The Million Dollar Question

Why Are You In Business?

The ability to answer the simple questions in business and in life makes achieving success much easier because there is clarity. Having clarity lets individuals focus on what needs to be done, and to ignore what is not important. People then can allocate their resources far more efficiently and effectively.

In business, clarity begins by understanding and being able to answer this simple question: What is the purpose of business?

Your response should crystallize immediately in your brain. However, many in business cannot quickly provide a simple and understandable answer.

Right now, grab a piece of paper and a pen. Then take a few moments to answer this question: What is the purpose of business?

So, what was your written response? Make money? Good answer, but that is a measurement of the result from the purpose of business.

Sell your products or services? Again, another good answer, but this is a measurement from one of the results.

Have a positive impact on the community? This, too, is a result, not the purpose of business.

Are you now beginning to shake your head, wondering what the purpose of business really is?

Good, because I want you to return to the purpose of business, so that you can realize more and sustainable business success.

What happens to people when they lose their purpose or, simply speaking, lose their way? Do they secure the results that they are seeking? Are they happy with their lives? Why would business be any different? When the purpose is not known or is somewhat unclear, the end result of all activities falls short of the desired results. In other words, the target is hidden, obscured or, even worst yet, moving.

Peter Drucker said it best: “The function of business is to attract and maintain customers.” What a simple and clearly profound statement!

Therefore, the purpose of business is building loyal customers. From this definition, then there are only two measurements for business: profits and relationships. For business measurements should be directly tied to the purpose. Think about this for a moment.

Profits come from attracting customers. Wal-Mart uses the smiley face graphic and the words “Rolled Back” in their advertisements to attract customers. Every Sunday newspaper
Business research suggests that referrals are responsible for up to 80% of all new sales. Referrals are a direct result of your relationships with existing customers, past customers, and even centers of influence. Yet, after conducting this workshop “Double Your Business Results in 30 to 90 Days” for the last several years, I have come to realize that many business owners are truly working harder but not smarter.

To understand my realization, I must ask you to return to your early childhood education. What do the words “3 Rs” bring to mind? For most, the answer will be: “Reading, ’Riting, and ’Rithmetic.” The 3 Rs was the first formal performance model that we experienced. First, we had to learn how to read. From that performance, we could then write. Using both of those skill sets, we were able to begin to perform simple arithmetic exercises. Each “R” step led to the next “R” step, while improving our overall performance as we progressed through all 3 Rs.

Now fast-forward to the future. What are the 3 Rs for your business?

Business begins with Relationships – people buy from people. Yes, they may use technology, but at the end of the day, people are still buying to read. From that performance, we could then write. Using both of those skill sets, we were able to begin to perform simple arithmetic exercises. Each “R” step led to the next “R” step, while improving our overall performance as we progressed through all 3 Rs.
What are the 3 R’s for your business?

Relationships
Referrals
Revenue

from people. Relationships are necessary for business to happen.

From these relationships come those priceless Referrals. As many know, referrals cannot be bought. Third-party testimonials about your business products or services have far greater impact than the latest television commercial, the 30-second radio spot, or the black-and-white ad in the local newspaper. Referrals help to fuel Word of Mouth (WOM) advertising, and this may lead to BUZZ about your business. Business Coaching Hint: Regularly ask for referrals and secure written testimonials.

Revenue is the direct result of all of the activity generated from Relationships and Referrals. This is the goal, but to achieve the goal begins with relationships.

If you believe relationships are necessary for your business success, then how and where do you measure them? My suggestion is to create a relationship plan, or what I call a Customer Loyalty Plan.

Businesses have financial plans and sales plans to measure, guide, and ultimately track the results of all activities leading to the first measurement of business – profits. Yet, why not incorporate that same logic and have a relationship plan by leveraging your existing customers?

Within this plan, the company would construct goals specific to these Growth Goal Categories: Referrals, New Customers, Existing Customers, Lost or Inactive Customers, Policies & Procedures, and Professional Development. This Customer Loyalty Plan would run in tandem with the other plans such as Sales, Marketing, Financials, Leadership and Management, along with Growth and Innovation. The following are some suggested goals – goals whose results would become a way to measure relationships.

Referrals – Goals could be written to track referrals; to recognize those who provide ongoing referrals; and to reward those who make the most profitable referrals.

New Customers – Goals might be established to secure new customers; to learn how the new customer came to be a customer; and to establish a process for maintaining contact with new customers.

Existing Customers – Goals would be to keep in contact with existing customers; to attract them back to the business; and to show appreciation for their business.

Lost or Inactive Customers – Goals may include to learn if the customer is lost, or just inactive; to separate the “good, they’re gone” customers from the “good, I need them and want them back” customers; and to establish a maximum lost retention customer percentage.

Policies & Procedures – These goals would focus on ensuring that existing policies and procedures do not interfere with the goals in our first four Growth Goal Categories.

Professional Development – Since people are the ones executing the goals to ensure the purpose of business, then there must be some goals to help these individuals. One easy goal would be to train everyone on how to set and achieve goals, using the same goal-setting process and goal-setting tools throughout the organization.

Taking the time to truly embrace the purpose of business while measuring the results that bring both profits and relationships, will allow you, as the small business owner to C Level executive, to truly maximize all of your resources in your ongoing quest for business success.

Did you know that a five percent customer retention = 25 to 100 percent increase in profits? Leanne works with your human capital to develop results-driven leadership. If can’t-do attitudes to unresolved customers’ problems are keeping you from those priceless loyal customers, then visit www.processspecialist.com for a free customer loyalty audit.