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EQUALS SUCCESS.**

*From the experts who gave us
"Easy Business Strategies Revealed"*

HOW TO AVOID THE TOP 10 SMALL BUSINESS MISTAKES

An eye-opening small business guide
that will help you attract new
customers, improve your cashflow
and increase your profit

LOUIE MITREVSKI

1 – Not measuring the numbers... ...particularly your profit!

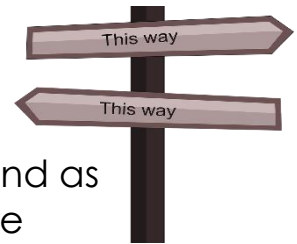
There's an old saying, ***if you can measure it, you can improve it.*** The question is, what numbers should you measure in your business and how do you measure them?

Many small business owners that I have spoken to, have no idea what profit they made last month or even last year. Often, they couldn't even tell me what their breakeven figure is. They leave everything to their Accountant, as if it's nothing to do with them!

So, you definitely need to know what profit you are making, how much money is in your bank account at any time and when you will be paid. Creating Profit and Loss and Cash flow forecasts are essential.



2 - Losing track of why you went into business in the first place



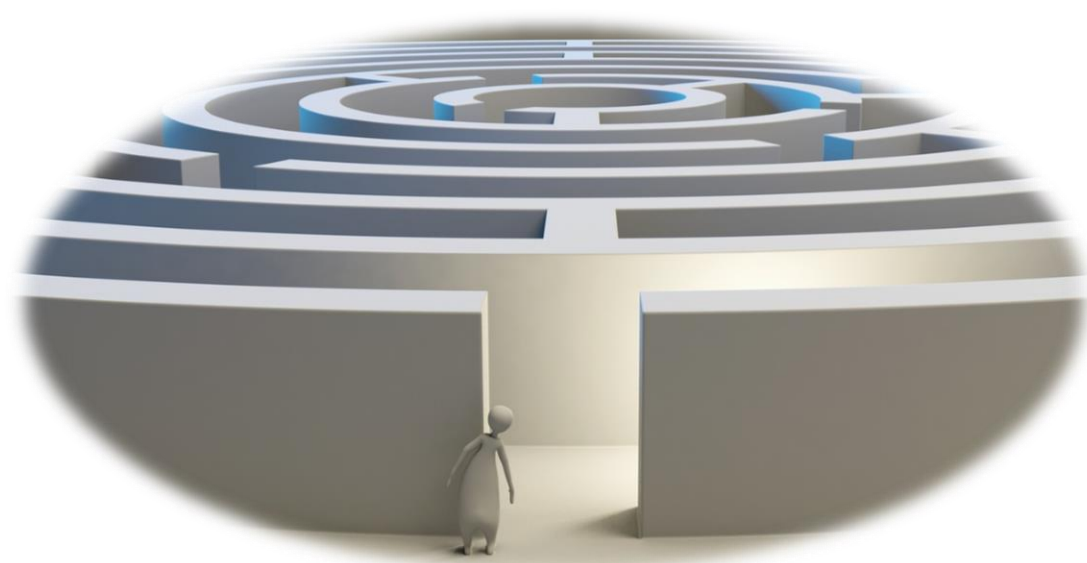
Many business owners set up their business with a goal in mind as to why they are starting a business. Maybe it's to make more money, free up time, create a job for themselves or simply to build up the business and sell it.

If you lose track of your goals, it's easy to lose profit too and that's the main reason for being in business – to make more profit.

I remember meeting a new business owner on a sales training course that I was running. During the training course he was telling everyone how his goal was to build up a software company to a \$100M turnover from scratch.

He clearly defined his goal, was passionate about it and was determined to make it happen. He approached me about being a consultant to them, which I ended up doing. When I had finished working with them, they were up to \$40M, with the company still growing rapidly!

Do you need to revisit some of your goals and exit strategy?

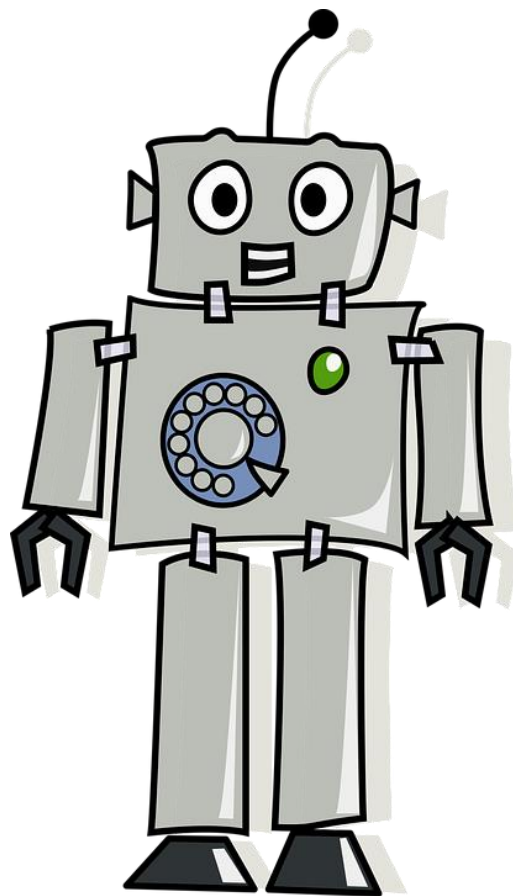


3 - Not answering your phone and just relying on an answer phone

Let's face it, who likes leaving messages on an answer phone? I am amazed how many small businesses only have an answer phone to take calls. I wouldn't mind betting that many lose business as a result.

So what is the point of doing any sort of marketing, if all the leads go to someone else, just because there is no-one to answer your phone calls?

The solution is to hire a low-cost virtual office to take your calls, so that you never lose business that way.



4 - Not doing proper market research

Many businesses are set up on a wing and a prayer. It can often seem like a good idea to buy into a franchise or set up a business, just because you have an interest in something.

The truth is, unless you have plenty of customers willing and able to buy your product or service, your business will never really take off.

Market research is essential for any business to carry out and it doesn't need to be complicated or expensive.

We often ask the wrong questions to the wrong people and then get the wrong answers! So if your market research involves talking to friends or family that are completely different to the profile of your customers, this could cost you serious profit!

The solution is, simply find the people that you think would buy from you and ask them how they are managing without you? If you opened up a business would they buy from you?

What do you need to do to win their business?



5 - Not knowing what business you are in

One of the easiest ways to lose profit is to lose sight of what business you are in. You see, potential customers want solutions to their problems and so simply focussing on the fact that you are a makeup artist or whatever you do, doesn't really help.

What you need to be considering, is **what your business does for your customers**. If you like, the benefit or solution they will get. So, a makeup artist is in the beauty services business.

This is important to know, not just because it affects your marketing messages but also opens the opportunity to work with others in the beauty services industry and create strategic alliances.

This alone can generate much more business and profit by reducing your marketing costs and giving you a greater reach of customers.



6 - No proper sales and marketing strategy

Would it surprise you to know that most small businesses do not really have any marketing strategy or plan at all. Many rely solely on the odd networking meeting or word of mouth.

Now don't get me wrong, word of mouth is a powerful way to get new customers but it's not proactively within your control.

Marketing needs to be a mix of strategies such as advertisements, direct mail, calling by phone, your website, social media, networking meetings and word of mouth.

What you definitely need to do next is monitor how effective each of these strategies are. So for example, what is the cost of an enquiry for each of your marketing methods? Do you measure it?



7 - Discounting unnecessarily

I am amazed how business owners are prepared to give discounts so readily without thinking of the true impact it has on their profit.

For example:

If you sell a product for	\$100
Your cost is	\$70
Profit is	\$30

If you give a 10% discount, what you have really done is give away 30% of your profit. Since many business owners don't know what their break even figure is, they could be giving away even more than they realise.

One Sunday afternoon, I ran into a store just before they closed, to buy some blank CD's, which I needed urgently for a project I was working on. I rushed up to the counter with my CD's, feeling pleased that I had got some before the store closed. The assistant then announced, *"I can give you 20% discount on those!"* Now I wasn't complaining but I did wonder why, since I would have bought them anyway. They had simply given away a big chunk of their Profit for nothing.



8 - Focus on reducing costs instead of increasing sales

Most small business owners think that to make more profit they should cut costs. Yes this works but a much better strategy is to increase three areas.

1. No of customers
2. Average order value
3. Average re-order frequency.

Let's look at how successful this could be

	Current	increase	new
No of customers	100	5%	105
Average order value	\$400	10%	\$440
Average re-order freq	2	10%	2.2
Current Turnover	\$80000		
New Turnover	\$101640		

That's a massive 27% increase. Because your fixed costs don't change, your profit will be even greater!



9 - Not asking enough or the right questions

Questions are essential in business because they help steer a conversation, build rapport and even close a sale and start a relationship.

Two of my favourite questions are:

1. “What are your biggest challenges regarding....”, This is good because it helps your customer to communicate their problems that ultimately you will fix with your product or service.
2. The other is great for problem solving.
“What has to happen so that...” This helps to get past mental blockages and become solution focussed.

One thing is sure, if you don't ask enough or the right questions, it can cost you profit!



10 - Not segmenting your database and managing it properly

Have you ever encountered a customer that takes up all your time, is always grumbling about the price, keeps asking for discounts and buys but reluctantly?

I think it would be fair to say that most business owners could answer **'YES'** and if they were honest, would agree that these are not the type of customers they really want.

- So **who do you want as an ideal 'A grade' customer?**
- How many of these 'A grade' customers do you already have?
- What is your strategy for attracting more of them?

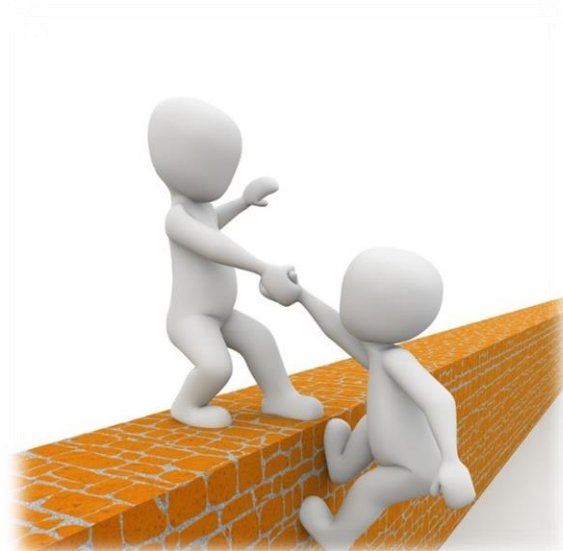
If you are not segmenting your database properly, you could end up wasting your time chasing the wrong type of customer without even realising!



Checklist for your business

Check below which areas you need to look at in your business to avoid losing profit.

- Measuring the numbers
- Understanding why you are in business
- Not answering your phone
- Not doing proper market research
- Not knowing what business you are in
- No proper sales and marketing strategy
- Discounting unnecessarily
- Focus on reducing costs instead of increasing sales
- Not asking the right questions
- Not managing your database properly



WHAT NEXT?

If you have found this e-book useful and would like to know how you could attract new customers, improve your cashflow and increase your profits, you are entitled to a **FREE 45-minute strategy session** by phone.



BOOK NOW

Simply send us an email to results@easybusinessstrategies.com.au and we'll lock in a time for a chat.

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