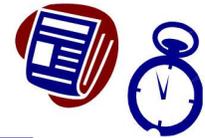




MONEY MINUTE

Business news you can really use...in 60 seconds or less!



Recession Proofing YOUR Business – Part 2 August 2008

There are a few businesses you know that always have a steady supply of customers. Rain or shine, economy up or economy down, they always stay busy. You'd like that for your business, too.

How do those businesses accomplish that? Well, operating a business model that has the potential for repeat business and produces a product (like food) or provides a service (like dry cleaning) that your customers need regularly helps. You'll have the best chances for steady growth and long term success if you create such a model.

However, you can take the best repeat sales business model and turn it into a once-through model that only survives by constantly recruiting expensive new, one-time customers. Let me illustrate...

My Experience Last Week

I was visiting my mother in a major city in southern Florida. Her air conditioning went out the last night of our visit and we spent a miserable night sticking to the sheets and trying to sleep. Fortunately, I was there and able to deal with the hassles of calling the repairman. (Hint to business owners: Why should dealing with your repairman be a hassle?)

I taught air conditioning many years ago (decades actually) and I still have an EPA refrigerant license. Given that, I have a leg up on most homeowners, so I was able to isolate the problem to an easily replaced condenser fan motor; a fairly inexpensive part.

The next morning Mom called the A/C company where she has a current service contract. She was initially attracted to them because they have a (very expensive) full page ad in the local Yellow Pages. They promised to arrive that morning, which they did. What followed was some of the most sophisticated, high pressure, hard sell tactics I have ever endured.

The Sales Experience – Round 1

When the technician/salesman arrived, I asked him to check the outside unit and confirm my diagnosis. Five minutes later he told me that the motor was indeed bad and the problem was very serious. He said it was a highly specialized part that would require special ordering and at least one day's delay to install...at a cost of \$660! He also said the price should be MUCH higher, but the price they quoted had been heavily discounted because my mother's current service contract.

I was speechless. I knew the motor was a common part, readily available in a large city, for less than \$100. The price he quoted was approximately the wholesale cost of an entire outdoor A/C unit, which illustrates how ridiculous it was. When I regained my speech, I outlined what I knew about the part and told him the price was outrageous. He responded with 3 minutes of non-stop techno-speak that I wasn't supposed to understand (and wasn't even accurate), designed to intimidate me and justify the price. Making no headway, I simply thanked them for coming and said I would get another quote. I went back inside, closed the door, and started hunting for the Yellow Pages.

Round 2

A knock at the door – the technician/salesman said that he had prepared an invoice for \$48 to cover the cost of the call (to a home with an active service contract, no less). When I protested that no work had been done, he replied that I had entered into an implied contract "agreeing to all service charges associated with repairing the unit" when Mom placed the call; in effect he was telling me I was liable for as much as he chose to bill me. Gathering my thoughts, I invited him to bill me for

whatever he chose to, but that I would pursue a complaint with the Better Business Bureau if he did. I went back into the house, closed the door, and found the Yellow Pages.

The rest of the story holds some more surprises and I'll finish it in the next edition.

Unfortunately, my experience is all too common in today's market; rip the customer for immediate, short term sales, look for a new customer, repeat. But practices like this also present the perfect opportunity for you to stand out and differentiate yourself from your competition when you operate for the long term.

How to Ensure Your Customers Come Back

Be willing to love your customers. View them as your source of income (because they are!). Remember that they can and will go elsewhere if their experience with you is bad. By the same token, they'll probably stay with you if they're delighted with how you solve their problems.

Monitor your sales force and anyone else who interacts with the public. The technician/salesman that represented this vendor is destroying the company's customer base. If the owner doesn't already know what's going on, he will probably find out too late to avoid going under.

Routinely collect feedback directly from your customers. Do it both in person and with an uninvolved third party. Continue doing what your customers like and fix what they say is wrong. It's just that simple. Even better, expand your services into the areas they suggest!

**** "Why...concepts like that would make a business recession proof, or at least very recession resistant!" ** EXACTLY!**



Now It's Your Turn

Successful businesses thrive on feedback, so I'll look forward to yours. Do you think I hit the mark or do you think I am hopelessly off target? Or maybe you have some relevant experience you'd like to share. Or maybe you have a topic you'd like covered. Share your thoughts with me at bgnewsletter@bellsouth.net or via one of the ways you feel comfortable with, below.

Maybe you know you have a problem, but you're not sure why your sales are down or expenses are up. Or maybe you just want a "second opinion" with a fresh pair of eyes to find out why long time customers aren't returning and new customers have stopped coming in the door.

We can help! Get growing again! **Call us today at 912.538.0746** for a discreet, confidential consultation at no charge, if you really want to flourish. Be sure to ask about our complimentary marketing and sales effectiveness assessment when you call. Let us show you how to grow in a recession and double your profits in the next 12 months. You'll be glad you did.

Warmest regards, ☺

Dan Elder, principal consultant

- Business growth coaching
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Author of:
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