

# TRSP

## THE RAW SUGAR PHENOMENON

**Peter J Fitzgerald**

***WARNING: This system for growing and developing a business is not for everyone!***

# TRSP

***THE RAW SUGAR PHENOMENON***

***'There is a better way  
to prepare, build and  
control your business  
in today's volatile  
marketplace'***

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# TRSP

*THE RAW SUGAR PHENOMENON*

## ***Introduction***

*'If you always do what you've always done, you will  
always be what you've always been'*

**(Tom Mower, Neways)**

# *What is TRSP all about?*

I have to admit to preferring raw sugar in my coffee - assuming that raw sugar is somehow healthier than white sugar.

Over the years my excursions into countless cafes, coffee shops, roadhouses and franchises always came with an expectation: will they have raw sugar?

In the majority of venues I asked a simple question: '*Do you have raw sugar?*'

The reactions of those selling the coffee were many and varied...

FROM those who seemingly didn't care or were locked into a system -

- 'No'
- 'Sorry, we don't'
- 'We only have what's on the table'

TO those who were quite positive and helpful -

- 'Yes, we do'
- 'No, but I will check'

Sometimes there was just an icy stare. Others laughed as if to say, '*Who do you think you are*' or '*Take it or leave it.*'

One cafe did not have raw sugar on the table but the waitress volunteered to go and ask the chef; she returned with a bowl of raw sugar! Because of her caring attitude, that cafe became my choice every time I was in Ballarat.

Those with me endured the saga - so they could see and experience ***The Raw Sugar Phenomenon (TRSP)***; it was fascinating to watch and be a part of!

***TRSP*** is my test of the degree to which Aussies are prepared to serve others; to go the extra mile. Sadly today, most do not pass the test.

**My mission:** *To guide and encourage business owners who are willing to adopt a unique approach to growing and developing their businesses based on serving others instead of self, things or money.*

If you understand and apply the principles contained in this manual, it will spell three things for your business: **Opportunity, growth and prosperity.**

I trust you enjoy the journey.

***Peter Fitzgerald***

*Business performance specialist*

***Horsham, Victoria  
Australia 2013***

**[www.trsp.com.au](http://www.trsp.com.au)**

# *2013: A year of underperformance*

Today it is estimated that 80%+ of businesses are under-performing; some, well below full potential; some slightly below; many are on the verge on bankruptcy.

Of course, the owners work hard; the team are diligent. Together you all try to be nice to people...to meet their needs and maximise your sales and profit.

That's all fine and normal...in a marketplace underpinned by capitalism.

But it's not enough; not in a deteriorating business environment. Indeed, if you think it's tough now, things are going to get much worse in the years ahead.

Notwithstanding, there is a way to build a prosperous business no matter how tough the business environment gets.

The bottom line: You don't have to do what everyone else does; or do what you've always done; and you don't have to be a candidate for failure.

While it may sound harsh, there is a direct link between an under-performing business and its (under-performing) owner.

In other words, if business owners would seek to understand what is really going on (and why) then dramatic and positive change could be quickly implemented.

That is your challenge. And it will continue way beyond 2013!

## **Here are 8 signs of that your business is underperforming...**

1. The business is unable to pay you a wage of at least \$60,000
2. Current year sales did not increase by at least CPI inflation over last year
3. You have no weekly gross profit target
4. You neither know, nor monitor, the average sale value
5. You are not in regular contact with your target customer group
6. You have no idea what frustrates the crap out of your customers
7. None of your team can clearly articulate a point of difference that sets your business apart from others in the marketplace
8. You, as owner and leader, are sick and tired of the whole caper!

**Do you want to stay in the 80% group of underperforming businesses?**

# *Letter from a frustrated customer*

**Dear business owner**

*After many years of doing business with you I have decided to share some truths that to date I have kept silent about.*

*I am frustrated; and going on the number of others I have spoken to there are hordes of us out here.*

*To put it bluntly:*

- \* I've had enough of the level of serving and uncaring attitude displayed by you and your team*
- \* I'm not impressed with the poor quality of your overseas sourced product - inbuilt obsolescence may suit your profit motive but I hate it*
- \* Your follow-up is non-existent; not a single phone call or visit, ever*
- \* I find your propensity to over-promise and under-deliver irritating*
- \* The Y-Gen staff you hire might save you some money but they don't seem to care much at all about me and what I need*
- \* Your fake discounts and clearance sales are an affront to my loyalty*
- \* You have no idea what I want, what frustrates me, or what I am really buying because you never ask*
- \* Hey, it's 2013 and you don't even have a website*
- \* It's obvious you are only in business to make money.*

*I have been supporting you all these years because frankly, the opposition is no better. And in my heart I have always wanted to support the local bloke. But I have decided not to any longer.*

*I've found another company to deal with on the web. They promise next day delivery; their prices are about the same as yours and I can return anything I am not happy with, no charge; being able to order after hours suits me fine. And best of all, not having to deal with anyone face to face they don't offend me with an uncaring attitude.*

*Goodbye and good luck; I hope you survive the coming GFC.*

*Regards,*

**Your ex-customer**



# *Businesses don't underperform*

After 34 years observing Aussie businesses and advising business owners, I contend that at least **80%** perform well below their full potential.

**Please note the truth: *businesses don't underperform, people do*; and businesses don't fail...people do!**

Specifically, the owner; and I trust you're not offended by this truth.

Underperformance then flows through the whole organisation via the 'fish stinks from the head down' principle.

Poor training and a lack of understanding of the art and science of business could be 'blamed' although there are many reasons.

## **Some observations about Aussie business in the 21<sup>st</sup> Century...**

1. For two decades up until around 2008 Australia was a prosperous nation - there was plenty of credit in the system, consumers were in spend mode; things were good - any 'dill' could make money...and plenty did
2. We Aussies will soon experience our very own Global Financial Crisis; when it hits vast numbers of small and medium size businesses will fail
3. There is a fundamental link between serving and profitability: those who know how to truly serve earn the greatest profit
4. A low profit is the market's judgment of a business's value to those in the marketplace (ie customers)
5. In the main, customers are not loved and appreciated, but tolerated
6. Most business owners do not understand the real purpose of a business
7. 80% of business owners don't know what serving means (and they frankly don't care so long as the \$ keep rolling in)
8. The best word to describe people's desire to serve today: **abysmal** - it's not based on love, care, humility, generosity or compassion, but money (specifically the love thereof).

## **Yet there is good (no, great) news...**

- \* No matter how tough trading conditions become **you can** out-perform your expectations, your history and everyone else in your marketplace
- \* To build a thriving business these days your philosophy (attitude, thinking, values, focus and beliefs) must change because 'a smile and a discount' won't be enough anymore!

**The Raw Sugar Phenomenon** is all about helping you to 'see' this and put it into action.

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## ***Horror stories***

*'If it wasn't for the passengers this would be a decent job'*

**(Stan Butler, *On The Buses* TV series)**

# *Horror story # 1*

## **The warranty was invalid from day 1**

This classic example involved a **printer** we bought for our business from a local supplier. We had done quite a bit of due diligence, listening to several sales spiels before finally deciding on what seemed a fantastic printer that met all our needs. It was an Oki brand.

Unfortunately it turned out to be a lemon; we had no end of problems with the darn thing. When it was working it was a great printer; but it was constantly breaking down.

The warranty seemed to be useless, for some reason!

And, surprise, surprise...the dealer didn't want to know about it.

We persisted; after numerous calls and lost time a refund was finally promised.

But it still meant we had to decommission the failed printer and go through the process of buying a replacement...then work it into our network.

Needless to say we bought the 'new' printer from a different supplier.

It was later while still fighting to get the refund that we actually discovered the printer warranty was basically ineffective outside the metropolitan area.

The dealer should never have sold this printer in our town, 300 km from Melbourne.

Right through this whole unpleasant experience we always felt is it our fault!

By the way...we eventually got the refund; and never dealt with that particular computer shop again.

## *Horror story # 2*

### **We sell shoes too!**

This case study involves a **menswear** store that I had been supporting for more than two decades.

One day, quite by accident, I discovered they actually held an extensive range of men's shoes, including the exact brand and style I love to wear.

However, all the business shoes were stored 'out the back' and out of sight.

Never in all the time I had been a customer did anyone ask me a simple question ... *'Where do you buy your shoes?'*

And they certainly never made a simple statement: *'We sell business shoes.'*

I wonder who is at fault here. Maybe it was me for not asking!

No...I believe it was the store owner, who clearly did not care and had trained his staff to be the same.

Imagine how much this apparent oversight would have cost this business over all those years!

# Horror story # 3

## It's not my fault

This is a classic example of an iconic company that doesn't care any more...

Some time ago one of Australia's major department stores had a new perfume on sale. The advertising banner said it was on special, reduced by \$41.

But there were no bottles left on the stand, so the customer called an assistant to enquire about availability.

The young lady looked somewhat puzzled saying simply, *'We don't have any.'*

Not to be outdone, the customer asked, *'Then why is the for sale banner still there?'*

The assistant [whose job I presume is to sell and look after the customers] retorted, *'But we sold them all'* (and no doubt thinking, *I've already told her, she must be deaf*).

There was absolutely no desire to serve with a *'Sorry, we don't have any at moment but would you like me to try another store, Madam?'*

Or, *'We will have more stock in on Thursday, and if it's convenient I could give you a call.'*

But no such luck. The sales assistant stuck to her position – *'It's not my fault, so don't blame me!'*

This organisation is basically hopeless, full of the wrong culture that allows this kind of sales interaction to occur.

No doubt the board and CEO of the ASX listed company must be wondering why customers are going elsewhere in droves!

The sales person in this story simply did not care - a scary thought because it clearly means the girl's manager also could not give two hoots. Meanwhile the executives are pulling their hair out and the shareholders are screaming.

Put simply the problem is not the range of stock; it's not the prices they charge; and it's certainly not that customers don't want to buy. Their problem is the uncaring attitude of the managers and staff towards the people who come into their stores!

# Horror story # 4

## The unlucky pizza customer accused of being a liar

A **pizza** order was placed by phone, including the home delivery fee.

It duly arrived but was not exactly what was ordered.

Another phone call was made to try and fix the problem.

In other words, the customer made a complaint.

What might one reasonably expect the operator to do?

- a) Accept responsibility and apologise for the stuff up
- b) Then do whatever it took to fix the problem (in the customer's eyes).

This incident should have been 'gold' for an alert business owner with a customer care system in place.

But no way! Not this bloke...

The phone operator hit back with an astounding claim – *'I never make a mistake.'*

...In effect, he accused the customer of being *a liar*.

Later the customer told the (frustrated) owner *you can jam your business where it fits...I won't be coming back!*

I wonder what the average lifetime value of one pizza shop customer would be because that is how much this owner was going to lose from this irate customer!

At least the owner promised the customer - he would *'look into it.'*

## *Horror story # 5*

### **The heater shop - incompetent and couldn't care less**

Before winter 2011 a call was made to arrange a service on our wood **heater**. The unit had been bought a few years earlier so we were already customers.

The girl took down all the details, phone number, address, what was needed, etc.

Twelve months later we were still waiting; so in I go again. Would you believe I speak to the same girl: she took all the details assuring me that *'as soon as the boss returns from holidays I'll get him to look into it.'*

I would have thought she could arrange a heater service, it's not rocket science!

A month goes by; still no call.

Another visit; this time the big boss is there so I go through the rigmarole again with him [interestingly the first girl was there too; she said nothing and no reference was made to my first visit, the details of which were all in the book].

*'Right, our man should be able to call round this evening.'*

Three weeks went by. The weather is getting cold; the heater still needs a service.

I ring again. The boss' wife answers...she's obviously busy and doesn't want to talk but says something like, *'I will get onto it.'*

Finally a week later the bloke turns up!

The people who own this business are imbeciles. They don't give a stuff about anyone but themselves. The owner 'hates' any customer that causes him grief - an attitude reflected in how the employees deal with customers also.

And get this...I refer here to a national franchise chain!

# *A common theme*

These horror stories came from a file of hundreds. Is it any wonder so many Aussie businesses are underperforming?

No doubt you've had many similar experiences in your position as a customer.

## **Ten common threads running through these horror stories...**

1. Customers are seemingly held in contempt by the sales person/owner
2. There is a lack of understanding of what the customer really needs
3. The customer is simply a means to an end namely, a sale
4. The preference is to focus on the business needs above the customer's
5. The customer ends up wearing the problem (losing time, money or both)
6. In some cases it's clear the sales person does not even like the customer
7. Basically, they don't care; being fully focused on the product, the service or completing the sales transaction, there is little interest in the customer
8. Presumably these business owners would expect people to continue buying stuff despite these 'incidents'
9. It is highly likely that the owners of these businesses would not even realise there's a problem - if there was, it would surely be the customer
10. All these horror stories show how easy it is to destroy a relationship; and for many (ultimately), a business!

## **As *The Raw Sugar Phenomenon* 'unfolds' you will learn fundamental principles that are ignored in the vast majority of businesses...**

- \* SERVICE (an event) and SERVING (a lifestyle) are not the same
- \* It is possible for a business to offer good, even excellent, service (at the point of sale) but then be poor or abysmal at serving
- \* For many reasons (capitalism being one) people in western nations don't see themselves as servants; instead they want others to serve them
- \* Or they see the cleaner as a servant; so is the waitress; the apprentice and the gardener - 'but ME, I'm no servant'
- \* Business owners need to think, speak and act like servants because future success is going to depend on how well the team serves others, especially in tough times.



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***Why is this  
happening?***

*'The trouble with the rat race is that even if you win,  
you're still a rat'*

***(Chaplain William Sloane Coffin)***

# Service versus serving

Serving is the critical theme that underpins **The Raw Sugar Phenomenon**.

Here's the deal - sales people are generally pleasant, helpful and courteous while providing **service** to customers (ie at the point of sale).

But providing good service to your customers is not the same as **serving** them.

Businesses can provide 'friendly' service, 'speedy' service or 'personal' service... all excellent descriptions of the service provided at the point of sale. But this too often does not carry over into an ongoing, caring, serving relationship.

In the end there is a world of difference between **service** and **serving**...

- \* **Service** is focused on the transaction (ie completing a sale)
- \* **Serving** is focused on the person (ie building the relationship)
- \* **Service** begins when customers walk in...**serving** when they walk out
- \* **Service** is an event...**serving** is an ongoing lifestyle
- \* **Service** is for the short-term...**serving** for the long-term
- \* **Service** puts the customer in control...**serving** puts you in control
- \* **Service** ends when the customer leaves...**serving** never ends
- \* **Service** builds sales in the present...**serving** builds a business in future
- \* **Service** adds...**serving** multiplies
- \* **Service** is from the head...**serving** from the heart
- \* **Service** is generally instigated by the buyer...**serving** by the seller.

The bottom line: a business can provide great service but terrible serving!

So, the key is to get your focus off products, transactions and sales, onto people; off service, onto serving. Most people never grasp the difference!

**Question:** *'Do you want to build sales or do you want to build a business?'*

IF you choose to build sales, fine, nothing wrong with that. It's a legitimate business strategy, underpinned by **service**...

- \* Your goal is simple: to complete as many sales transactions as possible and hopefully make a reasonable profit in the process.

IF you choose to build a business the sky is your new limit...

- \* Your goal is simple, but different: to build a business by **serving** others.

# Why so many customers leave

Sit down, the answer may shock you. Here are the results of two US studies into this very question...

## **The Mystery Shopping Providers Association (USA) in 2000:**

<b>69%</b>	Left because of poor customer service
13%	Left because of poor product quality
9%	Left because of competition
9%	Left for some other reason.

## **A Rockefeller Corporation Study:**

**68%** of customers left due to a perception that the company and the staff did not care about them

**14%** of customers left that you didn't stay in touch.

Surprise; surprise...in both studies, seven out of ten customers left because the owners and staff did not care enough to ensure they stayed. Apathy reigns!

## **No doubt the figures would be similar in Australia.**

Indeed, these customers were 'hated' (ie anti-love) so much they up and left.

What a tragedy...these people were already customers!

Now they have to be enticed back or replaced!

Imagine how much each business will spend attracting new customers in the front door to replace the ones that left via the back door!

Think about it - you're a customer of many businesses...

...Why do you continue to favour some and have a 'won't go back there' attitude to others?

...Isn't it because of the people - their attitude and their desire to serve you and care for your needs?

...Would you further agree that in the main, IT'S NOT ABOUT MONEY?

That's it in a nutshell. Using **The Raw Sugar Phenomenon** as a base to re-focus your business...

- \* You CAN immediately stop losing customers
- \* You can get some of the lost ones back
- \* And you can attract many new ones!

# *The marketplace today*

There is much evidence that decades of capitalism, globalism and competition have decimated the marketplace, not improved it. Today we see...

1. **Capitalism:** Promotes short term thinking and acting (next week, month quarter or year); no one looks out 5, 10 or 20 years – 'the market' will solve long term problems as they arise (or the government will).
2. **Commoditization:** Everything has been turned into a 'commodity' be it, products, services, people (staff and customers), even businesses.
3. **Behaviour:** Lies, deception and cheating are seen as normal and 'smart business' - it doesn't matter because everyone is doing it.
4. **Good is bad:** One's oral word is no longer a bond; a handshake is no longer enough to seal a deal. Contracts, legalese, fine print and lawyers are involved at every turn. Honesty and integrity, it seems, are for 'losers.'
5. **Over-supply:** Too many operators in each market with no real point of difference; how many funeral plans or coffee shops do we really need?
6. **To play the game:** Businesses, desperate to compete and survive, are forced to discount, sell cheap overseas crap or downgrade quality!

## **The fruit of this new marketplace can be seen everywhere...**

1. When they are unable to compete, they are destined for the scrapheap
2. People are treated like a herd of cattle rather than individuals
3. The West has tapped into a huge and profitable resource namely, Eastern slave labour
4. The number of crooks in business is breathtaking; consider the financial Ponzi schemes that have collapsed in recent years
5. Conflicts of interest are rife (eg. accountants as financial planners)
6. Fine print in contracts is used to trap customers (eg. retail finance deals and phone plans)
7. Tens of thousands of local jobs are sent offshore to low wage countries
8. In many industries quality is terrible compared to the past
9. Inbuilt obsolescence is seen as a smart and profitable business practice
10. Globalism ensures we import vast amounts of poor quality food while at the same time sending local producers broke.

# *It's all about selling, not serving*

Owners hire and train people to SELL; it's written into job descriptions, preached at staff meetings, encouraged in memos - sell, sell and sell more, they demand.

People are not hired, trained or encouraged to serve. Thus 90%+ of the population don't know what servicing another looks or feels like because they have never experienced it - either RECEIVED it from others or GIVEN it to others.

## **The truth: SELLING and SERVING are worlds apart...**

- \* Serving BEGINS when customers walk OUT not when they walk IN; when the customer does walk in, it's your chance to build on, nurture, multiply, add value and enhance your 'special' relationship
- \* Service seen through many customers' eyes is: *'I am your customer when I walk in and buy something; when I leave you don't give a stuff about me; you hope I return one day to buy something else; when I don't you complain about how tough business is these days; you fool'*
- \* Franchising chains have perfected selling to the 'nth degree' with systems, advertising, deals, etc but even they don't necessarily know how to serve
- \* Serving is the realm of people with a servant's heart!

## **Other ways in which SELLING differs from SERVING...**

1. Selling builds sales; serving builds a business
2. Selling may lead to more serving; serving always leads to more sales
3. Selling is based one simple premise: *I need to make a sale*; serving is based on principles such as *love, giving, humility, compassion and care*
4. The foundation of selling is the love of, or need for, money; the foundation of serving is the love of people and the love of what one does
5. Staff trained for selling tends to stand around waiting to pounce on the next victim (sorry, buyer) enabling them to complete a sale; those who love serving go out of their way to care for others at all times.

## **I hear you thinking, *how can this be?* Yet the answer is simple...**

- \* The job of a salesperson is to sell...that's why they were hired. If there are no customers standing in front of them they can't sell anything
- \* Serving is not on the radar of most sales people - why should they become servants, when all they want to do is flog stuff, earn a quid and go home?
- \* Think about this old saying: *'A fish stinks from the head down.'*

# *Competing kills serving*

Today, business owners spend way too much time competing. Consequently they focus on fighting the competition instead of serving their customers.

The common view of business and competition today is wrong! Those holding this view believe that...

*'If everyone competes at the highest level of their ability it will naturally result in the very best service for customers.'*

This is absolute crap...and surely the reason so many businesses go broke.

Competition may help a business stay in the game and provide customers with lower prices but these alone are miles away from *'the very best service.'*

**There appear to be five levels of focus for the typical business owner...**

- # 1: SELF - his or her personal & business needs, usually money
- # 2: COMPETITORS - what they are doing and how we can beat them
- # 3: SUPPLIERS - how to get the best and cheapest deals, etc
- # 4: STAFF - how to minimize the cost of employing people
- # 5: CUSTOMERS - how to maximise sales and profit.

Under this model, customers rank a distant last in the pecking order!

**But these are in the reverse order to what they should be...**

- # 1: CUSTOMERS - how to serve them meeting current and future needs
- # 2: STAFF - how to incorporate them into our serving culture
- # 3: SUPPLIERS - how to act ethically and honestly at all times
- # 4: SELF - our needs come last and will be met by serving others
- # 5: COMPETITORS - we basically ignore them!

In this model, competitors are not on the radar because what they do is of no interest to us and our business model. We don't 'compete' anyway; we simply (a) do things differently and (b) do all we can to care for, and serve, others.

In the end we are NOT in business to COMPETE; we are in business to SERVE.

And besides, the marketplace is abundant and big enough for all.

# *Shafted by the system*

The interaction of these eight key drivers of 'the system' has impacted dramatically on people's lives and business behaviour over recent decades...

1. **Capitalism:** A system with few 'winners' and many losers -
  - \* It's dog-eat-dog out there in the market place jungle
  - \* Profit (i.e. making money) is the main purpose of business
  - \* We aren't people, but rather 'consumers'
  - \* The world is abundant yet capitalism instills a fear of scarcity.
2. **Democracy:** Professor Alexander Tytler (1747–1813) observed that: '*A democracy can last as long as and until a majority of the people discovers they can vote themselves largesse from the public treasury. They will continue to elect the politicians promising the most. The end result is a fall of the democracy due to economic ruin and chaos.*' This is true!
3. **New Age movement:** The 'Age of Aquarius' would have us believe -
  - \* God is all, all is god - we are all gods and inwardly good and divine
  - \* In effect, "I" am the most important person in the world
  - \* For too many, life revolves around two things – me and money.
4. **Evolution:** A theory based on a process of natural selection and survival of the fittest - the government can care for the weaker members of society
5. **Socialism:** A system in which individuals are small, unimportant, cogs in a very big wheel; ***Animal Farm***, the movie, (on YouTube) tells it all...
  - \* Socialist governments spend big, tax big and borrow big
  - \* They want people (ie. voters) dependent on 'mummy' government
  - \* They promise so much but, in the end, deliver so little
  - \* Their reckless behaviour always bankrupts the host nation.
6. **Hidden Persuasion:** Advertisers have been subliminally convincing consumers to buy stuff they don't need since Vance Packard published, ***The Hidden Persuaders*** in the 1950s.
7. **Inflation:** The Gold Standard was abandoned in 1933 meaning our money has been issued and controlled by banks, not government, since then; result - the purchasing power of every unit (ie. a dollar) has collapsed.
8. **Decline of Christianity:** Christian values (love, giving, justice, humility, compassion, serving, go the extra mile, etc) have clearly declined. While not everyone was religious, society as a whole benefitted as Christian values permeated people's lives, government and business practices.

For business owners, building a business to serve one's fellows in such an environment does not come easily; but it's not that hard once you grasp these issues and switch your focus.

# *Me, me, me, me!*

This small word and all it stands for is closely linked to the # 1 cause of business underperformance, namely the non-observance of this golden life rule: '*Love your neighbour as yourself.*'

It's hard to love, focus on and desire to truly serve one's neighbour (ie customer) if one is too focused on me, me, me, me all the time.

In effect, when one is so self-centred, there's not much room for anyone else!

But your customers don't give a hoot about you, your needs and your problems although they may like you and like doing business with you:

...The fact that you've got bills to pay is none of their concern

...The fact that your suppliers force you to carry a minimum level of stock means nothing to them

...For them it's all about WIIFM - *What's In It for Me?*

Of ALL the reasons people give for starting a business, I've never seen '*to love and serve my fellows*' listed among them.

Instead the motive for being in business will be along these lines...

- *I always wanted to be my own boss*
- *I had a desire to pursue a business idea*
- *To make money*
- *To set up for my own retirement*
- *I was frustrated with my job*
- *To take advantage of an opportunity or timing*
- *Why make my boss rich, I may as well do it for myself.*

That's all fine and dandy but potentially the wrong seeds have been sown when one considers long-term value to customers, staff and community. Eventually the tree that grows from any of these seeds will struggle. Indeed, many will wither and die -

...Anecdotal evidence suggest that 80% will fail in the first five years

...Many of those that survive don't provide true service and never really prosper as they could

...Simply because the focus is all wrong.

**May I ask - why did you start your business?**



# *People just don't care any more*

It never ceases to amaze me why owners and sales staff make decisions that impact negatively on the long-term viability of their business...by constantly damaging relations with customers.

In some businesses it's akin to a death wish!

The simplest example is when one does not follow through on promises. Like the menswear store owner who was going to order an item declaring 'it will be here by Christmas' - but in early March the customer is still waiting for a call.

To truly serve another person and connect with him or her in a meaningful way, one needs to genuinely care for that person. And people need to see that you care about them; about their issues and needs; about their well-being.

Once a customer senses the sales interaction as just a job, you have a problem.

The interaction is transactional not relational. So often the goal is short term - to make a sale - rather than long term - building a relationship.

## **So what's the point?**

Simple: when people know you care more about them than yourself, they are more likely to interact, respond and accept what you're trying to do for them.

It's a heart ('I care') thing rather than a head ('I need this sale') thing!

From a customer's perspective: *'I'm your customer, do I mean anything to you and your team other than money?'*

## **The bottom line for business owners:**

Maybe it's the impact of the internet or the current affairs shows on TV that highlight all the crap service and rip off merchants...or maybe it is a reflection of Peter Finch's famous line in the movie, **Network** - *'I'm as mad as hell, and I'm not going to take this anymore.'*

One thing is clear - many customers are waking up to your lack of care. They see right through your fake servant's heart; your lies and deception; the policies you stick so rigidly to; and the blame game you play.

The shoe is on the other foot!

Customer loyalty cannot be taken for granted anymore; the internet is growing exponentially as a place where customers don't have to interact with morons.

Mr and Mrs Business Owner, the equation is very clear: you 'lose' when you don't care; you 'win' when you do!

And yes, to care may incur a cost. But this should be seen as an investment in your business future.

# *Conditioned to underperform?*

There's truth in the old saying that *'a problem correctly defined is already half solved.'*

Here's the deal - if your business is underperforming it's most likely because you, as the owner, are underperforming!

My apologies if you are offended, but it's the truth. And I am in no way suggesting you don't work really hard and do your best to provide great service.

But in the end your business is an extension of you - who you are; what you stand for; your values; your character and your ability to lead.

These heart issues (ie, the real you) will always come to the surface in business, especially in the way you interact with other people.

The bottom line - it's your relationships with people (as distinct from things) that will determine your degree of success in business.

Forgive me, but I need to share this - you may have been conditioned for failure as a child by the long term impact of statements like these from your parents, teachers or other significant adults...

- \* *'You lazy, good for nothing so and so'*
- \* *'Who do you think you are?'*
- \* *'Don't be a sticky beak'*
- \* *'Mind your own business'*
- \* *'Don't get your hopes up too high'*
- \* *'You've got tickets on yourself'*
- \* *'Children should be seen and not heard'*
- \* *'Don't say that, he'll get a big head'*

Such 'conditioning' could explain why you run the business the way you do; treat the people the way you do and achieve the level of success you do.

These kinds of negative 'seeds' planted early in life may eventually sprout into relationship killers!

Thus in some ways it's not all your fault - you have become a 'product' of your upbringing (like the elephant immobilized by a piece of string).

There is good news - you can change. This training manual is full of principles and ideas to help you do just that!

# *Your business foundation*

At the end of the day, the bottom line is simply this: business owners build their lives and businesses on one of two foundations: the love of money or the love of serving (note: I did not say, 'service').

## **1. The love of money...**

If your base is the love of money then serving will not be a high priority; indeed serving others may not even be on your radar, even though many people still favour your business due to reasonable service.

## **2. The love of serving...**

If you love serving others then great relationships...and profit...will be your reward. It will happen without you having to stress or worry about it.

### **There is a fundamental difference between serving and service...**

**SERVICE:** Happens at the point of sale; it is an 'event' - while a customer is in front of you; together you consummate a sale; then the customer leaves.

**SERVING:** Never stops, even after the customer has left; it is a 'lifestyle' and comes from a servant's heart that, in turn, comes from love, humility, compassion and the desire to go the extra mile.

### **Thoughts about your level of service...**

You might think your SERVICE level is adequate, even great...and it may well be.

But your level of SERVING is likely to be anywhere between 'ordinary' and 'abysmal' - sorry if that offends but it's the truth.

Can you see why? Can you grasp the difference?

Serving comes from a servant's heart; and most Aussietopians simply do not have servant's hearts! Capitalism and competition has 'trained us to look out for numero uno' and stuff anyone who gets in the way.

If people did have servants' hearts there would be no need to write this manual, ***The Raw Sugar Phenomenon***; and all those terrible experiences you've had with uncaring staff in recent weeks would not have happened!

### **I believe the 80/20 rule applies here...**

- \* 80% of business owners have no idea of what I have just written; consequently they will change nothing
- \* 20% do understand and will already be seeing several areas they can improve.

**Question: Which group are you in?**

# TRSP

*THE RAW SUGAR PHENOMENON*

***How to stop the rot***

'People don't care how much you know until they know  
how much you care'

**(The Truth)**

# *A new business model*

Today a huge problem is developing in the marketplace that, without doubt, is going to cause the demise of vast numbers of businesses in the next few years!

## **The root of the 'cancer' is actually many-fold including...**

1. The influence of decades of capitalism, evolution, socialism and New Age philosophy has led to a lack of desire to serve our fellow human beings
2. The profit-killing impact of discounting as the key marketing strategy
3. The Global Financial Crisis and phase 2 that is still to hit Aussietopia
4. Business is not a jungle where only the strong survive. Wrong! Ignore the law of the jungle; seek the truth and prosper...

<b>Characteristic</b>	<b>OLD (jungle) model</b>	<b>NEW 21<sup>st</sup> Century model</b>
Market base	Scarcity	Abundance
Motive	Compete	Co operate
Goal	To be a winner	All can win
About us	Ownership	Stewardship
Heart to	Take	Give
Long term	Build sales	Build business
# 1 Focus	Money	Serving
# 2 focus	Self	Customers
# 3 focus	Close sales	Open relationships
# 4 focus	Price	Value
Our role	Master	Servant

## **An incredible opportunity still exists...**

Amongst all the negative influences your business can still grow and prosper no matter what happens in the economy and no matter what your competitors do.

Go back over the above table and note the differences.

If you understand and apply the **TRSP** principles your business can become *Numero Uno* in the marketplace...

**PURPOSE:** The purpose of a business is not to make money but to **serve**

**VISION:** Without a **vision** no one can achieve anything, except activity and work

**UNIQUENESS:** You must be able to articulate your key point of difference.

## **And think about this...**

Would you believe one reason for this opportunity is simply that most, if not all, your competitors neither understand, nor apply, these principles!

# *The marketplace is not a jungle*

Based on the actions and attitude of most participants, the market place must be a jungle; the rules are fairly simple - kill or be killed and only the fittest survive.

It would seem that too many business owners have been indoctrinated to see it that way!

The truth is quite different. Scarcity does not rule the marketplace, abundance does. It's not a matter of kill or be killed. And yes, certain principles or laws need to be applied to survive and thrive but these are not what you might expect...

- \* Business is not about hunting or being hunted
- \* Business is not about survival of the fittest or the strongest
- \* Business is not about crushing competitors before they crush you!

One need not be concerned about what the other participants in your industry are up to; frankly, that's their business! They should barely be on your radar.

Consider the **Law of giving**, absolutely foreign in the jungle...

1. Put simply, the more you give the more you get back...although not necessarily directly from those you bless with your giving
2. But so many people see life through 'taking' eyes, rather than a giving heart, so won't agree with this Law...to them any 'loss' is a cost so it must be avoided
3. A classic example is the food thrown out by cafes every couple of days because it's out of date...why wouldn't an astute owner 'use' these products as a marketing expense rather than a wastage expense?

...Image a strategy along the lines of – *'You buy the coffee, we supply the cake'* or *'bring a friend for coffee after 4.30 and we supply the cake.'*

Consider the **Law of vision**, also foreign in the jungle where survival reigns...

1. There's no time to envision a better future for all...everyone is too busy hunting and trying to secure their next meal (ie, close a sale)
2. The focus is purely on the short term...numbers, results, and such
3. An entrepreneur's vision needs to be seen for its impact on others; thus it cannot be about money - ie, to maximise profit...because that's about me!

# *Serving: not an event, a lifestyle*

Serving should not be seen as something you do only when a customer makes a purchase. Indeed, we refer to this interaction as 'service' that can be extended to 'serving' but usually it is not.

Serving never stops even after the customer works out because it's not an event but a lifestyle. Indeed it's a position one aspires to!

Serving is a statement of WHO we are - not WHAT we do!

In other words, one either has a servant's heart or one does not.

And the good news is: it's never too late to acquire one.

Being nice to people, packing goods, facilitating payment, etc - consummating a sale - is not serving. Yes, it is one aspect of serving but it's not the whole.

There is a technical reason why consummating a sale is not serving...

1. Serving comes from humility
2. Humility acknowledges one's position of lowliness or submission to another – that is, you as the seller (servant) submit to the buyer ('master')
3. If people are 'equal' in the transaction or the seller actually feels superior to the buyer then the servant's heart is absent...there is an air of arrogance present. You cannot serve another from above, only from beneath
4. If you are focused on the sale, the product, the money or self then serving will be a secondary and less important issue.

**Humility** requires the other person's need to be more important than mine and accepting the position as this person's servant.

Remember those old movies set in Africa or India, the big boss in his white suit with one or more local people running around bowing and meeting his needs (I can still see those big hand-held fans keeping the boss cool)? These people knew what serving meant and I fully appreciate that they could have been acting out of fear, not out of the joy of serving...but you get the picture.

Can you see why serving is not on the radar for so many people? Either they can't because they've never understood the concept or they choose not to.

Can you also see why so many Aussie businesses are under-performing, even going broke? And why so many others are barely hanging on as customers drift away, abandon them for cheaper alternatives, especially over the internet.

Interesting isn't it? Especially when compared with the crap serving we all experience in so many Aussie businesses!

# *Retail is meant to be theatre*

The bottom line of modern retailing, as painful as it may sound, is this:

**Theatre** is a key success factor...but what we see and experience is NOT theatre!

At best: the retail 'show' is a boring combination of a homogenous, commodified offer, both in relation to product and accompanying service; the 'actors' are simply a group of people strung together because they are in need of a paycheck. Your audience only comes back because they have little other choice.

At worst: the show is a scam that, at its root, takes the audience for granted.

**Theatre is meant to be about passion...**

- \* Actors performing for an enthusiastic audience
- \* Actors giving the audience what they want to see and applaud
- \* The audience mainly see performers and sets but there is a great deal going on behind the scenes
- \* Pleasing an audience so they continue to buy tickets or the show will die.

**Theatre is a place of 'amusement' that is...**

- \* A place of 'delight'
- \* 'Amusement' is a synonym for 'diversion' - theatre is meant to be a moment of relief; a 'diversion' of one's attention from the struggles and stresses of life outside the time spent in the theatre.

The same principles apply in every retail business! But the vast majority of retailers don't even come close.

**Some famous quotes about theatre...**

*'The theatre, which is in no single thing, but makes use of everything - gestures, sounds, words, screams, light, darkness - rediscovers itself at precisely the point where the mind requires a language to express its manifestations. To break through language in order to touch life is to create or recreate the theatre'* **Antonin Artaud**

*'We need a type of theatre which not only releases the feelings, insights and impulses possible within the particular field of human relations in which the action takes place, but employs and encourages those thoughts and feelings which help transform the field itself'* **Bertolt Brecht**

As a retailer seeking long-term growth and value you need to stop looking at what everyone else is doing and grasp these simple truths.

The 21<sup>st</sup> Century remains in the grip of a worsening Global Financial Crisis; vast numbers of retailers are going to fail in the next few years.

**You do not need to be numbered among them.**



# *Smiling relationship assassins*

Whether it's deliberate or not, this is what too many sales staff become! Not only do they ruin relationships and future sales potential but profit margins right now.

**Here are some examples (I'm sure you have plenty of your own)...**

- \* **Sport store:** *'Do you sell Volley shoes'* I asked a staff member; *'No'* she said with a smile...and kept walking, obviously to some task more important than serving
- \* **Menswear:** *'But I wear black'* when they only had navy blue; the (laughing) assistant declared, *'No one will notice you're wearing navy.'*
- \* **Menswear:** My backorder did not arrive at the appointed time: The assistant had a perfectly logical explanation - *'There weren't enough backorders to place an order this week...please come back next week.'*

Do you have any assassins on staff? If so, it's not their fault, it's yours!

**I'm sure their job description does not include...**

*...Building and nurturing long term relationships with our (valued) customers*  
*...Authority to go the extra mile in serving our customers*  
*...Doing all you can to ensure no one walks away unhappy /unsatisfied*

Completing as many sales transactions as possible is the goal. The fact that a customer need cannot be met, for whatever reason, isn't the assassin's problem - *'If we haven't got it, I can't sell it'* is a typical attitude. It is after all, just a job.

Notwithstanding, most do their best, working diligently and politely to maximise sales in line with that wretched job description...and your expectations.

It's a head versus a heart thing!

The issue is foundational; it begins with the relationship you have with your staff - how you see and treat them; what you require of them.

You know the saying, *'A fish stinks from the head down.'*

Eventually people become disillusioned and disengaged with their role. Apathy prevails as people just don't seem to care - they just sell stuff.

How else can one explain the constant, uncaring way customers are treated?

The saddest thing about this phenomenon is that the perpetrators don't even realise it's happening! To them and the owner it's just business as usual - blame the government, the internet or those disloyal customers for poor sales!

# *Discounting is a curse*

There's an old saying that you '*fight fire with fire.*'

But technically this is not correct; in fact it's BS! The truth...

You don't fight fire with fire; you fight fire with water.

Meaning: If the opposition drops their prices to capture sales everyone in the marketplace seems compelled to participate in this race to the bottom.

Human nature, of course, is simply to 'follow the herd' but in this case they act like the proverbial lemmings...heading over a cliff.

For many this strategy is one sure way to go broke!

So the obvious answer is: DON'T do what your competitors do.

Indeed, do the opposite. And if you can't maybe you should exit the game!

How?

- \* By creating and highlighting a value package that will justify a higher price
- \* By restating and reinforcing the added services you offer as standard
- \* By going the extra mile to nurture genuine relationships with customers.

The idea is to draw the customer away from a straight out shooting match over price.

In the market, there are lots of people not primarily concerned about price.

There are many strategies you can implement to gain their custom and show them that your offer is superior. Then allow all the price-only buyers to go to the opposition.

## **Here's a quick test...**

Question:

***Why should I do business with you rather than your opposition?***

Please don't say quality, price or friendly service because that's what they ALL say!

Or to put it another way...

***What's in it for me to give you my business that has nothing to do with the price you charge?***

That's your clue to overcoming the 'curse' of discounting.

# *Customer care is not a position*

...And it's not someone else's responsibility!

Have you ever received a 'personal' letter or bulk mail-out piece from a large organisation, such as a bank? Would you agree that the title of the signatory could indicate the sender works in the 'customer care department' or similar?

It's a bit like this with the issue of quality control. One gets the impression in most large businesses there is a quality control department, position or function.

This is ridiculous. For a business to thrive, prosper and grow it has to have a customer care culture, ethos or character that is embraced by everyone in the organisation. It is not the domain of a person or a department to care for others!

Every staff member, from the cleaner to the CEO, must adopt and live by the maxim that, *'We are all responsible for customer care, including me.'*

Put bluntly and very near to home, your business is either one that cares for customers or it does not.

As leader you either care for your customers or you don't (internal customers being your staff).

And just to clarify: A point of sale transaction amounts to maybe 10% - 20% of the total caring package!

## **A caring ethos among your whole team would surely extend to...**

- \* Listening to your customers
- \* Asking customers what they want
- \* Anticipating what customers want now and will want in the future
- \* Keeping in touch with customers on a regular basis
- \* Becoming a problem solver, indeed the expert customers can turn to
- \* Being aware of subtle changes in people's lives, wants and needs.

Your sales training must be along these lines.

You must be attentive and observe interactions between your staff and the customers to ensure the business values are upheld.

If you are prepared to implement such a heart-based customer care system your business will boom no matter what the economic circumstances!

# *Frustrations equal opportunity*

I trust this case study gets you thinking! While a retail fashion business is discussed, the concept applies to all businesses, including yours.

A business owner asked several of her customers and friends this question: '*What frustrates you about buying clothes?*'

They readily offered these answers...

*...I don't want to buy an item for \$500 if there are five more on the rack*

*...I hate the fabric quality...wear it twice and end up looking like an old bag*

*...I'm frustrated with the poor quality of the stitching*

*...It's hard to find a size 8; and when I do the selection is limited*

*...The chain stores carry too many of the one type of garment*

*...I'm stuck mid range (too old for the young range, too young for the old range)*

*...Why can't alterations be included in the price instead of being an extra?*

*...There are too many different 'fits' within my size...some fit and some don't*

*...I'm a professional and too busy to shop.*

The owner was shocked; it seems that she, like just about everyone else in the fashion industry, had been taking her customers for granted.

She listened to what were in fact 'cries' for help. And in so doing realised there was a great opportunity to serve by resolving some of these specific frustrations.

Soon her business mission (purpose) was refocused on the design and manufacture of quality clothing for professional women; much of it made locally. Her Unique Value Proposition (point of difference) was '*to be your fashion coordinator for all seasons.*'

## **Now, regarding your business...**

1. Find out what frustrates your customers - don't assume, ASK
2. The magic question is: '*What frustrates you about the [your] industry?*'
3. Ask customers, potential customers and former customers
4. Listen carefully to their answers - they will contain 'gold' for you
5. Broadly, 80% of answers will be similar.

Only when you discover people's real needs that you can truly serve them. Use this research to plan your Unique Value Proposition and create a Value Package.

The chances of anyone else in your industry adopting this strategy are about zero! So, the marketplace edge is now yours.

# *Focus on people, not products*

This is the absolute bottom line; it's what **TRSP** is all about.

It sets the great businesses apart from those going nowhere and those that are going broke!

Fundamentally, business is about people, relationships meeting needs and serving. The product or service is thus a means to that end.

Consider these examples...

## **Assume you're in the insurance broking business:**

1. I contend your primary focus is on paperwork, commissions, legal requirements and collecting premiums - fair enough these are important
2. Your secondary focus is the policy owner as a person in need.

## **A customer has a bingle and contacts you to make a claim:**

1. Anecdotally it would seem the damaged car, policy, repair quotes and arranging a panel beater get more attention than the hapless customer.
2. The customer's main issue is not the damaged car but the inconvenience - being without a car for up to four weeks or more -
  - \* Why don't repairers or insurers have a fleet of courtesy cars for customers to use (or even hire) while theirs is being fixed?
  - \* Why don't the insurance policies offer this as an extra? And if they do, why don't they actually tell the customers?
3. A secondary issue is the difficulty in getting a precise completion date -
  - \* Why can't repairers be more accurate with the completion date?

## **Assume you're in the phone business:**

Are you too focused on I-Phones, the latest gizmo, 12 and 24 month plans...and not enough on the user (who is likely frustrated with certain aspects of the deal)?

## **Assume you're in the electrical repair business:**

Are you too focused on quotes, keeping your guys busy, preparing certificates, sending bills, collecting money...and not enough on the homeowner (who is really concerned about the mess you are about to leave)?

## **Whatever your business...where is your focus?**

# *You must offer a Value Package*

In business there is one thing you have no right to do: Assume you know what people want. Yet most salespeople, even business owners do just that.

Serving will be difficult unless you know a bit about the person especially what he or she wants and is likely to need now and in future.

Too many marketing strategies are built on the assumption that customers just want the lowest price. But not everyone is so focused; many will pay a premium (ie, even above the normal price) providing they perceive value.

So, if you offer a 'value package' that includes more than just the product or service three things will happen...

1. You stand alone in this niche because no one else offers the same package
2. The package is a key point of difference from others in your industry
3. The price shoppers, the discount junkies, will go elsewhere.

## **Using a menswear store the value package might include...**

- \* A free repair and alteration service
- \* A powerful guarantee (with no fine print)
- \* An internet based express service for repeat items
- \* A regular newsletter
- \* An informative web site
- \* An 1800 or 1300 hotline for all queries
- \* A promise for 'same day' response to all queries
- \* Overnight delivery
- \* A promise to listen to their concerns and feedback
- \* Quantity, quality and delivery commitments
- \* A contact person that has authority to make decisions on their behalf
- \* Well trained, up-to-date, alert and knowledgeable staff
- \* A brilliant post-sale follow up system.

## **In preparing a value package it is important to clearly identify...**

1. What frustrates people about dealing with your industry
2. Your Unique Value Proposition (one thing that truly sets you apart)
3. What customers are really buying apart from the product or service
4. Their problems you will be solving
5. Your target customer group (niche or category).

# *It's time for a revolution*

From what I see the all too typical attitude of sales people at the Point Of Sale (POS) could be summed up in these statements...

- 'That's all we have in stock'
- 'Take it or leave it'
- 'We're out of stock, can't you see'
- 'We sell, you buy'
- 'That's how we do it here'
- 'My way or the highway.'

Any such interaction with a customer may explain your predicament or position... but none of them are good enough in this day and age.

They are all relationship (and business) killers because people (who care) start and nurture relationships...and relationships build sales and your business.

## **The revolution at POS comes when you change your attitude -**

1. FROM self (ie the business) TO the customer...
  - FROM transactions TO relationships
  - FROM selling TO serving
  - FROM getting TO giving
  - FROM customer as our servant TO customer as our master
  - FROM speaking TO listening
  - FROM telling TO asking
  - FROM the weather TO frustrations and needs.
2. Learn to ask questions to uncover real needs...
  - How will you be using the item? How often?
  - What problems will the product or service solve for you?
3. Anticipate what your customer is really buying...
  - It's not the product or service; rather it could be peace of mind, convenience, ego, lifestyle, safety, image, time, confidence... then help the person achieve what they are really looking to buy.
4. Take a moment to care for the person in front of you...
  - Plant seeds that ensure you need to re-engage with this person: It may be a special offer or promise to get back to the customer.
5. Add value and increase gross profit...
  - Offer to do deals, specials (price/quantity) and packages
  - If reasonable, ask: Why not buy two?
  - Set up future sales now (and record an action step in your system).

# *Change from POS to POR*

In all the interactions you have with a customer there is possibly no better time to impress than at the Point of Sale (POS). Indeed, treat this moment as a Point of Relationship (POR) opportunity.

You are not just a salesperson but a value provider; you are not trying to close a sale but open a new relationship...or nurture an existing one.

Instead of rejoicing that you've made another sale or got more money to bank you should focus intently on the person in front of you.

For just a moment...forget about your stupid budget or making another sale; consider instead how you can be a servant of this person right now.

*So...don't just take the money, take the initiative!*

## **Assume you own a menswear store - you might research/plan/discuss...**

- \* What is apparent reason he is here (eg to buy a shirt)?
- \* What is he really buying (peace of mind, self-image, comfort and such)?
- \* What frustrates him about buying clothes?
- \* Is he a regular or is this his first visit?
- \* If it's a first timer, what brought him here?
- \* What is his purpose for wanting to buy this particular product?
- \* What did he buy last time? How many and what time of the year?
- \* What do you know about him and what should you know?
- \* What do you notice (hair and eye colour; colours he wears now)?
- \* What advice might you give this person?
- \* What else is he going to need in near future?
- \* What suggestions could you make?
- \* What do you need to do or offer to ensure he comes back?
- \* Is he aware of your guarantee?
- \* Is he aware of your lifetime repair and alteration service?
- \* Have you given him the free dry cleaning or coffee vouchers?
- \* Have you given him your contact card?
- \* And don't forget to thank him for his business!

All of these issues, courteously addressed, by you and the team provide a great opportunity to build and nurture relationships.

**Hopefully in your business, staff training will never be the same again!**



# *Empower your team to serve*

In vast numbers of businesses powerless staff are costing the owner a fortune!

By serving I don't mean putting the customer's purchase in a bag, taking the money and entering the transaction into the till.

I mean the **TRSP** style of serving!

## **I'd like a dollar for every time I've heard statements like these...**

- \* *'I just work here'*
- \* *'I'm just a...waitress'*
- \* *'I need the money'*
- \* *'They never listen to me'*
- \* *'When my numbers come up I'm outa here'*
- \* *'That's not my job.'*

## **Reasons why your staff may not care about your customers...**

1. Maybe they see and follow your uncaring attitude
2. Their job description does not define or require them to care, but to sell
3. Chances are they spend a lot of time trying to keep their job
4. Maybe they are fearful of making mistakes or making waves
5. Most people are paid the same irrespective of results
6. Short-term employment contracts won't engender loyalty
7. They don't understand that other people's needs are more important than theirs
8. Their managers focus on money, results and budgets, not relationships.

## **Empowered people need...**

- \* **Authority**, time, resources and freedom to serve
- \* **Encouragement** to nurture relationships; to uncover customer needs and frustrations; to implement the guarantee; to contact customers
- \* **Training** to understand markup and margin; to do deals; to set up future sales
- \* **Feedback** on daily and weekly progress against targets
- \* **To see** your vision, your values and your character.

Of course none of this will make much sense if you just require staff to flog stuff!

# *Ask WHY, not HOW*

**In business a lot of time is spent searching for answers to questions like these...**

- \* How do we motivate staff?
- \* How do we increase sales?
- \* How can we reduce our costs?
- \* How do others do it?
- \* How can we reduce our rate of mistakes?
- \* How can we improve cash flow?
- \* How can we do the job more efficiently?
- \* How can we get more bang for our advertising buck?

**But, it seems, not enough time is spent considering questions like...**

- \* Why are we in business?
- \* Why are we in this particular business?
- \* Why do we stay in business?
- \* Why do we do it this way?
- \* Why are we not achieving performance targets?
- \* Why do we treat people (staff and customers) this way?
- \* Why do we apparently do the same as everyone else does?
- \* Why don't we have our own unique selling or value proposition?

It could be concluded that the WHY questions [and the truthful answers] are the ones that impact on **people and relationships** - our attitude towards others.

Thus the HOW questions are the ones that impact on **systems and results** - profit, getting stuff done, efficiency and effectiveness.

Maybe it's more painful asking WHY-style questions; hence they are ignored!

# *Do not increase prices until...*

Of course it's your right to charge whatever you like for your product or service then allow the market to sort out its response.

It's also your call on when to raise prices and by how much.

Before increasing prices it would be wise to first improve your 'value package.'

## **To improve your value package, you could...**

- \* Include a powerful guarantee
- \* Overcome a significant customer frustration
- \* Provide a full written Proposal instead of a (simple) Quote
- \* Provide for lifetime maintenance and repairs
- \* Offer a 24 hour contact phone number (1300 or 1800)
- \* Provide an express service for those in a hurry
- \* The rest...is up to you!

In effect you **earn the right to raise prices to a level...**

- \* Above what you are charging now
- \* Above what your competitors are charging
- \* Above what you think people will be prepared to pay.

In fact, you can charge a premium because you are the only one in your industry that offers such a valuable package of benefits to customers.

And...your customers will not be able to compare apples with apples (ie your offer compared to others) which is exactly what you want.

And be prepared to defend the inevitable queries (even complaints) that will come in relation to your premium price. For example...

*'Thanks Bill, I'm glad your mentioned our price; I appreciate it is a bit higher than what others are charging, but let me tell you what it includes and how this will benefit you in the long run...'*

# *Don't handball your problem*

I went to my local menswear store to make a purchase - one pair of 87R black City Club trousers; I've been wearing this brand and size for years!

The owner politely informed me there were none in stock but promised, *'I'll order a pair and ring you when they arrive, it won't take long.'*

A return visit ends with an apology, *'I clean forgot to order them. Let me put them on my next order.'*

OK, fine...but I had to wait until he *had enough items to actually place an economic order with that particular supplier!*

Hey man, I just want a pair of pants; why is it all so hard?

**My immediate thoughts were along these lines...**

1. Why didn't he suggest two, or even three, pairs as a package deal?
2. Why didn't he pick up the phone on my first visit and place an order?
3. Even more importantly, why didn't he pick up the phone on my second visit having already caused a level of inconvenience?

Would you agree? Am I being unfair? Maybe I don't understand the intricacies of retailing, but to that I say: why should I have to - that's your problem!

This is what **TRSP** is all about. As I keep saying, it's not rocket science;

Anyway it's now been two weeks since my second visit! I don't know whether to ring, or go in for a third visit.

This business owner has no idea of what it means to truly serve. As a result he's probably only making wages when he could be building a great business.

**But no; whenever he has a problem it becomes my problem...**

**First**, he was out of stock on what I would consider a fairly standard, bread-and-butter stock line (Read: He should not run out).

**Second**, his poor memory can be overcome with a simple system (Read: He should have just picked up the phone: how impressive that would have been).

**Third**, he seems to have done it again - after two weeks still no call.

His problem has become my problem...twice!

In the end it took eight weeks to get that pair of pants!

Conclusion: Why is it so difficult for business owners to understand the serving principle?

# *Don't punish your customer*

There's an old cliché - '*The customer is always right!*' The truth is, they aren't... but in their eyes, they are.

Often when something goes awry it's the customer who is made to feel at fault.

When a problem arises the key is how you respond.

## **Be careful...**

- \* If a supplier lets you down don't, punish your customer
- \* If your system fails and lets a customer down, don't punish the customer
- \* If a team member lets a customer down, it's not the customer's fault
- \* If you let a customer down, don't blame anyone else.

## **Be honest...**

- \* If you stuffed up tell the customer, take responsibility...then fix it
- \* Apologise if you need to
- \* Keep the customer up to date if it's an ongoing issue
- \* Time is of the essence, sort the issue out quickly
- \* Don't transfer the problem to your customer - don't punish the customer!

## **Entrepreneur Dick Smith put it this way:**

*'Our customers are not interested in why something did or did not happen; they do not want to know who or why. They are interested primarily in what we will do for them; they want to know what and when. Excuses are internally focused. Anytime we make an excuse, we are saying to our customers - I'm more interested in what went wrong with my processes than I am in what I can do for you. Instead, tell the customer what you will do, and when; commit to it, if it is in your power to do so. Then do it.'*

## **Strategies that will help minimise potential problems...**

- \* If there is a problem you, as owner, should get involved
- \* Always remind the aggrieved customer of your (awesome) guarantee
- \* Keep good notes of all promises and commitments...and use a diary
- \* Follow up (if you promise to ring, then ring)
- \* Delegate if necessary, with accountability
- \* Discuss specific cases at team meetings
- \* Ensure systems and procedures are kept up to date.

# *Give me your problem*

Your attitude by now should be simple: *'We are here to serve you'* so...

- \* Please give me your problem and I will attend to it
- \* If I don't have the answer, I will get it for you ASAP
- \* If I can't resolve it right now, I will get back to you by (time or date).

Unfortunately too many sales people (that is any person who works in your business) in effect, identifies a problem but then, in effect, hands it back to the customer! Their attitude typically is along these lines...

- \* *'I don't want your problem I've got enough of my own'*
- \* *'Ring me if it fails'*
- \* *'We don't sell the model you want.'*

## **Here's a classic example...**

...A motel owner will soon be needing a new 8kg commercial washing machine (cost is around \$2,000).

...He speaks to his repairer who also sells new machines.

...The repair guy says, *'Ring me when you need it and by the way, 7kg is the biggest they make.'*

...But the owner knows for a fact that this particular manufacturer does make an 8kg machine.

...So here they are arguing about this and what the repair guy doesn't realise is the owner has already decided to shop elsewhere; who needs these hassles?

Wouldn't you reckon the guy would simply promise to look into it and get back with full details, tomorrow, virtually 'locking in' a future sale?

But no, he's standing their effectively calling his customer a liar. Instead of taking the motel owner's problem he handed it right back...and in the process lost a sale...and a reasonable margin.

Fair dinkum friends, this world is full of idiots! 'Fool' is probably a more polite description; although does it matter, he's still an idiot.

I hope you get the gist of this because it is critical to your business future.

# *Guarantee your way to success*

The bottom line on **guarantees** is quite simple...

- \* You have a great product or service...there's no reason customers won't be happy doing business with you
- \* So guarantee what you do - the 'money back, no questions asked' kind...not the wimpy style most businesses use, if indeed they use a guarantee!

Clearly you need to ensure your business can deliver what is promised. But assuming you can, build the guarantee into a unique value package and then you will be entitled to charge a premium price.

Here are two simple, but profound, guarantees...

**LL Bean:**                   *'Guaranteed. You have our word'*

**Land's End:**               *'Guaranteed. Period'*

One of the most blatant guarantees I've seen was offered by the Bugs Burger Bug Killer Company (BBBK)...see <http://bugsburger.com/>

Al Burger, the company founder, wanted to ensure the cost of mistakes was so high that they literally would not make any!

BBBK has a majority share of the market even though they charge a great deal more than the other pest control companies. His guarantee states that...

*'You don't owe one cent until all pests have been wiped out. If you are ever dissatisfied with BBBK's services you will receive a refund for up to 12 months of our services...plus fees for another pest controller (of your choice) for the next year. If guest spots a pest on your premises, BBBK will pay for the guest's meal or room, send an apology and pay for a future stay. And if your facility is ever closed down due to pests, BBBK will pay any fines as well as lost profits plus \$5,000 cash.'*

Is he mad...or smart?

## **The bottom line...**

- \* If you sell a great product then providing a guarantee should be easy
- \* Make sure your team are all well aware of the guarantee
- \* Make sure also they have the authority to carry it out
- \* Make sure you 'shout it from the rooftops' so your customers know.

**Now...how does your guarantee stack up?**

# Guarantees reverse the risk

As business owners we should be constantly seeking points of difference that set us apart from others.

A (powerful) **guarantee** can set your business apart. In effect, you are agreeing to take the transaction risk away from your customers, exactly how it should be!

Check the Yellow Pages and see a myriad of 'me too' businesses vying for your custom. Apart from the usual 'name, rank and serial number' style of advertisement, few include a **guarantee**. Adverts that did incorporate a guarantee tended to use a generic (almost meaningless) approach such as...

- \* *All work guaranteed*
- \* *Guaranteed workmanship, assured quality*
- \* *Satisfaction guaranteed on quality, installation and service*
- \* *Lowest prices guaranteed.*

## To these business owners I would ask...

1. What exactly does your guarantee mean to me as a customer?
2. What is the cost to you if the guarantee is invoked?
3. What is the procedure if a customer wants to call on the guarantee?
4. Does your staff understand the guarantee?
5. Do your staff have the authority to implement the guarantee (ie to pay out)?

## Here are three examples of powerful guarantees...

1. **The motel chain** with this blatant guarantee...
  - \* *'A satisfying stay...or 100% of your money-back'*
2. **The car dealer** who offered this profound guarantee on all cars sold...
  - \* *'90-day or 5,000 km bring it back guarantee'*
3. **The kitchen manufacturer** who first, identified the real customer as builders (not homeowners) and second, found out that late delivery was their biggest frustration. His guarantee was simple and powerful -
  - \* *'If we are late with your delivery you can rip up the invoice'*

The biggest problem with guarantees is fear - that customers will abuse them. And some probably will but I reckon no more than maybe, 2%.

But why worry about the minority and overlook the benefits you offer the other 98%?

## Now...can you clearly explain what your guarantee is?



# *You've gotta go the extra mile*

Positive thinker, Napoleon Hill, studied numerous entrepreneurs concluding...

1. Success followed predictable and distinct patterns of behaviour
2. Great success and achievement were available to any person who chose to follow certain principles.

One of these principles is a willingness to **go the extra mile**. Put simply, it means giving more and better service than that for which one is paid.

*It stands to reason that 'If a person performs no more service than that for which payment is made, then obviously that person is receiving all the pay to which he is entitled.'*

The 1937 classic, *'Think and Grow Rich'* tells of **Frank Woolworth**...

*'In 1878 Frank was a young salesman in a hardware store. He observed that the store had a lot of odds and ends that were out of date and not selling. Having time on his hands, he rigged up a special table in the middle of the store. He loaded it with some of this slow moving merchandise, marking it at the bargain price of ten cents per item.*

*To his surprise and that of the owner, the odds and ends sold like hotcakes.*

*Out of this experience grew the great Woolworth chain of stores. And young Frank stumbled upon the idea by **going the extra mile**.*

*No one told him to exercise his right to personal initiative. No one paid him for doing so, yet his action led to ever-increasing returns for his efforts. In fact it yielded him a fortune.*

*The habit of going the extra mile brings the individual to the favourable attention of those who can and will provide opportunities for self-advancement.'*

This principle sets great businesses apart from the plodders who would tend to see such a strategy as a cost rather than an investment.

Here's a modern example: The local coffee shop, 4.30pm Friday with lots of cakes and slices remain unsold (to be thrown out on the weekend).

Why wouldn't an owner offer them to any customer who buys coffee around that time? Maybe institute a happy hour - *'You buy the coffee, we supply the treat.'*

Some doctors (or their staff) contact patients after an appointment to see how they are getting on. People I've spoken to appreciate this 'extra mile' of care.

**What does your 'extra mile' look like?**

## *Two ears, one diary*

One sure-fire way to lock in future sales is to listen intently to what customers say. It's not rocket science but is too often overlooked.

These three examples show how lazy and un-focused some business owners are...

**The air conditioning company:** They sent a technician to service the heater. When the job was done he advised the filter pads needed replacing every three years. Then he said, *'Ring us in three years; in the meantime clean the pads each year.'*

- \* Why would he not simply take out his diary and lock in the job? Why is it my problem rather than his (opportunity)?

**The menswear store:** I mentioned my estimated yearly purchases to the owner who knew my size and colour preferences; all he had to do was contact me at the appropriate time to discuss delivery arrangements, payment and such.

- \* That was three years ago; to this day I've not heard a word; no calls; nothing; and no sales because I now buy on the internet or when I'm out of town.

**The bedding store:** We bought a single bed for our son; the alert salesman identified a future need namely, our son would need a king single bed in about three years time.

- \* It's now been eight years and there has been no call; so, no purchase by us and no sale for the store.
- \* How much of their turnover would 40 Winks spend on advertising to get people into their store? Maybe 7% amounting to \$000's each year.

What's the common denominator?

These owners only see a sale as a transaction that happens right now, when the customer is standing in front of them...with no thought to the future. Amazing!

Presumably these business owners hope when I have a future need I will favour their business and do the deal.

Sadly for them it does not mean that at all.

In many businesses, transactions can be arranged almost on a yearly basis – be it a season such as summer or winter; timing such as every Easter; or normal wear and tear timing such as every 10,000 kilometers.

The point is, listen and lock in a future reason to contact. Make the diary entry; then take the initiative to consummate another deal at the appointed time.

Again, it's not rocket science.

# *Your UVP in a crowded market*

## **How does one get noticed these days in a crowded market?**

Simple! By developing and clearly articulating your **Unique Value Proposition** (UVP). This is what will set your business apart from all others in your industry.

This UVP is vital in driving the marketing function in your business.

That being so, why is it that so few business owners can articulate their UVP?

Interestingly, most businesses in most markets are homogeneous. There is little difference between them - same basic product, same service and same deal.

## **Each business captures a portion of the market simply because...**

- \* They are physically there, operating in that marketplace
- \* The market is big enough to support many businesses
- \* A new owner may have worked for another in the same market
- \* The owner and staff members are known, attracting some support
- \* Not being absolutely hopeless they offer a reasonable service
- \* For some customers, the location may be convenient
- \* A portion of customers are loyal and tend not to drift away.

## **To prove this, check any category in the Yellow Pages...**

- \* 80% + of the adverts are basically 'name, rank and serial number' style
- \* Minor differences are based around the owner's personality; age of business; business name, size of advert and other dot points
- \* Rarely will you see a guarantee of any real substance or a promise that compels a potential customer to make contact with a particular business
- \* The 'competitive angle' is likely to be based around price
- \* When one business creates an 'angle' others quickly follow...ensuring they all continue to be homogenous!

## **Numerous businesses operate this way including...**

- \* The professions, described by George Bernard Shaw as '*A conspiracy against the laity*'
- \* Retail stores including clothing and food
- \* Franchise systems.

## **With this in mind, what is your Unique Value Proposition?**

# TRSP

*THE RAW SUGAR PHENOMENON*

## ***Marketing strategies***

'There is only one boss: the customer. And he can fire everybody in the company from the chairman down, simply by spending his money elsewhere'

**(Sam Walton, founder of Wal-Mart stores)**

# *One chance at a first impression*

It's a well-known cliché but you do only get one chance at a first impression!

## **So make the most of it!**

I've lost count of the number of times my first visit to a business has been anything but inspiring. To put it bluntly, one gets the feeling the staff too often don't give a stuff; they just hope you buy something then clear out.

So be conscious of making the right first impression. Tap into your servant's heart and come up with a simple strategy that suits your style and business. Build a 'system' and procedure around it.

It might be a free gift; it might be a kind word of welcome. It might be introducing yourself. Or depending on the type of business it might be...

## **If you own a coffee shop/café/bakery, it might be an offer...**

*'Welcome to.....thanks for coming in...the first coffee is on us, enjoy'*

*'Would you like another coffee? Tell you what, you buy the coffee, I'll throw in the free slice'*

*'It's your first visit, try the coffee...if you're not happy neither are we and will make you another'*

## **If you own a menswear store...**

*'Welcome to [our store]...please accept this free gift (a pair of sox or whatever)'*

## **If you operate a professional practice...**

*'Thanks for choosing us, Mr. and Mrs. Smith; you receive our free booklet titled, .....and an invitation to our upcoming seminar on.....'*

## **If you run a Repair shop...**

*'As a new customer...here is a free coffee voucher from Fred's café; your job will be ready by 4.30 pm this afternoon (if earlier I will text you)'*

Is there any chance the new customer could take something away? Maybe a business card with a special offer for next time; maybe a copy of the book you wrote; maybe a voucher to visit a related business for a special deal.

No matter what business you run, at least look forward to the next time you do business with this person...do not let them just walk out, especially first timers!

**And always, always, always THANK your customer for their business.**

# *What are customers really buying?*

You know what you sell; it may be food, clothes, mowers, tax services, homes, computers, electrical services, repairs...or whatever.

But what are your customers buying? What benefit will the customer get from the deal? If you're not sure, research - find out what problem you the solving.

By understanding and targeting this you will be in a position of serving their real need!

Being a lawyer does not guarantee success in business...it's just a skill or trade! Thus, what a lawyer does is not what people (ie clients) buy; they don't buy law - they buy a solution to their problem.

The actual purchase transaction is the consummation of two processes...

Demographics: **Who** buys your product of service?

Psychographics: **Why** they buy and **what** are they really buying? It could be -

- |               |                  |                   |
|---------------|------------------|-------------------|
| * Accuracy    | * Safety         | * Peace of mind   |
| * Time        | * Lifestyle      | * Comfort         |
| * Image       | * Speed          | * Convenience     |
| * No downtime | * Financial gain | * Avoid pain/loss |
| * Keeping up  | * Cutting edge   | * Hope or luck    |

Here are some examples...

Type of business	Target customer	Product or service	What customers are really buying
Kitchen manufacturer	Builders	Cabinets	Job continuity
Car detailer	Car owners	Cleaning	Time
Panel beater	Car owners	Car repairs	Convenience
Accountant	Business owners	Tax returns	Peace of mind
Landscaper	Home owners	Plants/lawn	Lifestyle/investment
Air conditioner	Home owners	A/c unit	Comfort
Menswear store	Men	Clothes	Image/convenience
Computer consultant	Small businesses	Programs	Peace of mind
Business coach	Business owners	Strategies	A legacy of success
Hairdresser	Men/women	Hair style	Ego, self-esteem
Service businesses	Homeowners	Parts/labour	Convenience

Your opportunity is to focus on the person and what he/she is really buying rather than just the product, service, sales transaction or the money:

- \* Be prepared - show how your product or service meets this real need
- \* In effect, stand in their shoes and think like they think
- \* Keep in touch with customers because their need is likely to be ongoing.

# *Know thy customer*

If you own a menswear store obviously you sell shirts and many other items of clothing. Assume a customer comes in to buy a shirt - you confirm his selection and pack it; he pays then leaves with the shirt. Transaction complete, another satisfied customer...or so you would think.

But I would guess, Mr Salesman, that you have little or no real idea about

- \* Who I am
- \* My background
- \* Who I represent
- \* Who I know
- \* What I like and dislike
- \* What frustrates me?
- \* What I (really) need
- \* What will I need in future?

**You have no idea because you are not interested enough to find out.**

In 1921, Dr Russell Conwell wrote the classic - ***Acres of Diamonds***

He speaks of a challenge given a group of business owners...

*'It is the whole of every person's life work*

*...To be doing something useful for his fellows*

*...You don't know where your customer came from and you don't care*

*...You don't know anything about him and you don't care*

*...If you had cared, you would now be rich*

*...You never thought it was any of your duty to help people get on and do well*

*...But it is against every law of business and every rule of success*

*...What right have you to be in business with no interest in people?*

*...And with no endeavor to supply them what they need?*

*...Therefore, you cannot succeed.'*

**His wisdom is as true today as it was in 1921.**

How can you be a true servant of another if you don't know what he wants?

In the absence of this knowledge you become a 'solution looking for a problem' like 80% of retailers and their sales staff. A 'pack-n-pay' facilitator.

If you can grasp the intent of this tome then you will see the incredible opportunities that exist in business today...no matter how bad the economic situation gets!

# *'No' is not acceptable*

In the post Global Financial Crisis environment saying '**No**' will not help you build and nurture relationships among friends. Rather it could give the impression you don't care.

Indeed, I see '**No**' as a silent relationship killer.

If NO is your final answer, do you care enough about the persons problem to offer a solution...even if it does not mean you get a sale?

I'm sure you've heard 'NO' many times before...

*...NO, we don't carry brand X*

*...NO, we don't have it in stock*

*...NO, we only have white sugar*

*...NO, we can't get that until the next order goes in*

*...NO, our normal terms are...*

*...NO, the warranty period has expired*

*...NO, can you come back*

*...NO, can you ring back later*

*...NO, we don't take cards, only cash.*

Put bluntly, if you want to build a great business, based on great relationships, then 'NO' is not an acceptable answer to any customer question!

You and your team simply must be ready to say anything except NO...

- \* *'We don't have any at the moment but I guarantee next time you come in for your (free) coffee we will; ask for me, my name is Erin'*
- \* *'We don't have any at the moment but I will get one in tonight and deliver it to you tomorrow'*
- \* *'Can you please wait a moment while I make a call to our supplier?'*

Even if there is no other way but to recommend another business, then do it graciously...at least you helped this person fix his or her problem.

One famous example of always saying '**Yes**' was Budget Car Rentals. They never said NO! If there was no car available a Budget person would slip out the back door, go round to Avis, hire a car and bring it back for their customer. I recollect that Budget became Avis's biggest customer with this strategy.



# *Don't assume, ask*

'ASK' could stand for, 'Ask, Seek or Knock' which is what we need to do in business as we go about building friendships and serving others.

Consider the last time a friend came over to your home for a coffee and chat. Eventually you, as host, would have asked a simple, but logical, question...

*'How do you like your coffee?'*

The second time he or she comes over you would be doing your best to remember how they have their coffee (hopefully without asking)...but perhaps feeling ok if you 'just checking...how is it you like your coffee.'

By the third time you would both expect you to remember! That's the way it works between friends.

But when was the last time a coffee vendor (café, restaurant, takeaway or franchise) asked the same question?

Of course, you may be given several choices such as: Mug or cup; decaf or standard; ordinary or low fat milk...but the 'magic' question - NEVER!

Some actually cut down the choices by only using low fat milk or white sugar and that crap (fake sugar). Where's the raw sugar?

Isn't this interesting? They offer a standard fare because their approach to business and customers is really simple: '**We sell, you buy.**'

Sales are built as more and more customers choose their formula over the others available...or simply through their geographical position.

Imagine the impact of being ASKED: '*How do you like your coffee?*'

Imagine further the next time you came in the barista remembered you...and exactly how you liked your coffee!

That would be very impressive. So why doesn't anyone do it? This is purely a rhetorical question.

I appreciate coffee may not be the best example; I further appreciate how awkward such a question could be for the vendor's operations...but you get the picture.

I'm not saying you should do this but when the whole purpose of **TRSP** is to love, serve and care for others...at least consider the principle.

# *Beware of judging a customer*

Rather, treat everyone as if he or she were the Prime Minister!

The reason is simple...

- \* You may not know who this person is
- \* You probably don't know what this person wants
- \* You probably don't know what this person needs now or in future
- \* You probably don't know who this person knows.

Your business is there to serve, to care for and to respect people. It would be most unwise to write people off by pre-judging them.

Here's a classic example...

A farmer goes into a car dealership. He did not look impressive or like he could afford a new car, although he was carrying a brief case. The salesmen ignored him assuming he was just another tyre-kicker. He walked out, went to another dealership down the road and bought a new car; the brief case was full of cash!

Here's another example...

A motel owner welcomed a walk-in guest late one night. Thoughtfully he took the guest to his room, turned on the heater and arranged his breakfast menu. Some weeks later that guest booked 10 rooms (and did so on many other occasions) ...he was a tourist operator regularly visiting the area.

Contrast with a motel in Geelong:

Arriving at closing time the receptionist was not happy! My breakfast order came to \$7, the minimum was \$10. After some discussion I added a compote of fruit; not good enough, it only came to \$9. So to appease her I added a third piece of toast at last \$10...she was happy. On booking out the owner hardly said boo and showed no interest in why I was visiting his city or if I would be coming back.

Here's a major sporting franchise example:

I asked a person in footwear - *'Do you sell Volleys?'* Her reply was a firm, *'No'* and that was it, no discussion, no alternatives, she just walked off. She didn't know me from Adam...I could have been a football coach needing 20 pairs!

Isn't it amazing how we remember the mediocre (abysmal might be a better description) attitude metered out in so many businesses?

**Is it possible that you and/or your staff could be judging people?**

# Questions, questions, questions

It stands to reason – to get to know another person you need to ask questions.

How can you serve others if you don't know anything about them?

How do you get to know a person (likes, dislikes, desires, needs and such) without asking questions?

Some people are shy; some want to buy; some are just looking - but the majority will have a lifetime of needs to be met, although not today.

And please, the first question should not be, '*Can I help you*' (or worse, '*You right*') because the answer invariably will be, '*No.....!*'

Maybe this pathetic question is deliberately asked so the sales person does not have to do any further work...until the customer decides to make a purchase!

Some people are fearful of asking probing questions because they fear rejection or believe the other person will think you are a sticky beak! If that's you, maybe sales and marketing is not for you. After all, if a bloke walks into a menswear store he's not looking for a used car!

Basically you ask questions because you are interested in the person and desire to uncover their real needs...and begin building a bridge to a new relationship or nurture an existing one.

When you meet a person for the first time at a function or gathering, you tend to ask questions to get a conversation going...

- \* What line of work are you in?
- \* How many children do you have?
- \* How long have you lived here?
- \* How did you get to know (our mutual acquaintance)?

## **So why not do the same with a potential life-long customer?**

In a menswear store (apart from some personal questions) you might ask...

- \* Where will you be wearing the jacket?
- \* How often do you expect to wear it?
- \* What will you wear it with?
- \* Would you consider buying two if I can do a deal?
- \* Then expand: Where do you buy, shoes, sox and other clothing items?

**It's not rocket science; just common sense!**

# *Pick up the phone*

Or to put it another way...for goodness sake, pick up the phone!

Recently three business owners (yes, owners, not staff members) promised, *'I'll get back to you'* - to let me know when the transaction can be completed...

1. The menswear store placed a special order - one month went by, no call
2. The plumber - *'I'll be there on Tuesday'* (but he never confirmed which year); a month went by; another call...eventually he turned up
3. The heater business - *'Our repairman will be around in the next fortnight'* - five weeks went by...another visit, another promise - *'He will be there this afternoon'* - another two weeks have gone by, still no contact.

In each case one feels like a pest reminding these business owners of their broken promises. I find it embarrassing...yet what is one to do?

The issue is twofold...

1. Clearly they don't care - any sale outside the main product range or what is on the rack is, to them, an inconvenience
2. Their systems are so poor that there is no proper record of promises made ...so, it seems, they all just forgot.

## **The bottom line: how easy would it be to pick up the phone and ring?**

...To keep the customer in the loop and fully briefed

...To explain what's going on or the reason for any delay

...To be courteous

...To stick to your word because it is, or should be, your bond.

**Here is a fool-proof system to ensure this situation never arises...all you need is three pieces of equipment costing \$5.70...**

1. A note book (cost: 50 cents)
2. A pen (cost: 20 cents)
3. A diary in which you transfer information from your notebook including key dates, offers, contact details and such (cost: \$5).

**You also need a servant's heart committed to caring for your customers!**

# *Words maketh the person*

Have you noticed how the foreigners who ring on behalf of the phone and energy companies are using Aussie terms like *G'day, mate, no worries, OK?*

Clearly they are trying to curry favour with the (potential) buyer and that's fair enough. But it sounds fake...and both parties know it.

## **There are three parts in our communication...**

1. The actual words spoken
2. The tone of the voice
3. The body language that accompanies the verbal.

How often do you experience a mis-match between the three?

When confronted with words or questions such as the following, people (especially us older Aussies) just shudder...

*...You right?*

*...You's right?*

*...Who's next?*

*...Is that all?*

*...Yes (when no question has been asked)*

And this one overheard: *'Hey Bill, there's some bloke on the phone for ya.'*

## **Are words like these so difficult?**

*...Welcome to.....or...Hi, welcome to.....we.....*

*...Great to see you...*

*...Hi.....thanks for coming in*

*...I won't be a moment*

*...Thanks for your business*

*...Please call me direct if you need any help*

*...I will ring you by 4pm tomorrow*

*...I know we'll have that in your size*

Why don't people think before they speak? And mean it?

What a great opportunity it is to serve others via the **spoken word**.

# Reward your loyal customers

I saw a sign painted on a shop window...

*'End of season sale: Up to 50% off'*

Why would anyone just stick a sign in the window for all and sundry to see and take advantage of? Presumably (a) they need the money and (b) that's what everyone else does!

But what about the loyal customers who, no doubt during the season, paid full price for the goods now on offer at such low prices? Will they even know the 50% off sale is on?

The reason for such a losing (ie, profit crunching) strategy is simple...

- \* This business owner is in the transaction business. The objective is to consummate as many sales as possible, to whoever walks into the store
- \* A customer is anyone who makes a purchase at any time
- \* Advertising like this 'gets 'em in the door.'

This business has no plan to reward their loyal customers!

Instead of a 'come one and all sale' why not a closed door sale? It could work like this...

1. Invite your customers to a sale that is for them alone...they get first choice - after say, two days it's open to the public
2. Pick up the phone and start ringing specific customers you know will benefit - first by the offer then by the suitability of the actual product on sale; then by the lower than normal price...
  - \* If you have a menswear store and know Mr Smith wears a 39/89 regular shirt...ring him with the good news that says, 'Good morning Mr Smith. I have set aside *a couple of shirts for you at a special price. When can he drop in? Or would you like us to send them out?*'

Why would you do this?

It's about caring for people; adding value; making friends; serving others especially your existing and loyal customers and nurturing relationships.

And you know something?

If you understand and implement **TRSP** philosophy you won't get to the end of a season needing a big discount sale to clear remaining stock...because there will be very little of anything left!

There's no rocket science here, merely common sense...and serving.

# *Loyalty builds...loyalty*

Chances are you treat your customers like most Aussie businesses - as buyers, consumers, clients, shoppers or just another number! It's all pretty normal...

- \* You all wait around for them to turn up and buy something
- \* Their name may be entered in a data base but contact is rare
- \* Your marketing strategy is simple: maximise people through the door.

And forgive me for saying this BUT...chances are your business is going down the gurgler like so many others are and will in the months ahead!

You need to go out of your way to make these 'customers' your friends.

One of the key character traits of a great friendship is **loyalty**. It seems that many business owners don't want to be a loyal friend because it requires...

- |                |           |             |
|----------------|-----------|-------------|
| * Respect      | * Trust   | * Listening |
| * Anticipation | * Contact | * Concern   |
| * Caring       | * Sharing | * Support   |

That's why **true serving** begins when your customers walk out, not when they walk in! You must take the initiative...if you do people will respond positively.

## **Characteristics of loyal friends...**

- \* Work on the friendship rather than just transacting
- \* Serve each other
- \* Forgo any desire for personal gain at the other's expense
- \* Anticipate the other's needs
- \* Stay in touch in a caring way (unlike the phone and energy companies).

Can you see why most businesses are transactional in nature? Where everything hinges on making a sale to a consumer rather than serving between friends?

Can you also see how the fruit of capitalism, evolution and the new age has gradually destroyed the desire for friendship and loyalty? It's all about money!

## **There are several benefits in caring for your friends...**

- \* Friends support each other in tough times
- \* You likely become first choice when they need to buy what you sell
- \* Your friends are likely to invite others in their network to meet you
- \* You will feel great because you are indeed helping others
- \* Your business will surely become more profitable as a result.

**So who is that coming in: a consumer, a buyer, a number or a friend?**

# *Product knowledge is critical*

There's no doubt that the internet has changed the way people shop and do business. In a nutshell, people today are far more educated.

It would seem with many products, customers have already done the internet research before coming in to buy.

## **That's great news for the alert relationship builder!**

Why?

Because instead of just focusing on price so you can close a sale you can have a fair dinkum discussion with the customer about important things like...

FEATURES, which he or she has probably checked out already -

- \* Often the main one is price; but your price can include something the others don't - so it's not apples verses apples; your deal is better
- \* There will be features the customer is not aware of - this is your domain and Opportunity - you are the expert, you've done your homework.

BENEFITS other than price - how do those features benefit the customer?

- \* Again, this is your opportunity.

## **And in so doing...open a new relationship or nurture an existing one!**

One of the great problems these days (especially in retailing) is the non-expert sales person - hired to sell, rather than provide advice. So product knowledge is pretty ordinary to say the least!

Depending on what you sell, your sales team must be engaged in the product or service. Indeed, it is desirable they be experts. So, for example-

...If you sell camping gear: your team should go camping

...If you sell Holden cars: your team should drive Holden cars

...If you sell coffee: your team needs to be a barista and love coffee

...If you sell furniture: your team maybe should visit the manufacturers

...If you sell electrical goods: your team should use some products at home.

And everyone should read, understand and know the product user guides. Well, that's the theory anyway! Some training time must be set aside.

The bottom line: people with practical knowledge are better placed to serve people looking for solutions to their problems.



# *A salesperson's greatest tools*

This might be stating the obvious but the greatest sales people possess a number of tools including some or all of these...

1. A servant's heart
2. A notebook and pen...linked in to a diary system for ongoing contact
3. The talent to ask the right questions
4. A keen ear and ability to listen
5. A good memory, especially for names
6. Knowledge about the person (their likes, dislikes, family and such)
7. The authority to serve and 'do deals' to maximise gross profit
8. The ability to articulate a Unique Value Proposition or point of difference and weave it into a conversation
9. Customer knowledge from an up-to-date data base
10. The integrity to tell the truth and keep promises
11. A personalised business card:
  - ...It shows you are a professional outfit
  - ...Include the 1300 number and web site reference
  - ...Highlight your UVP (eg free alterations for life or your guarantee)
  - ...Encourage customers to contact the sales person direct for help
  - ...Use space on back for notes, appointments and details of future offer.
12. An understanding of customers' buying emotions (generally, men BUY, while women SHOP)...

Selling to men: Highlight speed, express, 'in-and-out quick' no mucking around; they look primarily for convenience, not price

Selling to women: Give them a 'wow' or enjoyable experience even if they don't make a purchase (this time).

# *A good news phone call*

There are several reasons you might want to ring your customers...or at least those in the A and B groups.

This presupposes you have built a data base of names and phone numbers.

## **Those reasons could include...**

1. To inform them of your new 1800 customer service hotline
2. To remind them of your guarantee before it expires on a recent purchase
3. To introduce your new web site...
  - \* In particular the express buying option
4. To introduce a new team member
5. To announce a new complimentary service (eg. a menswear store deal done with the local dry cleaner)
6. To offer them a free phone App download.

But I 'hear' you ask...why would I do this?

## **Simple: Any contact with a customer is a potential relationship builder...**

- \* Every time you contact a friend it enhances the relationship
- \* It shows you care and have a servant's heart
- \* It proves that you listen
- \* It's another opportunity for your business to go or stay 'top of mind'
- \* It keeps these people 'attached' lessening the chance of them drifting away to another business
- \* Buyer's regret (ie second thoughts) is a perfect reason to call to reinforce
- \* It's great training for your staff
- \* It's quite simply an opportunity for you to serve and add value.
- \* And finally, to be blunt...it can increase future sales!

I'm sure you get the drift here – this call is not in the same category as those horrific offshore calls we get around evening meal time.

Even if the person you contact isn't interested in the offer or the information, they will at least (in the main) appreciate that you are thinking of them.

# *Avoid flogging boxes*

We bought a new TV, video recorder and TV cabinet from Harvey Norman.

The deal included a promise that everything would be assembled, hooked and tuned in. *'No problems'* the salesman assured us, *'It will be done.'*

When the delivery guys arrived they brought several large boxes into the lounge and then made for the door!

*'What about the installation'* I enquired? *'Not our job'* - and they left!

So there we were with lots of boxes; but no working TV system.

The delivery guys had no intention of doing anything but drop the boxes and run. The salesman was a liar because he knew they were only going to deliver, not install.

Interestingly, to this day the folks at Harvey Norman have not contacted us to see how things are going or how they can serve us again.

It's also interesting to see Old Harvey in trouble sales-wise and quick to blame the internet for his poor performance.

Many businesses are like this - little more than box sellers, product movers.

There is service but no serving. In fact, it's more like self-service! And when an item breaks down...well that's another story!

This is all quite unbelievable; but then again, the more one thinks about it, totally believable because that's their business model.

To entice people to keep buying they must get them into the store with -

- ...Massive, constant and clever advertising campaigns
- ...Perceived low prices and never-ending catalogue sales
- ...A huge and impressive range of stock
- ...Finance available to customers who can't afford even their low prices.

So, don't be a box seller! You will struggle to compete with the likes of Harvey Norman and their business model.

Instead, develop a **unique value proposition** and **value package** thereby creating your own niche in the market...one that you can effectively own!

In the end, not everyone wants crap service and cheap prices.

# *Lock in future sales*

It's not hard to build future sales, in fact, to virtually lock them in every day!

Noticing things should be easy for a person at the front line of sales; for example, in a menswear store, an alert sales person would notice...

- \* The colours a customer likes and dislikes
- \* The styles the customer can and can't wear
- \* Standard purchases made at certain times of the year.

Here is a classic example:

Our air conditioner filter needs replacing approx every four years. The installer who advised this went on to suggest, *'Give me a call when you notice the filter wearing out.'*

Why on earth, would he not simply take out his advance diary and tell us when he will come and replace it - a locked in, guaranteed, no crap, (future) sale!

**Using the menswear store example, here are some 'lock in' strategies...**

1. Get the customer's permission to, in effect, serve him better -
  - \* *'John, black really suits you and you like this colour in pants or suits; what if I contact you if I come across any bargains in future?'*  
...Presumably many will agree.
2. Log the details and diarize at least three dates in the next 12 months.
3. Be on the lookout for product(s) that will meet the agreed criteria.
4. Make the calls...
  - \* *'John, it's Bill from XYZ Menswear; just a courtesy call; remember we discussed your favourite colour and agreed for me to contact you with a deal; well I have one...[details].'*

**The toughest thing about all this is...**

1. Recognising your customer's future need
2. Being disciplined enough to make the note (date, need, etc)
3. Informing your customer you will contact them when the time comes
4. Actually following through on your promise!

**I can't think of any business this strategy would not apply to...can you?**

# *You have a data base, use it*

The future of every business, its life or death, is determined by customers.

In many businesses customers are listed in one or more data bases - maybe attached to the POS computer, a separate CRM system or even the debtors list.

In others (such as the corner store) many customers will be known to the owners but there may be no 'formal' data base.

Either way these customers are the people who have chosen to favour your business over another. And they need your help!

So why wait for the customers to make the first move? Indeed, they may choose to take their business elsewhere (maybe feeling that you don't care about them).

You can easily build and use a data base of information – names, addresses, contact details, likes, dislikes, colours, past purchases, etc. So why don't you?

Point of Sale (POS) systems capture all sorts of data...

- \* Date of last sale
- \* Previous sales – dates and amounts
- \* Units purchased including warranty dates.

If you don't have such information then start collecting it.

At the very least, names and addresses are captured in most businesses these days in the invoicing system or the warranty system or via electronic payments.

I think here of the dry cleaner; the fashion store, the service industries (plumber, electrician, handyman), professional firms, dealerships, etc.

So why then do so few of them ever contact us?

Surely they must have some idea of customer needs before the person 'walks in.'

Wouldn't you reckon the dry cleaner would know blankets and doonas need cleaning before each winter season? Or the tyre dealer knows we need new tyres every 25,000 km and we do about 15,000 km per year.

It seems that most dentists now realise people need an annual checkup and sends a reminder at the appropriate time.

The truth is most business owners are simply not in the 'serving and caring zone.' Others may feel that people won't want to be contacted. Or you may be seen as 'sticking your bib in where it doesn't belong.' If that's how you feel all I can say is - what a sad attitude, so inappropriate for 21<sup>st</sup> Century business.

# TRSP

*THE RAW SUGAR PHENOMONON*

## ***CEO stuff***

*'Profit is a result rather than a goal. Profit comes in compensation for our contribution to society. Profit is a yardstick with which to measure the degree of our social contribution'*

***Konosuke Matsushita (Panasonic)***

# *You are the CEO*

That's right, like it or not, you are the Chief Executive Officer (CEO)...the head honcho; boss cocky; top banana; the big bwana.

You own the whole shootin' match; you pay the bills; it's your money on the line; that makes you responsible for the current and future state of this business.

The buck stops with you!

You may sometimes dwell on the past; reminiscing of the early days when the business was small and seemed easier to manage. But this is now - sort out what you've got because the business wants to keep growing...and so will the issues!

If you can't handle the heat consider getting out; meanwhile at least prepare the business (systems, profits and such) to a point where it has a chance of selling.

And it is feasible that, in due course, if management is not your strong point, you could hire a professional CEO, so you can do other things.

Your business is in fact a 'collection' of resources – assets, people, money, products, services, customers and systems. Certain skills are needed to be able to 'juggle' all these areas at once!

## **Here are 7 steps to help you get your head around being a CEO...**

1. Part of your role is leadership and the critical thing here is vision: either your vision for a preferred future you 'see' for the customers and the business; or the vision of the owner you follow and implement as the CEO.
2. Part of your role is management, that is, to 'execute' the vision via the mission or business plan; it's the lack of a clear and valid vision is a fundamental reason so many businesses are going nowhere!
3. Basically as a leader/visionary you work ON the business; as CEO you work IN the business; in a small business one person is likely to be both.
4. As overall manager you simply must get a handle on the critical numbers; that means (a) identify them; (b) monitor them against pre-set targets; and (c) manage the variances (i.e. get back on track or change track).
5. You have to understand the true purpose of a business and ensure all your people do too.
6. Your marketing strategy will determine whether you (a) thrive, (b) just survive, or (c) go broke.
7. Then get a great team around you that become your 'spokes in the wheel' in the two most critical areas: marketing and management.

# *Your business just wants to grow*

Presumably that's why you started (or bought) the business!

Like any 'living' organism (eg a human embryo) it wants to keep growing. And it's your choice as to how the business grows – by addition (the normal way) or by multiplication (the **TRSP** way).

Clearly there are a number of barriers to growth...

## **1: The owner's lack of vision...**

- \* Vision is the most important character trait of a leader
- \* The old proverb is still true '*Without a vision, people perish*'
- \* Without a vision (except maybe money) the wrong culture emerges as people supplant their own vision of the future, resulting in team disunity
- \* And all too often the owner's vision is little more than a desire for money.

## **2: A lack of resources...**

- \* Especially finance and people (ie with servant's hearts).

## **3: Poor support systems...**

- \* You need efficient systems to ensure the work gets done
- \* Good management systems will ensure growth is controlled.

## **4: The owner's character and ability...**

- \* In reality, the business is merely an 'extension' of the owner
- \* Many business owners do not have the character or ability to build, grow and sustain a successful business
- \* Thus growth is limited by and to the owner's ability and character.

## **5: The lack of a clear (business) plan...**

- \* This is the roadmap for your growth journey
- \* It describes HOW you and the team will take the business from its current position to WHERE you see it in your vision.

**Do any of these factors ring a bell with you?**



# *The power of a target*

Believe me, there is nothing like setting a couple of targets to fire your team up to achieve peak performance.

For retailers (using a cash register system) a daily gross profit and sales target is the way to go.

For service businesses (customers invoiced for labour and materials/parts) a weekly gross profit target is best, based on invoices issued.

In both cases, the yearly target is established by calculating breakeven gross profit [gross profit = total operating expenses + desired profit].

Here is a simple example...

Operating expenses for next 12 months	\$494,000
+ Owner's desired profit before tax	<u>\$120,000</u>
= Target Gross Profit	\$614,000

## **For retail business: set your breakeven targets daily...**

* Daily gross profit (based on 312 trading days)	<b>\$ 1,968</b>
* At 35% gross margin the daily sales target is:	\$ 5,623
* If target average sale is say, \$32 then sales needed:	181

## **For service business: set your breakeven targets weekly...**

* WEEKLY gross profit	<b>\$ 11,808</b>
* Target (labour) rate per hour	\$82
* Target hours to be sold	144

## **Notes...**

1. Actual performance is monitored against target and shared with staff – daily, weekly and year to date
2. If you fall behind, immediate, corrective action can be taken or the targets amended as necessary
3. You will know the situation on a timely basis...compared to waiting around for the accountant's figures at year end; or just hoping things work out
4. Watch as your staff become empowered and part of a team focused on achieving those targets!

# Identify your Match Stats

There's an old saying, *'If you don't measure it, you can't manage it.'*

A business owner's key role is to establish the strategic direction (ie vision); that is, *'To ensure the right work is done.'*

The manager's role is to implement the board or owner's vision; that is, *'To ensure the work is done the right way.'* This involves four key functions...

- \* To manage **direction** (ie mission)
- \* To manage **numbers** (ie to ensure the business is on track)
- \* To manage **resources** (ie assets and asset funding)
- \* To manage **systems** (ie that ensure the work gets done).

Technically you (as owner) don't manage **people**, but lead them. A manager's role is thus to plan; report; analyse; supervise; implement; meet and control.

**Aussie Rules** stakeholders (coaches, players, media, fans, club management) get immediate & meaningful feedback during the game, including...

Team 1	Match Stats	Team 2
	Kicks	
	Marks	
	Handballs	
	Free kicks	
	Tackles	
	Centre breaks	
	Disposals	
	Effective disposals	
	Hard ball gets	
	Inside 50 metres	
	Scoring shots	

This data is also gathered for each player and can be used to make positional changes; to exhort under-performing players and to monitor player contributions.

Player data can be tracked game-by-game. Coaches can set training drills, decide on players they need to recruit and maybe as a basis for contract negotiations.

**Having these Match Stats** can change the outcome of a game in the short term; and change the destiny of a club in the long term.

**How is this relevant to business?** Basically running a business is like a game of football - there is a vision; there are goals; there are rules; there are players (staff & customers); opportunities, strategies and training; and KPI's.

**What statistics (financial and non-financial) are critical in your business?**

# Define your mission

Hands up if you remember two TV classics from the past: **Mission Impossible** and **Star Trek**? Clarity of purpose was very clear in the theme of both shows.

The Mission Impossible team leader was given his instructions in a dramatic way: *'Your mission Jim, should you decide to accept it is to...'* He and the team knew exactly what had to be done and as always, accomplished their mission!

Trekkies will remember the show's introduction: *'These are the voyages of Starship Enterprise; it's mission, to go boldly where no man has gone before.'*

Fast forward, Australia 2013: why is it so difficult to define one's **mission** or **purpose** in business? A walk in the Yellow Pages reveals too many homogeneous businesses - with the same 'anything or everything to anyone' style offer.

It could be a lack of focus, a lack of planning or a lack of understanding. To clarify your mission, consider these three questions...

1. *Who exactly do you choose to serve as your target customer?*
2. *What problem, need or frustration does this customer group have?*
3. *How will your business (products & services) uniquely solve their problem?*

By way of an example, here are two builders with very different missions...

**Builder A** runs this ad in the local Paper:

***F & W Smith, Master Builders***

- *No job too big or too small*
- *Commercial or residential*
- *Pre-sale rejuvenation*
- *Phone Fred for an obligation free quote*

**Builder B** ran this ad:

***B & B Jones, Master Builders***

*'We design and construct single and double story home extensions in the Eastern suburbs'*

While this is not a retail example, I'm sure you get the picture. Smith Builders will do anything to make a sale while Jones targets a specific segment of the market, with a specific offer.

Thus, Jones won't quote a new fence, but Smith would; Jones extends homes; they don't build new homes. Imagine Smith quoting a \$400 job...with a win-rate of 50%! This is a risk when 'everyone' is your potential customer!

In the retail sphere compare a well-known store that targets ladies - Peter Sheppard shoes - with a discount shoe store that caters to 'the whole family.'

**The two main beneficiaries of a clearly defined mission are...**

1. Your **customers** in the niche you choose to serve, as you become their champion (due to a narrower focus than your competitors)
2. Your **staff** as they understand exactly who you serve and who you do not serve...and what you do and what you don't do.

# *Focus on margin not sales*

## **Retailers focus a lot on % mark-ups, margins and sales...**

- \* Items are sold at marked prices that may or may not be discounted
- \* The price is entered into the POS system and the transaction concluded
- \* At various times during the year there is a 'sale' when prices are reduced
- \* Discounted sales dramatically impact profitability
- \* Service becomes almost 'robotic' in this pick-n-pay style arrangement.

## **To most, managing means maximising sales dollars; but...**

- \* The business can 'win' on sales but 'lose' on margin due to discounting
- \* There are no specific gross profit targets - yearly, weekly and daily.

## **There is a better way - the 'Gross Margin Pot' management method...**

1. The owners establish an annual breakeven Gross Profit target (a sales target may also be established but is not important).
2. Divide this annual target by 52 to get the weekly target.
3. The objective is to achieve the weekly margin target (hour by hour, day by day monitoring can be used to track progress).
4. Point of sale behaviour and focus will change -
  - ...FROM: the sale of one or more items at standard or tag prices
  - ...TO: How many margin dollars will be added to the pot with this sale?
5. Thus margin % on individual items can be 'sacrificed' in order to maximize the overall margin dollars added to the pot on each sale.
6. Staff must learn the 'marginal value' of a sale -
  - ...Training is important especially what questions to ask
  - ...They will become adept at doing deals; locking in future sales & serving
  - ...They must know and understand some key management numbers
  - ...Feedback on daily, weekly and year to date performance is critical.

## **Bottom line: It doesn't matter what markup or margin % is achieved...**

- \* All's well so long as the dollar target is being met each week.
  - ...And every transaction or customer interaction is a opportunity to add to the pot of gross margin dollars.

## **You are the CEO; at least consider this management strategy!**

# Advertising versus marketing

Advertising and marketing are not the same. However, advertising is one of many strategies used as part of the overall business marketing function.

From a **TRSP** perspective, advertising has a different purpose to marketing...

The purpose of advertising	The purpose of marketing
To increase sales transactions	To nurture relationships
The impact is temporary	The impact is ongoing
Focused on the product or service	Focused on the person
Aimed at everyone or a group	Aimed at the individual
Takes a shotgun approach	Takes a rifle approach
Builds sales	Builds a business
Driven by Profit and Loss issues	Driven by Balance Sheet issues
Run from the head	Run from the heart

**Advertising:** A business may run an advertisement in the local paper announcing an end of season sale; or they may send a catalogue as part of their 10<sup>th</sup> birthday sale; or they may do a deal with the Nine Network for a series of TV commercials to run in the lead-up to summer; or they may hire a sign writer to paint a deal on the front window; or they may hand out fridge magnets to their customers. This is **advertising**.

**Marketing:** In addition, the same business may institute a system of follow up phone calls after a purchase has been made; or they may write to new customers to welcome them and remind them of the 90-day guarantee; or a sales person may ring a long- time customer with a special offer on a laptop computer to replace his current 4 year old model. This is **marketing**.

# *The lifetime value of a customer*

Most business owners have probably not calculated the **lifetime value** of a customer. Nor would they even recognise the need to know!

But it's a critical number that can underpin many marketing strategies.

The **lifetime value** can be illustrated with an example. Assume...

...The average customer spends per year:	\$1,750
...The average number of sales per year:	5
...The average value of each sale:	\$ 350
...The average gross profit margin:	40%
...The average gross profit per sale:	\$ 140
...The average yearly gross profit per customer:	\$ 700
...The average customer buys for:	10 years

**In this example the average lifetime value of each customer is \$7,000.**

What's the point of knowing the **lifetime value** of a customer?

**First**, you can take a smaller margin on the **first** sale in order to **win** a person's business for years to come. In the above example the margin could be reduced up to \$140 without losing money on the sale, but creating much goodwill.

**Second**, knowing the numbers, the sales team can afford to give customer's added value...especially that first timer.

**Consider your local supermarket:** What do you think your custom is worth to them over the next ten years? Assume...

- ...The on average your family spends \$200 per week (\$10,400 per year)
- ...The supermarket aims to make a 20% gross profit margin
- ...Over the next year that's \$2,080 of gross profit (\$40 per week)
- ...Over the next ten years, that's \$20,800
- ...And how many families would that one supermarket serve?

It's big bikkies in anyone's language. That's why supermarkets spend so heavily on advertising, Fly-By's and the like, to keep us coming back.

One could combine the '**life time value**' with the old saying – '**you get one chance at a first impression.**' In other words, how many businesses lose heaps by giving an 'unimpressive' first impression!

**Now consider your business: what is the lifetime value of one customer?**

# *Business links that add value*

To genuinely care for your customers as friends you could anticipate other needs they have and help meet them.

By showing you do actually care adds to their 'wow' experience and opinion of you as one who is prepared to go the extra mile.

For example, if you run a menswear store you could link with other local businesses as follows...

1. A shoe retailer
2. A dry cleaner
3. A clothes repairer
4. A taylor that makes non-standard sizes
5. An embroidery business
6. A uniform supplier
7. A women's clothing retailer
8. A coffee shop/café.

Hang on, how might a relationship with a café work? Try this...

- \* Use a thank you card offering a free coffee at XYZ café  
...Valid for 30 days (dated and signed)  
...Give to new customers or whomever you choose as a gift  
...Even if all customers get a voucher, does it matter?
- \* From the Café's perspective: Who comes in alone to have only a coffee?
- \* Keep records of numbers redeemed etc (work with the café).

## **Additional benefits for your business...**

1. You will be helping the other business improve their sales by gaining more customers
2. The other businesses might be encouraged to return the favour and recommend your business to their customers
3. There is an inner joy knowing you are helping people, even if there are no direct dollars in it for you, at the moment!

# TRSP

*THE RAW SUGAR PHENOMENON*

## ***Your challenge***

*'The problems we face cannot be solved at the same level of thinking we were at when we created them.'*

**(Albert Einstein)**



# *It's not rocket science*

Understanding and implementing **TRSP** does not put your future at risk. Indeed, there's very little risk or pain...and a great deal to gain.

It's about serving others because you have a servant's heart...or at least you're in process of developing one!

## **I would be comfortable saying that most of your competitors...**

- \* Don't care about serving their customers
- \* Don't know how to
- \* Don't want to know
- \* Don't want to change
- \* Can't do it
- \* Won't do it
- \* Don't get it
- \* Don't care...and never will.

## **If you have any doubts here...**

- a) Check Yellow Pages for all the homogenous businesses
- b) Consider the service you, as a customer, received during your most recent purchases from other business
- c) Now consider: Would you like to be a customer of your business?

## **If you can just get your mind and heart around a few critical issues your business can boom, even in tough economic times...**

1. The primary purpose of a business is not to make money but to serve; if you follow this rule the sales and profit will come
2. Multiplication principles (ie love, serving, humility, giving, compassion etc) are generally ignored in favour of addition principles (ie make a sale)
3. An external locus of control (ie blaming outside factors for our problems) provides a good excuse for business owners - it means they don't have to look in a mirror to see the real problem.

## **This is how it all works at the coal-face...**

...SERVICE is what we do (generally at the point of sale)

...SERVANTS is who we are

...SERVING is our primary core value and the basis of our culture.

## **It's not rocket science!**

# *Many battles along the way*

Running a business seems to be a constant series of battles dealing with the myriad of issues that crop up every day...

- \* To compete in an increasingly fickle market place
- \* To get customers to pay their bills on time
- \* To get through the legal and regulatory maze
- \* To have enough cash to pay the bills on time
- \* To get the right advice
- \* To keep the stock turning over
- \* To train staff
- \* To set up the next sales promotion
- \* Setting and monitoring budgets
- \* And on and on it goes!

As in the military there are many battles but one goal - to win the war!

All the above **operational** issues can and should be systemized and dealt with by the manager and staff.

**Your main work, as owner, is strategic and there's a big difference...**

...Operational or tactical work: Ensures *things are done the right way*

...Strategic work: Ensures *the right things get done*

...Strategic work is about WHERE we are going

...Operational work is about HOW we get there!

To build a great business it is important for you not to get bogged down in operational, day to day, stuff. In other words **you need to be doing the right work**. If you're struggling get help.

Building a successful business is more important than making the next sale!

Building a successful business is more than just being busy all the time.

**Building a successful and lasting business the TRSP way is all about-**

...Serving, not winning

...Relationships, not transactions

...Caring for others, not taking advantage of them

...Focusing on people, not things.

# *Build sales or build a business*

Broadly there are two options for what you build: Your sales or your business!

Neither option is right or wrong; they are just different. And the ultimate outcomes will necessarily be different.

Many would just assume that the more you build sales, the more you build the business. Not so! Numerous businesses have gone broke despite massive sales growth...but in the end the sales growth was either uncontrolled or unprofitable.

## **Option 1:**

Build sales by focusing on flogging product for all it's worth - completing as many transactions as possible.

- \* Retailers do this through discounting, specials, catalogues and such
- \* Service businesses do this through trying to be all things to all people (eg *'No job too big or too small'*).

There is also a strong focus on what the competitors are doing and trying to match them.

## **Other characteristics...**

- a) Growth tends to come by the 'principle of addition'
- b) The head [ie intellect] is in charge
- c) The focus is the Profit Statement (sales revenue and costs)
- d) Decisions are motivated by short-term considerations.

## **Option 2:**

Build the business through great relationships with customers and adding value to their lives.

Sales and profits come as a result of them, and others they recommend, responding and favouring your business.

## **Other characteristics...**

- a) Growth tends to come by the 'principle of multiplication'
- b) The heart [ie emotions] is in charge
- c) The focus is the Balance Sheet (goodwill and long-term value)
- d) Decisions are motivated by long-term considerations.

**What is your preferred approach?**

# *You can build a great business*

In business greatness, prosperity, wealth, destiny and legacy are gained through serving others. Many have recognized this principle in the past...

## **Henry Ford said...**

*'Wealth, like happiness, is never attained when sought after directly. It always comes as a by-product of providing a useful **service**'*

## **Martin Luther King said...**

*'Life's most persistent and urgent question is: "What are you doing for **others**?"'*

## **Albert Einstein said...**

*'Try not to become a person of success but a person of **value**'*

## **Jim Rohn said...**

*'The more people you **serve**, the greater you become'*

## **Sir James Barry said...**

*'If you have love you don't need to have anything else; if you don't have love, it doesn't matter much what else you have'*

## **Robert Louis Stevenson said...**

*'So long as we love, we serve; so long as others love us we are indispensable for no man is useless while he has a friend'*

## **Jesus said...**

*'...love your neighbour as yourself'*

## **The owners of great businesses understand certain key principles...**

- \* Greatness comes by focusing on **others** (ie, customers) not on self
- \* That the primary purpose of a business is not to sell but to **serve**
- \* The owner leads the team with a well articulated **vision**
- \* The business soul or **character** is founded upon core values such as love, humility, compassion, giving, generosity, integrity, excellence and unity
- \* Offering a **value package** to divert focus away from price only
- \* The awesome power of daily and weekly **targets**.

***Good luck: Your destiny is now in your hands!***

# THE RAW SUGAR PHENOMENON

**A word from Dr Robert McQuillan, Director, Life Focus Inc...**

*'TRSP is an astute approach to forging ahead to success in the business world.'*

PETER FITZGERALD, business performance specialist, bush economist, financial strategist and researcher shares from his three decades of business and accountancy experience and fascination with a single issue: **Why do so many businesses fail?**

Writing in a simple, easy-to-follow style, Peter hits his target on every page. His observations on how business owners and staff miss the mark are clearly defined and will benefit all who take them on board.

His counsel will also prove visionary and encouraging to responsible staff members as well as management...and to anyone contemplating starting a new business.

**The Raw Sugar Phenomenon** is a training course in business building. Some of the timely issues **Peter Fitzgerald** addresses here are...

- *The real reason most businesses fail to achieve their full potential*
- *The marketplace is not a jungle where only the toughest survive*
- *The impact of being just another homogenous business in the marketplace*
- *Why so few owners even understand the real purpose of a business*
- *The critical difference between service and serving*
- *How to become an effective CEO or manager*

**Raw Sugar** is positive, challenging negativity and will benefit many, if its proven principles are accepted.

As Peter says, *'It's not the internet that is killing your business; nor is it the GST or government policy; and it's definitely not your competitors. It's YOU!'*

The bottom line is simple: business owners need to establish a new mindset for the 21<sup>st</sup> Century to succeed; indeed, many may need a 'heart transplant.'

But there is great news - *'You CAN build a great business, even in the toughest of times...but first you must understand some simple, life-changing, principles!'*

This is a new but logical slant on business thinking and Peter doesn't pull his punches as he calls for a change of attitude if you want to survive Global Financial Crisis Phase 2 that is bearing down on us.

As an observer of the reality of **Peter Fitzgerald's** insights in many businesses today, and having been an executive manager of international companies myself, I wholeheartedly recommend Peter and his astute **Raw Sugar** approach to businesses that are willing to listen, make the necessary changes and forge ahead to success.

**Dr Robert McQuillan, Ph D, LHD, D Comm**  
**Associate, Australian Counselling Association**  
**Marquis Who's Who in the World**