanding the Lifetime Value of your customer.

The **hair salon** that adds a manicure to their client's purchase will generate \$1,000 of additional revenue per year (Over \$5,000 over the five-year average customer life). **Now, using a 50% margin that's \$2,500 in their pocket!** If it takes two stacked incentives plus a guarantee to get a customer to add manicuring to their regular purchase pattern SO WHAT! It's peanuts compared with the profit stream.

The hair salon can now **upsell** this client nail conditioning products, premium nail polish, a nail dryer etc. And since the client comes in more often (hair + nails) they have more opportunities to sell them shampoo, brushes and so on. Are you beginning to see how these growth strategies pile on the profits?

They can then **condition this client** to come in at your desired intervals by applying the second growth strategy. This increases their profits by another 10-20% or \$250-\$500, compared with your old pattern prior to using this strategy.

In addition, they have added a whole new **referral source**, haven't they? If the client is happy with the manicure, which they will be if you employ our **customer satisfaction techniques**, than they will gladly refer the salon to their friends, family members and co-workers.

And if they get just one new referral customer from their "expanded" client, they will duplicate this \$3,000 lifetime manicure profit. And if that new referral customer either expands their purchase pattern to include hair cuts or refers someone else, the salon earns another \$3,000 and so on.

Do you see the incredible cumulative effect on your profits from these simple growth strategies?

Awesome isn't it?

Interactive Workshop 6-4a

O.K., let's determine the specific offer you will make to the customers that you have selected to sell your ONE item to.

- 1) Go back to Interactive Workshop 6-2 and review your answers.
- 2) Write your offer in detail.

- Be sure to include pricing, value added products or services if applicable and any risk aversion elements you wish to provide. Don't worry about the language. We will work on that next.

Take 3-4 minutes to do this.

Welcome Back.

The second element you need to customize is...

Element # 2 – Determining Your Script.

Now as you have identified your product or service that you will offer to a specified group of your customers, what are you going to say? As with each offer we design for these growth sessions, your offer should contain the **8 elements** of a compelling offer:

To review, these are:

- 4) A specific self-serving benefit headline (and sub-headline) or first paragraph.
- 5) The specific benefits and outcome they will receive.
 - Product or Service Benefits and Features.
- 6) The reason they should purchase the item and why from you.
- 7) The specific actions you will take (including price and terms)
- 8) The specific action they are to take.
 - 1) A Compelling Bonus or Incentive, if appropriate.
 - 1) How you will minimize or eliminate their risk.
 - 1) PS – the headline for the headline – the key elements of your offer.

For your clients that you are reactivating, the offer will be rather simple:

Dear Bill,

It has been almost two years since your last physical. With your history of heart challenges, we recommend a complete evaluation every two years to ensure we keep you in perfect health.

(A specific self-serving benefit headline, reason they should get service, and specific outcome.)

The exam will cover a general physical, a stress test, a chest x-ray and complete blood work. (The specific actions you will take.)

As the process will require two visits of about an hour, I suggest you call us now to ensure availability that works best for you. (The specific action they are to take.)

If you want to bring Mary in for a check-up as well, I will waive the \$20 co-payment. (Price incentive.)

In addition, I just came across the best low-fat cookbook I have ever seen. The dishes are really tasty, what a concept, and quick to make as well. Remind me when you come in and I'll give you one as a gift. (Bonus)

Let me take this time to share with you how much I appreciate your and Mary's business and the continual referrals you have provided over the years.

To your health,

Dr. Raymond Johnson

PS Are you still staying with that exercise program we set you up on?

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This letter is very personal. Don't you agree that this would motivate action?

One **Critical Distinction** I want to mention. This follow up process is not time consuming! The doctor can write a template letter designed to be sent at the appropriate times to the group of patients that have heart conditions. Then he can simply modify the personal remarks, by using a tape recorder to add a personal note to each patient's letter. The clerical staff can then prepare the letters.

If the doctor can personalize 20 patients' letters in an hour, and if this results in just 2 patients coming in for a \$1,000 evaluation, that's \$2,000 per hour (and I will spare you the cumulative effect of the expanded referrals etc.).

If the item you are offering your customers is unique or if you are introducing your clients to an additional product or service, you may want to elaborate on the benefits to motivate your clients to purchase.

Let me share with you a possible letter the shoe store, whose customers always bought the latest fashions, might send to these clients.

Dear Mrs. Hansen, (personalize if possible)

We just received the exclusive "Austrian Virgin Lamb Boots", which have been unavailable due to the incredible demand in Europe. We are the first in the Northwest Suburbs to get our hands on just 20 pair of these elegant boots that keep your feet warm even at minus 30 degrees. We wanted to offer them to you before we make them available to the public. (self-serving benefit – warmth and Why they should buy from them - exclusive.)

The leather goes through a process where they hand stretch it and work the special softening and waterproofing agents deep into the leather. This gives them the unparalleled softness and enables them to continue looking new for years to come.

The virgin lambs wool, which is the key the incredible warmth achieved, is so soft you feel like you are slipping your foot into a sea of the finest down feathers, yet it is twice as strong as synthetic liners.

The natural materials provide complete waterproofing while allowing your feet to breathe. (Why they should purchase + Specific benefits and the outcome they will receive - warmth, durability, unique.)

We will be putting these rare boots on display October 15th. We wanted to give you an opportunity to purchase them before this happens. (The specific action you will take.) Since we only have three pair in your size, you will need to come in as soon as possible. (The specific actions they must take.)

The price is just \$399 for these elegant boots that will last a lifetime. No other boots that we are aware of provide such styling, warmth and durability. They come with a 30 day unconditional 100% satisfaction guarantee - "If you don't feel that they are the warmest, most comfortable winter boots that you have ever worn, simply return them to us for a 100% refund." In addition, they carry a five-year warranty against manufacture defects. (Risk aversion.)

As a special bonus, we will also offer you a 25% discount on any other footwear you buy at the same time. (Value added services/bonus.)

We look forward to seeing you soon.

Mary Thompson

The Foot Gallery

PS Julia Roberts is wearing a pair of these elegant boots on her trip to Switzerland – You can see them in the October issue of ABC Magazine.

Powerfully targeted isn't it? And as you can see your customer database continues to be of profound importance.

Interactive Workshop 6-4

OK, let's have you draft an outline of your script. We have provided a template to ensure you touch on each of the key points. Remember that the script can be rather short or somewhat lengthy if you need to explain your business in detail.

- *For example, if you are making the offer at the point of purchase or via a post card, your offer may be as short as a phrase - "Why don't you try Susan for your nails? I can arrange a free session so you can experience her talent first hand."*

Go ahead and take 5 minutes to draft your rough script now. Don't try to perfect the script, just get it outlined the way you feel comfortable.

Welcome Back.

Did you make sure you included all 8 elements?

Incidentally, I know I mention this every session but I feel compelled to say it again, most people feel that it takes a special talent to write a good offer. **This is garbage!**

As long as you include the key elements, and write to one customer at a time, your offer will be better than 95% of the so-called "copyrights" that don't know your clients or business like you do. If necessary, have someone edit the letter for grammar and punctuation if it makes you feel more comfortable.

Element # 3 – Delivery or Communication Method.

The third element of your customized customer follow up program is to determine which delivery or communication method(s) you will use.

That is, if you are making the offer at the time of purchase, will you ask the client yourself or will your staff? Or will you mail the postcard? Or include the offer in your catalog? Or will you communicate by Phone?

Since we have covered these methods in detail in past sessions, you may want to review "*The 10 Fundamentals of Marketing that Every Business Must Understand to Succeed*" tape after this session.

Incidentally, your program can and should encompass multiple delivery methods.

Interactive Workshop 6-5

Take one minute to decide which communication or delivery method or methods you will use to communicate your offer to your clients.

Stop the tape.

Welcome Back.

Element #5 – Follow Up

Most businesses tend to drastically **under mail** their clients. Conventional thinking is that you don't want to bother your clients. This is very costly erroneous information! The more you mail them, the more they will purchase and the more they will refer you because you are top of mind. You will know precisely how often is too often when the profits from your mailing are exceeded by the cost

For example, a doctor may have a monthly health letter that reminds patients of the upcoming flu season. They can also send a newsletter that promotes "Preventative Health" actions such as cookbooks, vitamins, wellness classes and so on.

Any time you can add value in your client mailings you will dramatically increase long term results.

Here are two critical distinctions about how often should you make the same offer.

The first distinction is the fact that your clients are made up of five types of buyers.

- 1) **The Innovators** – they will buy anything that is new. *When the 450 MHz computers hit the stores, they have to have one.*
- 2) **The Early Adopters** – they purchase once the price drops. *When the 333 MHz computers hit \$3,200 they will buy.*
- 3) **The General Pact** – they will buy when the item is proven and the price is reasonable. *When the 266 MHz computer is needed because their 133 MHz system is too slow and they can't run the latest software, they will pay \$1,500-\$2,000.*
- 4) **The Late Adopters** – they will buy when the item everybody else seems to have is mass-produced and sells at discount stores. *When they realize that they really must have a computer to function in society they will buy one, but they will get the very minimum necessary and spend \$899.*
- 5) **The Never Adopters** – they will never buy regardless of price or needs.

Therefore, you should continue to offer items to your customers even as newer of better items come available. If you can segment your buyers, by past purchases, than you can target them specifically.

The second follow up consideration is that your customer's needs continually change. A client who doesn't take you up on your free manicure may love the person that currently does their nails. But if this manicurist moves in three months, their needs will change. If you don't continue to communicate your offer than they may end up going elsewhere.

The important things to understand is that you should always take the time to educate the clients on the value of your products and service. **You should always "plant a seed until there's a need"**.

Four opportunities to resell your customers after the initial purchase

Opportunity #1 - A day or two or some appropriate amount of time after the sale

We discussed this in detail in the customer satisfaction growth session two months ago. There we were emphasizing the importance from a customer satisfaction viewpoint.

In this session the focus is twofold:

- 6) To lay the ground work for a future sales and to remind them that you will be following up in 3-6 months for their next service or maintenance.
- 7) Is to upsell or cross-sell or lay the groundwork for future upsell or cross sell opportunities.

- The person that gets a computer home only to realize that it is too slow will surely want more memory.

The second opportunity to resell your customers after the purchase is...

Opportunity #2 – Send a letter or call 30-60 days after the purchase to see if you can further meet your customers needs

This is your opportunity to once again try to expand their purchase patterns by introducing another related product or service. Or to condition them to purchase more often. Or to ask for a referral. Or to educate them on the need for an upgrade or maintenance service or additional training. After all, you have gone out of your way to identify their needs, meet these needs and then follow up to help in any way you can.

Additionally, you can invite them to a special function you have planned for you customers. Or tell them about special offers that only apply to preferred customers.

- You can also use this opportunity to lay the groundwork for a future purchase. For example, a landscaper may educate the customer on *the “Top 10 Landscape Secrets for Protecting Your Investment”*. This may detail what to look for in a landscape maintenance company. They have laid the groundwork for the future when the timing is more appropriate.

Even simply sending them your brochure or catalog will stimulate purchases because they may have been totally unaware of the other products and services that you provide.

The third opportunity to resell your customers after the purchase is...

Opportunity #3 – Periodic mailings or calls (every 4-6 weeks) to your clients

This is the hidden treasure in every business and alone can double many businesses. In fact, it is so simplistically powerful that it can increase your revenue 20% or more immediately, if you don't currently do such follow up.

There are three (3) reasons why this follow up will produce such profound results:

8) Customers need to be reminded about your services.

Jay Levinson says that 80% of the reason customers are lost is due to apathy. They simply forgot about you or felt you forgot about them.

Here is an example to illustrate the power of simply following up (I shared this story with you in the introductory tape).

My wife and I have our windows cleaned twice a year. Two years ago we had a guy that was great. When we went to call him, we could not find his card and our receipt had been packed away. In fact, we have had seven different companies in 3 1/2 years! We have yet to find another company that is nearly as thorough. The **critical distinction** here is that as the customer, we would have benefited from him following up and would have hired him in blink of an eye. And he could have also expanded our purchase pattern by offering to include a monthly “10 Minute Touch Up Service” for problem windows, clean our gutters, clean the inside and outside of our sills and so on.

Simply remaining Top of Mind when your customer thinks of the need for the product or services you offer will motivate them to purchase again (as the above story illustrates).

The second reason to follow up regularly is to...

9) Educate customers on trends, improvement, potential pitfalls, and buying opportunities.

You can send a newsletter or write a letter or have a point of purchase discussion. The focus here is on providing value to the customer.

- Sometimes you will try to get them to purchase additional products and services.
- Sometimes you will tell them about special sales or exclusive merchandise or limited offers you have available before release to the public.
- And sometimes you will simply be providing value and building your relationship – it gives you an excuse to contact them.

A Realtor's expected resell cycle is five years. So they can't very well send monthly mailings trying to **sell** the customer. They can however, educate their customers about the recent sales activity – people love to know what the neighbors house sold for. The Realtor can also provide tips on organizing their garage, growing a greener lawn, refinancing when appropriate, and so on.

The fourth opportunity to resell your customers after the purchase is...

Opportunity #4 – Special Occasions.

This includes birthdays, holidays, and their customer anniversary. These times represent a great opportunity to make special offers.

You can send them a “buy one get one free” certificate. Or special savings certificate good for a 25% discount on their birthday or customer anniversary. You can send them a letter to tell them about your special Christmas collection and let them know that you are giving your preferred customers a one-week advance opportunity to purchase, before making the items available to the public.

O.K., let's have you design your follow up program.

Interactive Workshop 6-6

When will you follow up with your customers to either present your offer or lay the groundwork for a future offer?

- 10) Will you follow up with an offer shortly after the sale? If so what will the offer be?
- 11) Will you follow up after some specified period like 30-60 days after the purchase? If so, when will you follow up and what will your offer be?
 - 1) Will you follow up at set intervals, say every six weeks to motivate your customers to purchase additional items from you? If so, how often will you follow up and what will your offers be?
 - 2) Will you follow up after some specified period like 30-60 days after the purchase? If so, when will you follow up and what will your offer be?
 - 3) Will you make a special offer on the client's birthday or for holidays or for another special occasion? If so, when will you follow up and what will your offer be?

Stop the tape and take 5 minutes to do this now.

Welcome Back.

Now that you have customized your customer follow up program, it is time do design your test.

Step 7 – Test Program

Let's have you design a test before you roll out your program. You may want to select a sub-group of the customers from those you have selected to target. In addition, you may want to get some feedback verbally before proceeding with your mailing.

Depending on the number of clients you have, you may want to test 10% or so initially until you perfect the offer, script and delivery.

Workshop 6-7

- 1) Decide on the number of customers to test.
- 1) Decide how you will test your offer.
- 1) Interact with customers or prospects – ask for input – tell them you are doing a test to see if service/product is of value to customers.

This is all outlined in the workshop, so go ahead and stop the tape now.

Welcome back. We are almost ready to turn you loose.

Step 8 – Teach your staff and validate

If your staff is communicating the offer either at the point of purchase or via phone or responsible for sending the letters or postcards or catalogs, you need to make sure they are following the guidelines you established in your test.

If you outsource the database management and mailings, you need to make sure you are on the list! This way you can validate the mailing and ensure the quality. You may also want to include a friend or family member as well.

Step 9 – Set-up measurements/tracking

It is critical that you measure what is working. Your plan includes several follow-up mailings and opportunities. Therefore, you need to monitor:

- The number of customers that are provided the offer.
- The number that purchased and the amount they spent.

In addition, you want to determine what the proper frequency of mailings will produce the greatest results.

Step 10 – Reward/Incentives for staff

Once you have a benchmark for expected results, you can determine an incentive system for your employees if applicable.

Financial impact of implementing the strategy.

Well that's it. The 10 simple steps to implementing your customer follow up program.

Now let's quickly determine your ROI and ROTL.

Going back to the Supermarket example we used for the marginal profitability workshop, they got 150 past customers to become regular customers again. And these customers generated profits of \$720,000 over five years.

We also determined the cost to promote was around \$3,000, including the free groceries. That equates to a 24,000% ROI.

And if it took 8 hours to research the customers and create the mailing, that is \$90,000 per hour!

Now admittedly this is a unique case because of the tremendous Lifetime Value of a grocery store customer but you will find your results mind-blowing as well.

Let's determine your ROI and ROTI.

Interactive Workshop 6-8.

- 0) Go to Interactive Workshop 6-3 to get your Lifetime Profit expectations you calculated earlier.
- 2) Then "guess" at the time you think it will take to implement and double it.
- 3) Using these two figures, calculate your ROI and ROTI – using the worksheet provided.

Shut off the tape and take two minutes to do this now.

Welcome back.

Let me ask you a repeat question, **what other function in your business could you be doing to earn \$1,000 to \$10,000 per hour?**

O.K., I know there is an enormous amount of information here. To help you get started let me give you an easy homework assignment.

Homework

- 1) Start with a manageable number of customers and test the results yourself. Then, expand the program over the next 30 days until you are in full swing.
- 2) Next month's Interactive Session is called "*The Power of Strategic Endorsements – How to Dramatically Increase Your Sales Force Without Spending A Dime*".

It is really a continuation of this month's session. It involves a little more effort but once you learn the basics you can expand this program rapidly.

Before next month, answer the questions in **Interactive Workshop 7-1** of your workbook.

1-800 Consulting Service

If you need any help implementing this strategy within your business, simply call our growth consultants at 1-800-206-6557. This inexpensive service can help you quickly clarify how to best implement the strategy within your business.

Really go for it over the next 30 days and I look forward to speaking with you next month.

To Your Success!