

## **MASTERY: Retiree Small Business Deluxe Course**

### **Forty Exercises for a Vital Business Strategy**

#### **Introduction to the Course**

Welcome to Retiree Small Business! Helping Retirees Escape Boredom & Find Purpose Through Entrepreneurship!

Retirement Reinvented: Start Your Own Business & Thrive!

#### **RSB Course Overview**

This step-by-step course is designed to help retirees start their own business in a fun, practical, and low-risk way. With no prior business experience required, participants will explore business ideas, create a simple plan, learn essential marketing techniques, and manage finance effectively. The course features challenging exercises, and actionable takeaways to keep learners motivated. At its most basic level, your new business will be expressed only through action.

“Mastery” can be completed in eight weeks’ time, or you can spread it out upon your convenience. You’ll want to make sure you have

- a fairly quiet place to work,
- scratch paper if you’re a doodler,
- minimal distractions,
- your bills and bank statements from the last quarter,
- pencils, pens, erasers, and a printer ready to kick out a few copies of each of the worksheets.

There are eight exercises to this course. Most will take an hour or so. A couple of them could take two hours. But this is all “vital sign” stuff. Don’t bypass any of the exercises and try to do them in the order they’re presented. It really will work better for you.

You don’t need to read any more introductory stuff. The clock’s running. Go for it.

Overview notes: Every week has 5 days’ worth of activities. (The other two days of the week can be used to catch up with what was missed during the week.) Every week’s content also has an icon attached to it. Week One’s is a computer; Week Two, a paintbrush dripping with paint; Week Three, a chess piece.

Each day’s activity should take between 45 minutes and an hour. One working slogan for this course, however, should reflect the hour timeframe: “Give us an hour a day, and we’ll give you the launching pad for your business” or the like.

## Week Five: The Art of Making Money

*By the end of this week, you'll*

- *Establish your revenues and expenses*
- *Project trends for your business*
- *Predict outcomes for your business*
- *Put together a cash flow plan*
- *Determine a strategy for profit supported by the above elements*

## **Introduction**

In my younger days, the only thing that interrupted the Beatles stuff in my room was the Andy Warhol poster of Marilyn Monroe. I kept my Beatles stuff and gave the poster to my sister (I think) when I moved out of my parents' house.

I was more drawn to having something about Marilyn Monroe on the wall than having a ten-buck Andy Warhol poster in my possession. I don't know that I could put much more than that into another piece of Warhol's work even now. But not long ago, I found out that Warhol wasn't just an artist—he was an amazing entrepreneur.

Think about it: In a ten-year period in the 1960s and 70s, this guy marketed his art well enough to make a fortune—and not just with his original pieces, but with licensing someone to kick out ten-buck posters for kids in Nebraska. (Take notes: He was making his stuff accessible to a far greater market base that way.) He invested in music groups, and had a piece of band profits and publishing. (Take more notes: He didn't have to have the spotlight all the time as long as he was making money.) He took his art pretty seriously, but over time he was taking his business very seriously. In fact, Warhol once said, "Making money is art, and good business is the best art."

Andy Warhol had been a starving artist, and created some brilliant work (well, if you're into what he did) while he was there. But he was honest enough to write in his memoirs that he liked the money side of his career much better.

So will you. That's why, this week, you'll cover some basic aspects in the art of making money.

### **Week Five, Day One:** *Establish your revenues and expenses*

Picture your business: You've set up your corner shop. You operate your business with the highest integrity. You are well-loved by your customers and neighborhood. Your products and services are incredibly popular.

*What's missing in this picture?* There's no mention of money—and that's one of the most curious things about some people who want a successful business: *They don't have a picture of the role money plays in their business.*

A budget provides that picture. Without a budget, you can be full of integrity, well-loved, even well-known, and still go broke. ***But you're in business to make money.*** How you make money and what you do with it is up to you. But if you're not using a budget to plan to make money, you're not planning to stay in business.

So let's start “the art” here, with a simple listing of your revenues and expenses.

**Revenues** are those things that bring your business income. Sales and fees for services are the most common form of revenues.

**Expenses** come in two categories: **fixed** and **variable**. **Fixed expenses** are about what they sound like: those costs to your business that are fairly stable from month to month. These commonly include payroll, benefits, telephone, depreciation, facilities, rentals, office supplies, utilities, and advertising. These are all things that stay fairly level over the long haul. **Variable expenses**, on the other hand, are costs that change in direct response to your business activity. Overtime, materials for production or dissemination, volume purchasing vs. limited purchasing all play into variable expenses.

This is pretty basic stuff—but an important beginning to a solid budget. Today, your job is to list and categorize your revenues and expenses, and to attach an average monthly amount to them. (Big hint: If you don't know about a given category, although I can't for the life of me think of why you wouldn't, average what you've spent the last few months and insert that number into the appropriate blank.)

Week Five, Day One Exercise: **Revenues and Expenses Worksheet**

*List the last three months of your revenues and expenses below, then average each line item to give you a baseline for predicting revenues and expenses for the next few months. Refer to today's reading for definitions, and feel free to adjust the form as you see fit.*

	<i>Month One</i>	<i>Month Two</i>	<i>Month Three</i>	<i>Average</i>
<b><i>Revenues</i></b>				
1.				
2.				
3.				
4.				
5.				
<i>TOTAL</i>				
<b><i>Fixed Expenses</i></b>				
1.				
2.				
3.				
4.				
5.				
6.				
7.				
<i>TOTAL</i>				
<b><i>Variable Expenses</i></b>				
1.				
2.				
3.				
4.				
5.				
<i>TOTAL</i>				

***Journal: Do your revenues and expenses look about the way you expected them to, or not? What would you like to change about the numbers you see above?***

## **Week Five, Day Two:** *Project trends for your business*

What makes a wide receiver—or an outfielder, for that matter— great? It isn't the ability to know where the ball is—*it's the ability to know where the ball's **going to be**, and to be ready to make the most of its arrival.*

Having said that, I need to remind you of something simple: A wide receiver runs a play based on repetitions in practice. He runs routes hundreds of time to establish timing with the quarterback. An outfielder learns over time to judge for the wind, the batter, and even the humidity's effect on the ball to run where the ball's going to be.

They both use past experience as the basic tool to project where the ball's going to be. That's what you try to do when you project trends for your business. It's simply using your past experience in your business to make the most of the conditions that seem to be coming.

Instead, think about general trends and patterns for your business. Do you have a history of busy seasons? Project them into the future. When do you commonly “get slow?” You need to reflect that on the revenue side in the appropriate time of year, too.

Besides seasons, think about market factors that already affect your business. Who are you already serving, and what will you do to continue to make money in your present business? Existing demographics will tell you some important stuff.

For example, if you're operating a food establishment in a university town, you've probably already invested in espresso machines. Have you had to replace one of the machines every nine months? For your sake, I hope not—but if you do, put it in the projection. Does your business show a rising trend in espresso drink sales that looks like it will continue? Make a conservative projection of more espresso drink sales into this year's figures. Do those sales indicate the need for an additional machine? Figure out when—and put it into your budget.

The goal today is to discover the existing trends in your business that can be the basis for projections into the budget you'll make by the end of this week.

Week Five, Day Two Exercise: **Spotting Trends**

*Write down the trends—the directions things are going based on what you’ve already seen—you’re noticing that could affect your budget in the next year. We’re giving you a few categories to get you going, but don’t limit yourself to those.*

*Busy months:*

*Slow months:*

*Age(s) of customers presently served:*

*Age(s) of customers I want to reach:*

*Growth areas in revenues:*

*Growth areas in expenses:*

*Will customers have money to spend on my business?:*

*Asset purchases:*

*Local economy:*

*National economy:*

*Other:*

*Journal: Which five of the above trends do you think will affect your business budget most in the next year? Why? Which trend worries you the most? Encourages you the most?*

**Week Five, Day Three:** *Predict outcomes for your business*

There's an old Japanese proverb that says, "He who can see three days ahead will be rich for three thousand years."

Very cool, but none of us will be around that long. So let's settle for trying to see "three days ahead" so your business can grow this year.

I think some people dodge this discipline because they think it means either gazing into a crystal ball or filling your garage walls with charts and newspaper clippings. Don't make it that hard.

What's the scuttlebutt on changes in your community? You might need to respond to market niches that are opening or closing. If you have a high-tech business with 200 employees moving in down the street from your bakery this year, you might need to predict an upswing in sales. (But keep it modest.) If you can negotiate taking a daily delivery cart to the coffee break areas in that business, you just might be able to predict a more significant sales surge.

And if those 200 employees bring, say, 100 new families into town within five miles of your business, how might that change your business? You'll need to figure in both expenses (materials, advertising, etc.) and revenues into your predictions.

On the other hand, you might be serving clients who are closing their doors. When will you take that hit, and what will it be? Are there changes coming in contracts you have, the workforce you employ, or the supplies and materials you need? As best you can predict, those changes will need to be put in your working budget.

Today's task is to work on reasonable predictions for your business in the near future.



Week Five, Day Three Exercise: **Predictions**

*Write down the predictions—the outcomes that you believe are likely to occur based on recent or likely events— you’re noticing that could affect your budget in the next year. Once again, we’re giving you a few categories to get you going, but don’t limit yourself to those.*

*Probable changes in customer base and their outcomes:*

*Probable changes in local economy and their outcomes:*

*Probable changes in your business (staff, location, facility, etc.) and their outcomes:*

*Probable changes in your product and their outcomes:*

*Other:*

*Journal: What probable changes listed above will have the most dramatic effects on your business budget? Which changes encourage you the most? Which challenge you the most, and why?*

### **Week Five, Day Four:** *Put together a cash flow plan*

Malcolm Forbes told a story about his father. Seems a young controller was all excited about showing a profit on the books. The elder Mr. Forbes replied, “Young man, I don’t give a damn what your books show. Do we have any money in the bank?”

Why do you make money? In the business sense, you make money to limit the effect of negative circumstances. You can’t control everything. That’s delusional. But you’re in a better position to handle tough times if you have cash at the ready than if you don’t.

Cash flow is not the same as profit. Cash flow is exactly, and only, what it says: *cash*. Cash is the currency you have on hand and the bank deposits you’ll make to add to that amount. It is not a bank line of credit, a business or personal credit card, or the market value of your business assets (unless you liquidate those assets into cash).

*Cash flow*, then, is the cash that flows in and out of your business in a given business cycle. For our purposes, we’ll address monthly cash flow. Today, you’ll think through how much cash is coming your way each month in sales and accounts receivable—and how much is going out to cover your expenses.

Because you can operate in the black according to the books, but if you don’t have cash flow—money on hand or in the bank—you could still go out of business.

Week Five, Day Four Exercise: **Cash Flow Assessment**

***Remember, cash flow is exactly that: cash in and out of your business. Every buck you get that you can actually deposit in the bank is cash flow. Every buck you actually spend in a given month is cash flow. Get out your bank statement and receipts for the last couple of months and make it happen:***

	<i>Month One</i>	<i>Month Two</i>	<i>Month Three</i>	<i>Average</i>
<b><i>Cash in</i></b>				
1.				
2.				
3.				
4.				
5.				
6.				
7.				
<i>TOTAL</i>				
<b><i>Cash out</i></b>				
1.				
2.				
3.				
4.				
5.				
6.				
7.				
<i>TOTAL</i>				

***Journal: Do the above figures surprise you? Why or why not?***

**Week Five, Day Five:** *Determine a strategy for profit supported by the above elements*

You're not afraid of profits, are you?

How will you keep employees if you don't have profits? How will you keep yourself interested in your business if you don't have profits?

<KORB STORY>

Like it or not, you have to manage your business into profitability. You have to be grounded in the realities of revenues, expenses, and cash flow. You have to take into account your predictions and projections—and then you have to develop your working budget.

Week Five, Day Five Exercise: **My Working Budget**

*Using the information you've developed throughout this week, write out your budget for the next three months. Remember to include the impact of your projections and predictions, and to include a figure for monthly profits and losses.*

	<i>Month One</i>	<i>Month Two</i>	<i>Month Three</i>	<i>Average</i>
<b><i>Revenues</i></b>				
1.				
2.				
3.				
4.				
5.				
<i>TOTAL</i>				
<b><i>Fixed Expenses</i></b>				
1.				
2.				
3.				
4.				
5.				
6.				
7.				
<i>TOTAL</i>				
<b><i>Variable Expenses</i></b>				
1.				
2.				
3.				
4.				
5.				
<i>TOTAL</i>				
<b><i>Net profits or losses</i></b>				

***Journal: What adjustments, if any, can you make in this budget to improve net profits? Based on the new average columns, how does the quarter following this one look?***

## Week Six: Finding Customers

*By the end of this week, you'll*

- *Review the ways to generate leads for your business*
- *Profile your target market and audience*
- *Develop the message to take to the public about your product*
- *Match the media for generating leads with your message*
- *Develop a one-year strategy for lead generation*

## Introduction

“If you build it, they will come.”

Only in the movies, fellow travelers. If you treat your business like a “field of dreams” expecting the same line of traffic to come your way as Kevin Costner had in that cinematic fairy tale (remember the twilight, miles-long line of traffic at the end of the movie?) you’re sunk. Period. End of story. Don’t let the door hit you on the way out while you’re being evicted.

I’ve seen more great products and services bite the dust for lack of promotional effort than I care to think about. I’ve dedicated my sales efforts to services that help to prevent that disaster in advertising, Web development, and now small business education.

The one situation that still makes me cringe is <KORB STORY HERE>

*You need leads to succeed.* You have to know four things about leads:

- 1) Who they are
- 2) Where they are
- 3) How to contact them
- 4) How to make them aware of your business

By the end of this week, you’ll have the strategy together to generate the leads who will become your potential customer list.

## **Week Six, Day One:** *Review the ways to generate leads for your business*

Lead generation is no mystery. It's a discipline. You choose from a variety of means to put together an overall strategy to generate leads through advertising, publicity, or presence. Here's a list of the most commonly used means, and my experience with them:

- 1) **Word of mouth/referral.** I can't believe how many business advice books leave this item out. Most businesses build their steady customers out of the contacts of satisfied clients who pass the word to others. This is a crucial lead generator for the small business. Ignore it at your peril.
- 2) **Newspapers.** Some businesses need to buy a full-page ad, others pull from a well-placed classified.
- 3) **Magazines.** Effective with good creative. Can be pricey.
- 4) **Press releases.** If there's real news in your business, a press release can be an inexpensive way to expose your business to the general public.
- 5) **Telemarketing.** You have to be careful with it these days, and access to a wide marketplace is very difficult in some areas. However, if you have a very targeted permission-to-call list, this could be a powerful tool.
- 6) **Direct mail.** One more time, targeting your potential customers could make this an effective option.
- 7) **Trade shows.** You have to figure out if the time off work is worth the potential of lead generation. In some businesses, this is a great thing to put in the mix.
- 8) **Internet.** Almost a requirement these days. Your Web site doesn't have to be complicated or expensive to be effective.
- 9) **Radio.** Depends on the market. If a station can give you the right kind of exposure for the budget, it might not be a bad option.
- 10) **Television.** Thanks to cable and satellite, TV now has hundreds of targeted markets. But the "channel surf factor" these days means your ad had better engage them from the first second, and keep them on board.
- 11) **Billboards/displays/outdoor.** You can have outdoor placement so commuter traffic sees it at least once a day. You won't get much targeting done, but that doesn't always mater.
- 12) **Telephone directories.** My clients report mixed results. I do, too. You'll have a listing if you have a phone anyway, but is it worth running an actual ad?

Today, think through these options in generating leads.



Week Six, Day One Exercise: **Options for Generating Leads**

*Here's the list we used on the previous page in discussing lead generation. Think through these options, asking two simple questions:*

- 1) Would I really like to generate leads with this option?*
- 2) Can I afford it this year?*

	<i>Is this option for me?</i>	<i>Can I afford it this year?</i>
<b>Word of mouth/referral</b>	_____	_____
<b>Newspapers</b>	_____	_____
<b>Magazines</b>	_____	_____
<b>Press releases</b>	_____	_____
<b>Telemarketing</b>	_____	_____
<b>Direct mail</b>	_____	_____
<b>Trade shows</b>	_____	_____
<b>Internet</b>	_____	_____
<b>Radio</b>	_____	_____
<b>Television</b>	_____	_____
<b>Billboards/displays/outdoor</b>	_____	_____
<b>Telephone directories</b>	_____	_____

*Journal: Which three of the above do you think could bring you the greatest results in the next year, and why?*

## **Week Six, Day Two:** *Profile your target market and audience*

I'm a sucker for mysteries that involve a profiler.

A “profiler” is someone who studies the evidence of a series of crimes to determine the nature of the perpetrator. They look for similarities between crime scenes. The smallest details can tie one scene to the next. As they notice the details linking the crime scenes together, they put them on a master list. Those details become the basis of a profile describing the criminal.

You need to make the same kind of profile on your target customers. No, they're not criminals. (I think.) But they do have behavior patterns, attitudes, ideas, and characteristics that—put together—can give you a profile of your target customers as they will relate to your product.

What sort of evidence do you need to gather for a customer profile? Start here:

- What **media** do your customers use (broadcast, print, Internet)?
- What **people** influence your customers (celebrities, peers)?
- What **other interests** do your customers have (hobbies, habits)?
- What is the **age range** of your customers?
- What's the **average age** of your customers?
- Are your customers more **male or female**—or about an even split?
- What's the **average income** of your typical customer?
- **Where** do your customers live (section of country, type of housing)?
- Are your customers mostly from one **trade or industry** or from several?

You can get into more details if you like. But dealing with the list above should keep you busy enough for now—and give you some solid footing for more lead generation.

Week Six, Day Two Exercise: **Building My Customer Profile**

*Build your customer profile by answering the following questions and combining your answers into a Typical Customer Profile at the bottom of the page.*

What **media** do your customers use (broadcast, print, Internet)?

What **people** influence your customers (celebrities, peers)?

What **other interests** do your customers have (hobbies, habits)?

What is the **age range** of your customers?

What's the **average age** of your customers?

Are your customers more **male or female**—or about an even split?

What's the **average income** of your typical customer?

**Where** do your customers live (section of country, type of housing)?

Are your customers mostly from one **trade or industry** or from several?

**My Typical Customer Profile:**

*Journal: Does the profile you just developed surprise you or not? Do the last five customers you served fit the profile? If not, explain why or check your answers again.*

**Week Six, Day Three:** *Develop the message to take to the public about your product*

What are you going to tell your profiled market about your product?

A few weeks ago, you came up with a promotional message for your product or service. Today, you need to tailor that message to the market you just profiled to generate sales leads.

How might your message change based on your customer profile?

If **age** is a real factor in your customers, you need to consider the lingo you'll use as you describe your product. Seniors will respond to more formal language against informal. Teenagers need an edge of some sort.

If **gender** is an issue, you might need to soften or take a more family-oriented approach for some female customers. On the flip side, males respond to humor and information.

Suppose sports is **another interest** for the majority of your customers. That might allow you to use sports language to punch up your product description.

**Where your customers live** would obviously make a difference. If they're in Florida, you won't pitch a nice hot cup of coffee as a reason to visit your restaurant in July, right?

Today's assignment is to take the core message you developed a few weeks back and revise it according to the customer profile you produced yesterday.

Week Six, Day Three Exercise: The Message to My Profiled Customer

***Take the core product message you developed a few weeks ago. Look at the customer profile you developed yesterday. In the space below, rewrite the message to specifically reach your profiled customer. You're not changing content, just the presentation:***

***Journal: Did your customer profile change how you presented your message? Why or why not?***

**Week Six, Day Four:** *Match the media for generating leads with your message*

Okay, now we're getting really specific. What media will really reach your profiled public?

When I was in radio advertising sales, I lived and died by program demographics. If I couldn't demonstrate that a particular program would reach a client's target audience, I didn't sell ads to that client. It wouldn't do the client any good.

Still, clients tried to tell me otherwise. <KORB STORY HERE>

One more time, you'll need to take a hard look at your customer profile. Today, you'll compare the media mix you examined earlier this week and choose your media accordingly. What media mix will really work best for your customer profile? That answer is your goal for today.

Week Six, Day Four Exercise: **Matching Media to My Customers**

*Ask yourself if the media below are really a match for your profiled customers. Then see if those “matched media” were on your preferred media list from Day One of this week.*

	<i>Match for the customer?</i>	<i>Match from Day One?</i>
<b>Word of mouth/referral</b>	_____	_____
<b>Newspapers</b>	_____	_____
<b>Magazines</b>	_____	_____
<b>Press releases</b>	_____	_____
<b>Telemarketing</b>	_____	_____
<b>Direct mail</b>	_____	_____
<b>Trade shows</b>	_____	_____
<b>Internet</b>	_____	_____
<b>Radio</b>	_____	_____
<b>Television</b>	_____	_____
<b>Billboards/displays/outdoor</b>	_____	_____
<b>Telephone directories</b>	_____	_____

*Journal: Having gone through this “filter process” of media matching to your customers, do any media surface as those you need to focus on this year? What are they? If there are no obvious “winners,” how will you generate leads this year?*

**Week Six, Day Five:** *Develop a one-year strategy for lead generation*

The money meets the media here. Where do you want to find sales leads for your product? How will you match the media to the market?

And just as important, how much can you afford to spend to make it happen?

You'll need to continue comparing your customer profile against the media mix. You'll need to do some original research by calling a few places to find out how much it costs to run your message in various ways. Whether or not you have the budget for a complete Time-Life media blitz in the next few years, it won't hurt you to know the costs involved in media that you think can reach your customers.

But the key here is to finally get more leads for your business within your budget. What will you do? How many different ways will you try?

It's all up to you to generate leads. I hope you've figured out by now that it doesn't have to cost you half a year's income. You can always figure out ways to emphasize word-of-mouth referrals, or to limit yourself to classifieds in the local paper until your lead generation budget grows.

But leads need your attention *now*. Just remember that without them, your business is doomed to dry up.



Week Six, Day Five Exercise: **Media and Months**

*Using the information you've generated this week, list your top three media options and check the months of the year you'll use them. Find the costs of the media you choose ASAP and write them in the blank provided. Adjust your media mix and/or your budget to realistically put your lead generation strategy into action!*

	<i>Media:</i>	<i>Media:</i>	<i>Media:</i>
<i>January</i>			
<i>February</i>			
<i>March</i>			
<i>April</i>			
<i>May</i>			
<i>June</i>			
<i>July</i>			
<i>August</i>			
<i>September</i>			
<i>October</i>			
<i>November</i>			
<i>December</i>			

*Journal: Are there other media you'd like to put into your mix? What are they, and when in the year would you like to use them? Do they match your customers?*

## Week Seven: Keeping Customers

*By the end of this week, you'll*

- *Discover how to turn leads into customers*
- *Create a customer service solutions strategy*
- *Connect the dots to enhance the lifetime value of a customer*
- *Learn how to turn your best customers into evangelists for your business*
- *Develop a strategy to stay on your customers' radar screens in a positive way*

## Introduction

I'm going to spare you the talk about your need to nurture customer relationships like a fragile flower or a brand new puppy.

Instead, I want to introduce to the hard-nosed reality that nurturing customer relationships will make or break your business. It takes skills and strategy.

First, you need to move people from being leads into being customers. That's a skill set in and of itself.

Then you need to deepen the relationship with the customers you can so their *lifetime value* to your business increases. That means you're working on repeat business, and ways to make it grow, customer by customer.

There's a logic to how customer relationships develop. Just like dating, you don't begin with a lifetime commitment. You go through a process of checking each other out, and then you move the relationship along accordingly.

People make the mistake of thinking customer relations can be put on the back burner. Not a chance: Customers mean relationships. If you can't live with that, you have to find someone for your business who can—or you need to do something else.

## **Week Seven, Day One:** *Discover how to turn leads into customers*

What does it take to turn leads into customers? Through a process of persuasion, you have to take people from simply being aware of your product to voting for your business with their dollars.

The key here is to give your lead every possible opportunity to say “yes” to your business or service. Here are a few ideas about how to do exactly that:

- 1) **As much as possible, engage your leads their comfort zones.** Sometimes that means you pick locations they like. Other times it means using the media they prefer. Every time it means using language that connects with them.
- 2) **Talk to the head and the heart.** You need to deliver both objective information (product/service benefits) and an emotional reason (fear of consequences, satisfaction of using your product or service) in convincing the lead to become a customer.
- 3) **Address customer needs as specifically as possible.** You need to show that you understand your customer’s situation enough to provide a solution.
- 4) **Show how your product/service meets the customers’ needs.** This can be tricky. The best way to do this is to describe your product in terms of the *benefits* it brings to a customer rather than just telling about its features.
- 5) **Remove objections to completing the sale.** Is price a problem? Maybe you can offer a discount or a payment plan. Is delivery an issue? Perhaps you can offer it as a service for those who need it.
- 6) **Make the offer.** It’s amazing how many people forget to follow through with this step: *Tell the lead what must be done to seal the deal.*

Your task today is to develop your pitch according to the above steps to change a lead into a customer.

Week Seven, Day One Exercise: **Pitch Development**

*To better develop your pitch to convert leads into sales, answer the questions below:*

**What are my leads' comfort zones for location, media and language?**

**What head (objective information) and heart (emotional reasons) issues will I tell my leads?**

**What are the needs of my leads?**

**How will I demonstrate my product will benefit my leads?**

**What possible objections to completing the sale do I need to overcome?**

**What's my offer? What specific things must the lead do to seal the deal?**

*Journal: Make today's journal entry your pitch to change leads into customers. Use the answers to the above questions in your pitch somehow.*

**Week Seven, Day Two:** *Create a customer service solutions strategy*

So once you have customers, how do you keep them? At the risk of sounding obvious, *customer service*.

A friend of mine learned the retail business in high school by working at a men's clothing store in his small Iowa hometown. As a part-timer, Jeff was paid minimum wage. The three fulltime salespeople in the store worked on small salaries plus commission. One day, three men came into the store—obviously straight from the cattle barn. They were large, rather unkempt, and unshowered. The three fulltimers shoved Jeff to the front of the store to wait on these guys.

They each had brought in Christmas gifts to be exchanged. Jeff refunded their money cheerfully, as was the store's policy. He treated them with respect and struck up a conversation with them. They liked Jeff's approach, and asked him to help them stock up on clothing.

Jeff knocked himself out for a solid hour. He dug under counters for overalls to fit them. He made repeated trips to the storeroom for everything from caps to work boots to long underwear to socks. He even outfitted them in western wear and cowboy boots before the hour was up. And by the end of that hour, they each pulled out a wad of cash and had laid out just under \$400 each for their purchases—and that's in 1972 dollars.

The fulltimers were sick. The store owner patted Jeff on the back. After all, he was paying this high school junior \$1.25 an hour and Jeff had just saved the store \$120 in commissions that would have been paid to a fulltime salesperson.

Three weeks later, the same farmer brothers walked back into the store while Jeff was at lunch. They waited until he returned to the store to begin shopping. The fulltimers were about to miss out on another large commission.

The moral here? Customers don't forget good service. If they know the source of that service, they'll come back for it. People are usually the frontline of customer service. A "Frequently Asked Questions" page on a Web site can also come in handy. A toll-free number for customers to call is a good touch, too. Newsletters? Chat rooms? They both work, too. Your task today is to determine your customer service solutions strategy—whatever elements you decide to include.

Week Seven, Day Two Exercise: **Customer Service Solutions**

*Outline your customer service strategy below. What will you use to answer customer concerns? Include what you're already doing with what you'd like to do:*

*People:*

*Phone:*

*Web:*

*Communications:*

*Other:*

*Journal: Answer the question, "If I were a customer, what would I like to see in customer service for the product/service I sell?" Then ask yourself if you're meeting your own expectations. If not, what can you do to get there?*

**Week Seven, Day Three:** *Connect the dots to enhance the lifetime value of a customer*

I'm about to reveal a secret of the business universe. Read carefully: *Repeat visits from the same customers are the easiest way to grow profits.* Why? It flat out costs a lot more to generate a new customer than it does to keep an old customer.

That's why it's so important for you to think in terms of the lifetime value of a customer. Every sale you get from an already existing customer is a sale that costs way less to generate.

So what can you do to make the most of the customers you have?

First, define your product's value to your customer.

Second, give your customer all the directions needed to build a relationship with your business. Communication is crucial.

Third, identify the customer as a valued part of your business family.

Adults love connect-the-dot books. They're educational. They give you practice counting, and in developing motor skills. Kids enjoy watching the picture emerge from their work. I always had issues with connect-the-dot books, because I really liked the ones that were cowboy-themed and my connect-the-dot horses always looked like armadillos.

But this is the world of business connect-the-dots. If you can connect the dots between

- the value of your product to your customer,
- the ways customers can connect with you, and
- your customer's identity as a valuable part of your business,

a lifetime customer will emerge.

You'll like that picture.



Week Seven, Day Three Exercise: **Lifetime Value Connect-the-Dots**

*No, we won't ask you to draw a picture. But take the time to address how you're going to keep telling your customers about the value of your product to them, the ways they can connect with you, and their value as a part of your business "family."*

*The value of your product to your customers:*

*The ways your customers can connect with you:*

*The customer's value to you as a part of your business "family":*

*Journal: Write a letter to your customers that reflects the above three issues. You don't have to get touchy-feely, just say it. Then think about sending that letter to your top 25 customers this week.*

**Week Seven, Day Four:** *Learn how to turn your best customers into evangelists for your business*

Out of every customer base, there are a choice few who are ready to go fullblown crazy over your product.

All you have to do is give them permission—and a few tools.

For example, dedicated customers are usually the ones who value **detailed information** about your product. Think about Harley fanatics or Corvette club members. Those people can tell you standard features that set Harleys and Vettes apart from the rest. They know the history of those vehicles inside out. They'll tell you which year and features are best suited for where you live, for crying out loud.

Near-fanatic customers also want a **privileged relationship** with the business of their focus. That doesn't simply mean a Web site and a window decal either (although those may be nice touches). They want a live voice they can call, and possibly even a dedicated representative of the company to listen to them.

But what really turns a dedicated customer into an evangelist? The **promise of recognition** from you for the referrals and recommendations they give. Notice I didn't say "payment." I said "recognition." If your dedicated customers want to be paid, they'll apply for a job with you. More often, they're satisfied with thank you calls, being taken to lunch or golf, or the occasional cup of coffee or in-store advance product trial.

This is one of the most neglected areas of customer development in small business. I think it's that way because we tend to believe only the "big guys" can treat a customer well.

That's not the case. We can do personal relationships—the face-to-face handshake, for example—way better than the big guys.

Your job today is to figure out how you'll connect the dots to take your dedicated customers to the next level for your business.

Week Seven, Day Four Exercise: **Making Evangelists for My Business**

*Put it to paper: Name five of your best customers, then write down how you'll cover the three areas mentioned in today's reading that could turn those customers into evangelists for your product.*

**Five Customers:**

- 1.
- 2.
- 3.
- 4.
- 5.

*What **detailed information** about my product will I deliver to these customers?*

*What evidence of a **privileged relationship** will I deliver to these customers?*

*What **recognition** will I give these customers for "talking up" my business?*

***Journal:** Take the time to list as many customers as you can who might become evangelists for your business. How many of them would you be willing to ask to "put in a good word" for you this week? Which three will you ask to do just that?*

**Week Seven, Day Five:** *Develop a strategy to stay on your customers' radar screens in a positive way*

Imagine with me a newlywed couple at their reception. They've had a beautiful service, shoved the cake in each other's faces at the reception, and enjoyed the first few champagne toasts of their newfound relationship.

Suddenly, one half of the happy couple (let's say the husband here for the sake of the story) turns to his bride and says, "I love you, baby. See you in eight years or so." And while the jaws of the guests drop to the floor, the guy walks out of the reception.

Flash forward to eight years later. The deserter husband rings the doorbell at the address of the wife he left behind. The door opens, and the eight-year delinquent says, "Hiya, baby. What's for dinner?"

*What should the jilted bride who answered the door do?* I can see some anger showing. I can hear, "You've got a lot of nerve!"

I can also imagine someone else from the inside showing up behind the lady who answered the door, saying, "Who's this?" and flashing a wedding band that matches the new one she's sporting on her left hand.

The moral here? *Once you have a customer, don't leave them behind. Make the relationship work.*

Your goal today is to map out a strategy—based on the work you've done all week—that will keep you on your customers' radar screens.

Week Seven, Day Five Exercise: **Keeping on My Customers' Radar Screens**

*Today, outline your strategy for keeping your customers aware, in a positive way, that you're in business. Answer the following questions:*

- 1. What will I do to change leads into customers?**
  
  
  
  
  
  
  
  
  
  
- 2. What kind of customer service will I offer that lets customers know I value them?**
  
  
  
  
  
  
  
  
  
  
- 3. What will I do to evaluate and appreciate the lifetime value of a customer?**
  
  
  
  
  
  
  
  
  
  
- 4. What will I do to encourage my best customers to become my best references?**
  
  
  
  
  
  
  
  
  
  
- 5. What's my strategy to "keep in front" of my present customers?**

***Journal:** Outline the story of your business's relationship with one of your best customers. How did your customer first make contact with you? How did you nurture this customer relationship? What keeps this customer coming back to you?*

## Week Eight: Putting It All Together

*By the end of this week, you'll*

- *Determine what you really need to manage to be a success in business*
- *Determine where you need someone else's help for your business*
- *Identify your personal long-term business strengths*
- *Make the first draft of your exit strategy*
- *Write a brief-yet-comprehensive, objective-based action plan for your business*

## Introduction

Ever been to a club where the live musicians are on fire? I'm not much of one for jazz, but there's a place in town where the players are so good that it doesn't matter.

They're just great. And what makes it more fun is that you'll never hear the same thing twice. They choose a tune the schlemiels like me know, pick a key, countdown and off they go. It's improvisation at its best.

For years, I listened in awe of those players. I thought they had to be creative geniuses to pick stuff like they were playing out of the air. Finally, I asked a sax player I'd seen several times at the club, "How do you do it?"

I was ready to hear a response like, "Oh, I just follow the groove and the notes take care of themselves." Instead, I got a surprised look and, "Practice, man."

"But you make it up as you go!"

"Sort of. The reason I can make it up as I go is that I've already been there hundreds of times in jam sessions. I pick and choose out of experience more than anything else. It's just a question of combining the stuff I know works in new ways. But if you think we just get up here and make it happen without some work on our own, you need to think again."

*They made their music fresh not because they never planned it, but because they had so many options spelled out that their combinations were endless.*

Even improvisation takes planning. If there's anything you've picked up over the last seven weeks, I hope you've figured out *you have to plan for success*.

Now that you've dealt with the details for seven weeks, it's time to put together a fresh combination of options for your business plan.

**Week Eight, Day One:** *Determine what you really need to manage to be a success in business*

Management comes in three areas:

- The management of people,
- The management of things, and
- The management of money.

All three matter in making a business successful. Leave any one of those areas out of your planning, and you're bound to fail. So today, it's time to think about the following issues:

1. ***Who are the people I need to manage to be successful? How will I manage them to keep them on task and on board?*** We spent all last week looking at how to manage customer relationships. But it's just as important to think about your relationships with those who work with you—partners, employees, family members alike. You have to lead the way in keeping them focused as they work, and wanting to work for you from the time you hire them until the time they (or you) move on.
2. ***What things do I need to manage to be successful in business, and how will I manage them?*** Here, you need to consider everything from promotion to raw material. What “stuff” do you need to have under control to make your business work?
3. ***How will I manage money to make my business successful?*** Budgeting matters. So does a regular review and update of that budget. Maybe it's even time to have a face-to-face meeting with your banker—or if you don't have a specific banker for your business, to find one.

Three bottom line management issues—people, things, money—will make or break your business. This course has given you plenty of opportunity to think about all three. Today, write down what you'll do with them as a manager.



Week Eight, Day One Exercise: **Managing for Success**

*Answer the following questions to help determine your working management strategy for the near future.*

- 1. Who are the people I need to manage to be successful? How will I manage them to keep them on task and on board?*
  
  
  
  
  
  
  
  
  
  
- 2. What things do I need to manage to be successful in business, and how will I manage them?*
  
  
  
  
  
  
  
  
  
  
- 3. How will I manage money to make my business successful?*

*Journal: What are the challenges that face me in management of the three areas covered above? What are my strengths and weaknesses in managing each area? How often should I take time to answer these questions again? When is the next time I will review these issues?*

**Week Eight, Day Two:** *Determine where you need someone else's help for your business*

I grew up with Ed Sullivan on Sunday nights. Sullivan gave me my first exposure to the Beatles, which soon became a lifelong obsession. He also regularly let me experience anxiety.

See, Sullivan was big on circus acts. He seemed particularly taken with guys who spun plates on skinny poles. I'd watch these dudes in leotards and rhinestone vests do their thing...first one plate spinning, then three, then back to the first, then four and five, then omigod get back to the second fast, and why isn't five spinning faster, what are you doing starting another plate you village idiot number four's gonna crash, and...

The idea was for the plate spinner to test his limits. Some nights, he was a solo act so he stopped at about seven plates. Other nights, he brought along a few friends and Sullivan's stage would be filled with poles, plates, and rhinestone-vested performers keeping the act together.

The principle of the universe here? There *is* a limit to the number of plates you can keep spinning. After so many, you need help.

The key today is to think about how much of your business you really can, or want to, do. I do sales. I hire technical people and wordsmiths. I outsource accounting. By letting go of those things in my Web development business, I can focus on what I do best—and everyone's happy (at least most of the time).

If I did everything myself, I'd run out of time and talent (maybe in reverse order) and the plates I need to keep spinning for my business would come crashing down. By bringing other people in to help me spin the plates that I can't, the business grows.

You can make it happen either through outsourcing or hiring. For a lot of small businesses, it's as simple as contracting out a few things. For others, it's a search for real talent that can take you to the next level of plate spinning.

Your task today is to figure out where you need someone else to help with your business.

Week Eight, Day Two Exercise: **Do I Need Someone Else's Help?**

*Answer the following questions to help determine if you need someone else's help for your business.*

1. List the three things in your business that you like doing least.
  - a.
  - b.
  - c.
2. Is there any part of your business operation that you should avoid if at all possible? What is it?
3. Is there any part of your business function where you need to duplicate yourself? What is it?
4. Do you need day-to-day help to answer phones, deal with correspondence, etc.?
5. Is there some task in your business that takes up way too much of your time? What is it?

Can you hire someone or outsource to cover any of these things for you? Which ones?

*Journal: Do I need extra help now? If so, which area above will I try to take care of first? Prioritize the rest of your "help needs," if any. What are the probable benefits of getting help in my areas of need?*

**Week Eight, Day Three:** *Identify your personal long-term business strengths*

On a dare, I ran cross country my junior year of high school. I have never taken a dare since. (Well, an *athletic* dare.)

However, I did learn a few things about long-distance running that apply to business.

First, **exploiting your real talent is crucial**. I am not built for long-distance running. I thought I'd enjoy the sport because it usually takes place on a golf course. I soon discovered that I wanted to be playing golf on the golf course than running through it. No wonder: My dad had me playing golf regularly from the time I was eight years old. My real talent was there, not in running. So you're in business because you're talented, right? What is that talent?

Second, **perseverance makes up for a lot**. From the back of the pack (my normal position in a race) I noticed a lot of guys like me who had no business running a cross country race. I was always amazed at how many of us were willing to complete the race—like everyone who wasn't injured—even though we weren't about to be scholarship runners for a Division 1 school. Call me old-school, but there's a lot to be said for character building through experience that doesn't give you an easy reward. To be blunt, there are business demands I don't like but I gut out anyway because I got used to finishing races just because it was the right thing to do for the team.

Third, **you pace yourself or you die**. If I'd tried to keep pace against those lanky guys whose stride was twice as long as mine, I'd have been good for maybe 200 yards before cramping into oblivion. I had to learn what my pace was, and what was necessary for me to finish the race. I couldn't always compare myself to other runners. I had to run my own race, in a very practical way. My pace was my pace. I worked to improve it over that season, but if I'd treated a cross country race like a hundred-yard dash, they'd have carted me off the course on a stretcher. In business, you need to pace goals and growth according to your real life, everyday dealings. Pace yourself.

Let's take a look at your long-term business strengths.

Week Eight, Day Three Exercise: **My Long-Term Business Strengths**

*Use the questions below to evaluate your long-term business strengths.*

**1. What real talents of mine can be exploited as long-term business strengths? How will these talents help me in the long run? (Now is not the time to be modest.)**

**2. What will I do to keep myself “in the race” over the long haul, not only in business, but also in other areas of life?**

**3. How can I pace myself to last in business—physically, emotionally, relationally, financially?**

***Journal: Talk over the answers above with a spouse and/or a close friend. Did your responses mostly agree with their thoughts about your long-term strengths in business? What did you learn from your conversation(s)?***

**Week Eight, Day Four:** *Make the first draft of your exit strategy*

You may want to be carried out of the room feet first before you ever sign over your business to someone else, but I hope not.

Years ago, Michael Gerber brought a revolutionary idea to small business: Think about an exit strategy from the day you begin your business. True confessions: I didn't do that from day one, but I have since.

The key is to think about your business in terms of how attractive you can make it to sell to someone else. What do you need in place to sell it for a premium price? Let's break this down even more: What can you do make your business valuable to a buyer?

The answer to that depends in some degree on the nature of your business. For instance, if you have an office-based business where you rarely have to see a customer face-to-face, location isn't much of an issue. On the flip side, location is crucial to a coffee shop or ice cream stand. So there's a **where** factor involved.

If your revenue depends upon staff, you need to consider how well you've prepared your staff to work for a new owner. Are they self-motivated? Are they so good in their field that anyone can recognize their value—and so pay you for the investment you've made in developing them? That's the **who** factor.

More common to the small business is the **what** factor. How viable is the product or service you offer for the open market? Is your product or service distinctive in any way, and so much so that others will see the opportunity in your business that you did? What will keep your product viable five or ten years down the road? Most buyers want to know that—and frankly, you need to know that, too.

Once you know those things, you can put together an exit strategy that will work for you and a buyer. So write them out now.

Week Eight, Day Four Exercise: **Today's Exit Strategy**

*Review the material in today's reading, then develop your exit strategy that covers the following areas:*

**1. The Where Factor:**

**2. The Who Factor:**

**3. The What Factor:**

*Journal: If I wanted to sell my business today, how much would it bring on the open market? Is that figure enough for me to sell it? Why or why not? What am I willing to do to increase my business's perceived value to a buyer?*

**Week Eight, Day Five:** *Write a brief-yet-comprehensive, objective-based action plan for your business*

The will to succeed in business is worthless if you don't have the will to prepare.

During this 40-day adventure, I hope you've learned the value of taking a little time each day to make your life—on the personal or business side—just a bit better. But if you don't plan those opportunities in every day, they won't happen.

It's the same thing with your business objectives from this point forward. You need to put them into words, attach a time frame to them, and get moving.

The point in this whole course has not been to help you crank out more paper that sits on the shelf. It's to help you keep paperwork to a minimum. It's to give you knowledge you can refer to again and again. You can hone your business strategy again and again, anytime you like, with this course.

Keeping your life and business objectives current is one of the most important things you can do. <KORB STORY>

It's time for the first big honing process. You need to look at the course to this point and write at least one action-based objective from each week's material for the strategy you'll use for your business in the next month.

You need a starting point, so find the action plan you developed way early in the course. Compare it to the one you'll develop in the next few moments.

If you don't notice any difference between the two, you probably owe it to yourself to do weeks three through seven over again.

But I think you'll notice growth—a lot of it.



Week Eight, Day Five Exercise: **Today's Business Objectives**

*Review previous sections on objective development, then write at least three objectives for your life and business as you see them today. Remember, you're writing behavioral objectives that include what, how, and by when.*

**Objective One: Personal Objective**

**Objective Two: Profits Objective**

**Objective Three: Promotional Objective**

**Other Objectives:**

*Journal: Do any of the objectives above seem out of reach? Rewrite them until they're possible for you to attain in the time allotted. Then set a date to revisit and rewrite these objectives.*