

The Six Commandments of Revenue Flow

There's nothing quite like the high of starting a new business. You brainstorm a cool name, come up with a logo, set up your office with phones and signs and computers, maybe even have a grand opening party. It just feels good.

And, it's just plain expensive. After the excitement is over, you're faced with a souring fact: all that equipment and rent and start-up stuff costs money, and the funds to cover it have probably come straight out of your pocket. That feels less than good, especially when you have a family to feed and are uncertain of how long it will be before adequate revenues start rolling in.

Revenue flow is a common problem with start-ups and small businesses. Following the Six Commandments of Revenue Flow will reduce the drain on your personal finances. Putting these strategies into motion before you open your doors is a wise move, but not everyone can do that. If you've already been in business for a while, you'll find that applying them diligently and continuously will get your cash flowing quicker than you thought.

THE SIX COMMANDMENTS

Have a Researched Sales and Marketing Effort in Place.

Embarking on a marketing campaign without researching the market first is like setting off on a trip across the country without a road map or compass. And stopping the effort once money starts coming in is like opening a bank account with \$50.00 and



expecting it to grow to \$500,000 without making additional deposits. Research your market. Develop a workable plan. Then work the plan – every day.

Understand Your Sales Cycle.

How long does it take to make a sale in your industry? If you are selling usable goods like cleaning supplies, your sales cycle is probably less than a month. Major equipment, on the other hand, can take 6 months, a year, even several years. Understanding your sales cycle is a critical aspect of strategic planning and knowing what is in your pipeline for the future.

Know Your Close Ratio.

How many calls must you make before you

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Don't Forget the Meat: Three Critical Factors in Your Recipe for Success

Turning out a great marketing campaign is a lot like making a pot of nutritious soup, and the best chefs in the world know the tastiest soups need only three basic ingredients: stock, meat and seasonings.

The same ingredients go into a marketing campaign.

1. Sound Business Principles are like the stock giving a good base to the decisions that you make.
2. Fact-Based Research is like the meat. Often people use theory or educated guesses to determine their strategies but only researched facts about the industry, the customers and the marketplace will lead to solid results.
3. Solid Business Strategy that works in conjunction with an overall plan is the seasoning. This insures that there is a synergistic and compounding effect of all your efforts.

Heat all of these ingredients together

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TOP THREE QUESTIONS TO ASK A BUSINESS OR MARKETING CONSULTANT BEFORE YOU HIRE THEM.

Knowing how, when and where to promote your product or service is critical to small business success, but finding the people best suited to help you do that can be a confusing exercise. Asking three simple questions, and gauging the responses against your business goals and intentions will help you identify companies or consultancies adept in marketing businesses in your industry.

1) How do you know the marketing strategy you propose has a chance of working?

Ask for quantifiable numbers and research particularly in your industry that prove an increased financial condition as a result of the strategy, particularly in your industry.

2) What do you do to study/analyze my market?

Market statistics are plentiful and available through industry associations and government agencies such as the SBA and the US Census Bureau, but they are only one piece of the puzzle. The composition of your business, your competitor's businesses, and product or market trends also need to be compared to your current situation and future goals.

3) Do you measure results, what measuring methods do you use, and what results have you achieved in the past?

The most effective measurements are financial statements and indicators of increased market share. Effective marketing should bring a return equal to ten times the amount spent on the campaign. Ask for specific, documented examples of measurements and results.



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quote a job? How many quotes must you submit before you make a sale? How many little sales equal a big sale? We all want the big deals, but it's a simple truth of business that we sometimes have to take the smaller ones just to keep food on our table – until we've built up enough momentum or gained a strong enough reputation to manage the big ones. Knowing that you must make contact with 25 people a week in order to land 5 sales is a big step in keeping you on track today and planning for the future.

Understand the Seasonal Effects of Your Product or Service.

You won't sell much barbeque sauce in Michigan from October to May, but you could continue to realize some cash flow if you pitch your product to distributors in southern states during those months, or

look for alternative services you can offer at your facility during the off-season.

Make Networking a Part of Every Day.

No matter what industry you represent, marketing comes down to numbers – the more people you contact, the more opportunities you will have. Your marketing strategy should also include a public relations stream, to promote your business through the successes you have already achieved.

Make Sure Your Target Markets Will Lead to Profitable Business.

Due diligence is a part of successful business strategy. Make sure the people and companies you target have the resources to provide you with a profit on your service or product before you engage in time-consuming marketing efforts. If they don't, walk away.

SUMMARY

A successful business makes enough money to cover expenses and generate a profit. The challenge for most small businesses and start-up companies is the time and effort involved in marketing, and personal discomfort with the sales process. But the bottom line is that marketing and sales are a part of any business, regardless of industry. Commit the six commandments of revenue flow to memory. Review your strategy and your actions against the commandments every day, and seek help from a reliable business consultant with a results oriented track record. Stretch your comfort level and learn to make these good business practices work for you.

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and you've got a winning combination that's hearty for your business. Leave one out, and your campaign – or your soup – is less than palatable

What can happen if you leave something out? Charles G. learned the hard way when he hired a marketing company to help generate interest in his family-owned jewelry store, based on a friend saying, "I hear they're good." Six months and several thousand dollars later, Charles' sales were still stagnant. What went wrong?

It's a story we hear repeatedly. The marketing representatives asked Charles a few basic questions about the image he wished to portray and details on the jewelry store, and told him their services were helping other clients post a 25% year-over-year revenue increase. Lured by the rosy promise of continual growth, Charles did what

many small business owners do. He handed over a sizeable retainer fee and waited for the customers to pour in.

But they didn't come, and the reason is simple.

The marketing company didn't research industry trends or the market viability of the image Charles wanted. They had the stock and the seasoning, but not the meat – and it turns out that the promise they made of a 25% year-over-year revenue increase was more than five times what the jewelry industry achieved in the last decade.

Making soup is simple and quick. Making a successful marketing campaign takes more time and a bit more attention to detail, but the recipe is the same. Fill up on empty promises and you'll be left burning off cash instead of calories, and starving for results.

Excellent sources of statistics, study findings, industry or demographic-related facts are available on the internet – here are web addresses for a few reliable sources:

www.sba.gov

Small Business Association Online Library

www.nbia.org

National Business Incubation Association

www.census.gov

U.S. Census Bureau

www.doc.gov

Economic Development Administration

www.bea.gov

Bureau of Economic Analysis Public Information Office

WHEN GOING BROKE IS NOT AN OPTION

A Lucid Business Interactive Seminar

We've all been there – up against the wall with bills piling up and expected contracts that didn't get signed. What do you do?

One thing is for sure: Going Broke is Not an Option

This 4-hour interactive session gives you straight-shooting advice on topics such as:

- *How to Move Your Business/Practice Forward*
- *How to Predict When Your Business is in Trouble*
- *How to Avoid Revenue Problems*
- *What to Do if You're Already There*
- *Monitoring Your Financial Condition & Taking Appropriate Action – now, and in the future*

When Going Broke is Not an Option is facilitated by Jeff McElyea, President of Lucid Business Strategies. Jeff holds a Master of Arts in Performance Improvement and Instructional Design from the University of Michigan, and has more than 20 years field experience in helping business owners turn their companies into high-performance, profitable ventures.

Participants will be required to complete some pre-session work. Complete details will be sent to you upon registration.

Thursday, June 10, 2004

8:00 a.m. – 5:00 p.m.

\$99.00/person

**Registration & Payment Deadline:
June 1, 2004**

LOCATION:

Best Western Concorde Inn
1919 Star-Batt Drive
Rochester Hills, MI 48309
(NE corner M-59 and Crooks Rd.)

REGISTRATION:

phone: **586-254-0095**

fax: 586-254-0078

mail: Send completed form along with your check or credit card information to Lucid Business Strategies
PO Box 182034, Shelby Twp.
MI 48318-2034

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Lucid Business Strategies for Small Business Owners

Lucid Business Strategies specializes in helping small businesses move from start-up to successful ventures. We help businesses of all sizes, and any age, draw a blueprint for their business concept, dig out of the trenches when there is trouble, and plan for improvement when things are going well.

Some of the services we provide are:

Small Business Guidance. Skilled, thorough, and supportive direction when you are not sure what the next move, or the right moves, might be.

Marketing Plans and Strategy. Comprehensive plans leading to very specific actions to improve your revenues.

Business Plans. A road map for your business that covers every aspect of your company. Our plans are also for your day-to-day use in making your business go and grow. We also provide investor-quality documentation that you can take to the bank with confidence.

Performance Consulting. Having a problem and can't find the answer? Our consultants work with you to systematically analyze the situation, determine exactly what is causing the problem, and help determine corrective actions that will fix the situation – guaranteed!

Training. From short, one or two hour programs, to entire curriculums, or instructional designers and professional trainers make sure participants learn, not just attend the session. We specialize in a variety of topics from marketing and sales to leadership and management.



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