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Notes and Exercises for review, reinforcement and continuous learning

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Notes and Exercises for review, reinforcement and continuous learning

LESSON ONE

Introduction and the Entrepreneurial Mindset

- 1) This is the best time in all of history to be alive as a business owner or entrepreneur.
- 2) Fully 80% of self-made millionaires are people who have started and built successful businesses.
- 3) Because of the expansion of information, technology and competition, two million new businesses are started each year.
- 4) The entrepreneur is the spark plug in the engine of economic activity.
- 5) The three keys to business success are first, to find a product or service that people want; second is to aggressively market and sell the product; and third is to learn how to manage, administer and account for your income and expenses.
- 6) All business skills are learnable; you can learn everything you need to know to build a successful business.
- 7) Most fortunes in America and worldwide start with the sale of personal services, which soon turns into a business.
- 8) Most successful entrepreneurs start out with nothing.

- 9) The key to success in business is to learn from the experts, from the people who have already succeeded.
- 10) Everything in business is based on the Law of Cause and Effect.
- 11) Commit to lifelong learning; all the answers that you need to be successful have already been found by others.
- 12) Eighty percent of your success as a businessperson or entrepreneur will be determined by the way you think.
- 13) The Law of Belief says that, "Whatever you believe, with feeling or conviction becomes your reality."
- 14) You have more talent, ability and innate potential than you could use in 100 lifetimes.
- 15) The Law of Expectations says that, "Whatever you expect, with confidence, becomes your own self-fulfilling prophesy."
- 16) The Law of Attraction says that, "You are a living magnet, and that you attract into your life people and circumstances in harmony with your dominant thoughts."
- 17) The Law of Correspondence says that, "Your outer world will tend to be a mirror image of your inner world."
- 18) The Law of Concentration says that, "Whatever you dwell upon grows."

- 19) The Law of Superconscious Activity says that, “Any thought, plan, goal or idea that you can hold in your mind on a continuing basis must eventually be brought into your reality by your superconscious mind.”
- 20) The Law of Probabilities governs the human universe.
- 21) The starting point of all success in business and personal life revolves around the acceptance of responsibility.
- 22) Refuse to blame or make excuses about anything that happens; you are responsible.
- 23) **Clarity** – You must be absolutely clear about who you are and what you want.
- 24) **Competence** – To be truly successful and happy you must be very good at what you do.
- 25) **Constraints** – Between where you are today and your goal there will always be a constraint or limiting factor that determines the speed at which you achieve it.
- 26) **Creativity** – Your ability to find faster, better, cheaper and easier ways to produce and deliver your products and services to your customers is the key to your success.
- 27) **Concentration** – Your ability to concentrate single-mindedly on one thing, the most important thing, and stay at it until it is complete is an essential prerequisite for success.

- 28) **Courage** – The two parts of courage are first, the ability to launch with no guarantees of success, and second, the ability to persist in the face of disappointment and inevitable defeat.
- 29) **Continuous action** – The most outwardly identifiable quality of a successful person is that he or she is in continuous motion.
- 30) “If integrity did not exist, it would have to be invented as the surest way of getting rich.”
- “Nothing is at last sacred but the integrity of your own soul.”
(Ralph Waldo Emerson)
- 31) “The harder you work, the luckier you get.”
- 32) The forty-plus formula says that every hour you invest over forty each week is an investment in your future.
- 33) “The greatest reward in becoming a millionaire is not the amount of money that you earn. It is the kind of person that you have to become to become a millionaire in the first place.” (Jim Rohn)

ACTION EXERCISES

- 1) Decide exactly what you want in life in each area and write it down.
Make your goals clear, specific and measureable.
 - a) _____
 - b) _____
 - c) _____

- 2) Identify the most important skills that you could develop to move you into the top 10% of people in your field. Then do something every day to begin developing those skills.
 - a) _____
 - b) _____
 - c) _____

- 3) Identify the major constraints or limiting factors, inside yourself or in your world, that are setting the speed at which you achieve your most important goals. Begin working on removing those constraints today.
 - a) _____
 - b) _____
 - c) _____

- 4) Determine your biggest single problems or obstacles in your business or personal life. Focus all your time and attention on the possible solutions.

a) _____

b) _____

c) _____

- 5) Make a list of what you would want to be, do and have if you had no limitations, if you were absolutely guaranteed of success.

a) _____

b) _____

c) _____

- 6) Accept complete responsibility for your life. Refuse from this day forward to make excuses or blame anyone for anything. What actions can you take today to make your goals a reality?

a) _____

b) _____

c) _____

7) Write down your three most important goals for financial success, excellent health and personal happiness.

a) _____

b) _____

c) _____

Notes and Exercises for review, reinforcement and continuous learning

LESSON TWO

Planning for Profitability

- 1) Before you do anything, you have to do something else first.
- 2) The highest paid work in business is thinking, because of the consequences of doing it properly or not.
- 3) The purpose of a business is to create and keep a customer.
- 4) The key measure in business success is customer satisfaction.
- 5) The key requirement for wealth building and business success is for you to **add value** in some way.
- 6) The key focus in business is the **customer**.
- 7) The key word in life, work and business is **contribution**.
- 8) The most important question you ask to solve any problem or overcome any obstacle, or achieve any business goal is “**How?**”
- 9) The key strategy for success today is **continuous improvement** in every area.
- 10) A key activity for successful business is **sales**.
- 11) The key number for you to pay attention to is **cash flow**.

- 12) The key goal for business must be **continuous growth**.
- 13) The key quality for business success is your level of **determination**.
- 14) The key result is to reach the point where you never have to worry about money again.
- 15) You need clear, specific, written goals for your business, and every part of your life.
- 16) Imagine today that you received \$20 million cash in the bank, tax free, but you only had ten years left to live.
- 17) What one great goal would you set for yourself if you knew you could not fail?
- 18) Your business plan includes your top line, your middle line and your bottom line.
- 19) You should conduct a profit analysis of every product and service that you sell on a regular basis.
- 20) Determine – What business are you in? What business are you **really** in?
- 21) Recognize – Who is your customer? Who is your *ideal* customer?
- 22) Know – Why does your customer buy your product or service? What **value** does he or she seek?
- 23) Understand – What is your **competitive advantage**? What do you do better than any of your competitors?

- 24) Realize – Who is your **competitor**? Who does your customer buy from rather than from you?
- 25) Be Aware – What are the **constraints** that hold you back? What sets the speed at which you achieve your goals?
- 26) Decide – What are the 20% of activities that you can engage in that could account for 80% of your results?
- 27) Developing a business plan before you begin forces you to think through every critical number and issue in your business.
- 28) Every minute spent in planning saves ten minutes in execution, and maybe hundreds of thousands of dollars later.
- 29) A system is a step-by-step process, from beginning to end, that you use to ensure consistency and dependable performance in every area.
- 30) You need a proven system that generates a steady stream of qualified leads.
- 31) You need a proven sales system to convert interested prospects into buying customers.
- 32) You need a proven system for producing a product or service that you have sold to the customer.
- 33) You need a step-by-step system to fulfill orders and deliver the product or service to the customer.

- 34) You need written policies and procedures for follow-up service to each of your customers.
- 35) You need smoothly functioning accounting systems that track every penny of revenue and expense coming into or moving out of your business.
- 36) You need written systems that clearly describe each job and how it is to be done.
- 37) You need to determine measures, metrics and score cards for every job and every part of each job.
- 38) Your **economic denominator** is the critical number that determines the success or failure of your enterprise.
- 39) Think about how you measure success at your job.

ACTION EXERCISES

- 1) Resolve today to begin the hard work of planning, thinking through and writing down your answers to the key questions in this lesson. What are the most important parts of your business?

a) _____

b) _____

c) _____

- 2) Define your product or service in terms of what it does for your customer, how it improves his or her life or work.

a) _____

b) _____

c) _____

- 3) Determine your key competitors and why it is that your potential customers buy from them rather than from you.

a) _____

b) _____

c) _____

4) What are the 20% of your sales and marketing activities that contribute 80% of the value of all the work you do?

a) _____

b) _____

c) _____

5) What could you do, starting today, to become one of the very best companies in your industry?

a) _____

b) _____

c) _____

6) Determine your exact cash flow projections for the coming year and your cash requirements to stay in business. How much do you need?

a) _____

b) _____

c) _____

7) Think on paper. Take the time to sit down on a regular basis and review the key numbers and data for your business. What are they?

a) _____

b) _____

c) _____

BUSINESS PLANNING PROCESS

The most important step you can take at the beginning of a business venture, and every year thereafter, is to create a complete business plan. The exercise of asking and answering every question helps you to develop greater clarity about the business, and what needs to be done to assure success.

The primary reason for business failure is the lack of a business plan. It is the first document asked for by venture capitalists. The development of the plan is a key measure of the competence of the business owner, and the creation of the plan dramatically increases the ability of the owner to succeed.

SECTION 1.0 The Concept – In a few words, explain the reason for the business, and both how and why you will generate profits from producing and selling the goods and services you project. Explain also why customers will buy from your company rather than from their existing suppliers. What is different or special about your business idea?

SECTION 2.0 Objectives – Explain your goals of sales, profitability and return on investment, along with time lines and schedules for achieving these goals.

SECTION 3.0 Market Analysis – Explain the market and how you intend to enter this market and earn a profit against entrenched competition.

3.1 Begin with a general description of the entire marketplace, for the product or service, including the total size of the market today.

3.2 Write a precise description of market segment(s) or customer groups to be pursued.

3.3 Give a description of intermediate influences on buyers such as dealers, distributors, sales representatives, associates, etc.

3.4 Competitive Conditions – present and anticipated – who else is selling to the same customers you are going after?

3.5 Pricing Conditions – present and anticipated – how much can you charge based on current offerings?

3.6 Governmental Influences – present and anticipated – what sort of government departments and regulations will you have to deal with?

3.7 History of similar products, services, or businesses – who else is in this market and how well are they doing?

- 3.8 Break-even point estimates – how many units and/or how much of the product has to be sold each month to cover costs?

SECTION 4.0 Production

- 4.1 Equipment Requirements – what will be required?

- 4.2 Facility Requirements – what offices, warehouses or manufacturing facilities will be needed?

- 4.3 Raw Material, Labor and Supplies – what are the requirements and sources?

4.4 Quality Control, Packaging, Transportation – what are they and how will they be arranged?

4.5 Program for Initial Time Period – what steps will you have to take and in what order?

4.6 Schedule – who is to do what, by when?

4.7 Budget – prepare a series of financial projections showing how much money will be needed and when a return on that investment is to be expected.

4.8 Results Expected– what are the sales revenues and profitability estimates?

4.9 Contingency Plans – what will you do if you have unexpected delays in starting up, and achieving profitability?

SECTION 5.0 Marketing

5.1 What are the Method(s) of Selling and Advertising to be employed?

5.2 Product or Service Features and Benefits to be Emphasized – what makes your product or service superior to anything else on the market?

5.3 Program for Initial Time Period – What is the schedule to achieve sales targets?

5.4 Schedule – who is to do what, by when? Who is responsible for performing specific functions and achieving specific goals?

5.5 Budget – what is the budget for advertising, marketing and sales?

5.6 Results Expected – what are the projections of sales and revenues?

5.7 Contingency Plans – what will you do if you fail to meet your targets?

SECTION 6.0 Organization and People

6.1 Structure – Who is accountable to whom, and for what?

6.2 What is the Staffing Program for the Initial Time Period?

6.3 What is the Schedule?

6.4 What is the Budget?

6.5 Results Expected – the job descriptions and results expected from each person are:

Contingency Plans are:

SECTION 7.0 Funds Flow and Financial Projections

7.1 Complete statement of expected sales and expenses for the next sales period are:

7.2 Pro forma Profit and Loss Statements – How much will you make or lose?

7.3 Pro forma Balance Sheets – your cumulative profits or losses over the first one or two years are:

7.4 Program for Monitoring and Controlling Funds with People and Systems Included in the Organization Planning: how will you account for and report sources and uses of funds?

SECTION 8.0 Ownership

8.1 Summary of Funding Requirements – how much will you require?

8.2 Form of Business – are you a Partnership, Corporation, etc.?

8.3 Program for Raising Equity and/or Debt Money required; if any is:

8.4 Projected Returns to Investors is:

Summary: Every number, projection and assumption in your business plan must be checked, double-checked and verified. You must be prepared to explain and defend every statement and estimate with solid information based on market research and proof.

Always begin by assuming that your numbers are incorrect, overly optimistic or based on false information. Make every effort to disprove this negative assessment.

Notes and Exercises for review, reinforcement and continuous learning

LESSON THREE

Selecting the Right Product or Service

- 1) The key to business success is **high sales**; the reason for business failure is **low sales**; all else is commentary.
- 2) Your product or service must be something you passionately believe in, that you have the potential to be the best in producing, and which is also profitable.
- 3) You should only offer a product or service where you have the potential to **be the best** in that area.
- 4) In selecting a product or service, be sure that you like it and believe in it yourself personally.
- 5) Think like a customer; would a customer like it? Would a customer buy it? Would a customer buy from you?
- 6) What will your customers be wanting or buying in five years?
- 7) The best way to predict the future is to create it.
- 8) Imagine reinventing yourself and your business every six months.
- 9) There will never be an end to products and services that people want and need to satisfy their unlimited wants and desires.

- 10) Read everything you can find to discover new products, new ideas for products and services.
- 11) Attend trade shows, fairs and exhibitions in your field.
- 12) Look for new product or service ideas that are being featured as news stories in the business press.
- 13) Keep your eyes open while you are travelling.
- 14) One of the major sources of new products and service ideas is demographic trends.
- 15) Look into your own field or skills and experience for new product or service ideas.
- 16) “Create a definite plan for carrying out your desire, and begin at once, whether you’re ready or not, to put it into action.” (Napoleon Hill)
- 17) Once you have found a new product or service, determine exactly how much it will cost to produce.
- 18) Phone or visit a prospective customer for the product or service you are thinking of bringing to the market and ask for his/her opinion of your idea.
- 19) Seek out people in the same business and ask for their opinion of the product or service.

- 20) When you take your product or service to a woman, she will give you an immediate, honest, accurate and intuitive answer about its attractions and marketability.
- 21) Your product or service must be superior in at least three ways to any competitive product or service in your market.
- 22) How big is your market? How much of your particular product or service is already being sold? Find out exactly what your competitors are charging, and what customers are paying.
- 23) Customers only care about what your product does to improve their life or work. You must think through:
 - 24) What is to be sold?
 - 25) To whom is it to be sold?
 - 26) How is it to be sold?
 - 27) By whom is it to be sold?
- 28) What marketing, advertising and promotional activities will you use?
- 29) How is the product or service to be produced and delivered to your customer?
- 30) How will the customer pay for the product?
- 31) How will you service the customer after the purchase?

- 32) Is there really a market for what you want to sell, and is the market big enough and profitable enough?
- 33) Know that fully 80% of all products and services in the market place today will be obsolete within five years.

ACTION EXERCISES

- 1) What **exactly** is your product or service, in terms of how it benefits, helps or improves the life or work of your customer?
 - a) _____
 - b) _____
 - c) _____

- 2) Who is your **exact customer**, your ideal customer, your perfect customer, in terms of age, income, location, position, education and specific situation or need?
 - a) _____
 - b) _____
 - c) _____

- 3) How are you going to **attract** ideal customers in terms of advertising, promotion and other lead generation activities?
 - a) _____
 - b) _____
 - c) _____

4) How are you going to sell your product or service by convincing a skeptical customer that he or she should buy from you?

a) _____

b) _____

c) _____

5) How do you produce, package, ship and deliver your product once you have sold it, to ensure a high level of quality?

a) _____

b) _____

c) _____

6) How will you follow-up and service your customer to ensure a high level of satisfaction and repeat business?

a) _____

b) _____

c) _____

7) What is your plan to develop or discover new products or service ideas so that you can continually increase your sales and profitability?

a) _____

b) _____

c) _____

Notes and Exercises for review, reinforcement and continuous learning

LESSON FOUR

Keys to Building a High Profit Business

- 1) In every industry, the top 20% of businesses make 80% of the profits.
- 2) Question: “Why are some businesses more **profitable** than others?”
- 3) Answer: The most important single quality a business owner can develop is **flexibility**.
- 4) Flexibility requires **Zero-Based Thinking**: “Is there anything that I am doing in my business today that knowing what I now know, I wouldn’t start up again today, if I had to do it over?”
- 5) Challenge your assumptions. Learn to say, “I was wrong, I made a mistake, I changed my mind.”
- 6) Develop a clear mission for your business, a **vision** of what your business stands for and where it is going.
- 7) Determine exactly what business you are in, in relationship to how you **help your customer** in some way.
- 8) Determine exactly who your customer is, the person who most wants and needs what you offer.
- 9) Develop a competitive advantage, something that you do better than anyone else.

- 10) Take a long-term view of your business; think ahead five years and think about where you are likely to be at that time.
- 11) Develop a clear sense of direction; set goals for every part of your business life.
- 12) Focus on your highest profit activities in your business at every stage.
- 13) Set clear performance targets; what gets measured gets done.
- 14) Manage by wandering around; spend lots of time talking to the most important people in your business.
- 15) Develop an obsession with **customer service**; meet expectations, exceed expectations, delight your customers, and amaze your customers.
- 16) Put a strong emphasis on sales and marketing; this is the key to high profitability.
- 17) Appoint and support strong, effective key people for every job in your company.
- 18) Staff well at all levels; the best companies have the best people in every case.
- 19) Teach, train and develop your people; you can't expect people to perform at high levels until you have thoroughly trained them to perform at that level.

- 20) Develop a caring work environment; “They don’t care how much you know until they know how much you care.”
- 21) Develop and maintain high levels of commitment among your people; keep them active, busy and happy most of the time.
- 22) Run your business like a **turnaround**; be thoughtful and careful about every expenditure.
- 23) Form **strategic alliances** at all levels; work with other people and organizations to be more successful.
- 24) Provide outstanding quality, performance and customer service; develop a reputation for quality in everything you do.
- 25) Dedicate resources to research and development; continually be working on developing the products and services of tomorrow.
- 26) Create great morale in your organization; make your company a **great place to work**.
- 27) The most important discovery is that the real key to business success is **leadership**; this means you.

ACTION EXERCISES

- 1) Develop a company mission statement which explains to everyone why you are in business, what you intend to accomplish for your customers, and how you will measure success.
 - a) _____
 - b) _____
 - c) _____

- 2) Identify your ideal customer and determine exactly what you will have to do to attract more of these customers.
 - a) _____
 - b) _____
 - c) _____

- 3) Determine your special area or areas of competitive advantage; what you offer that makes you superior to any of your competitors. What is it today? What should it be? What could it be?
 - a) _____
 - b) _____
 - c) _____

- 4) Write a description of the perfect person you need to attract to fill a key position in your business. Why would this person want to work with you?

a) _____

b) _____

c) _____

- 5) Analyze and decide upon the 20% of your products, services and activities that contribute 80% of your results. Then focus on them above all others. What are they?

a) _____

b) _____

c) _____

- 6) What are the three most important contributions that you can make personally to the growth and profitability of your business?

a) _____

b) _____

c) _____

7) Practice Zero-Based Thinking on everything. Is there anything you are doing today, knowing what you now know, that you would not get into again today if you had to do it over?

a) _____

b) _____

c) _____

Notes and Exercises for review, reinforcement and continuous learning

LESSON FIVE

Marketing, Selling and Customer Service

- 1) Everyone is in **sales** of some kind, from the time you take your first job until the time you retire.
- 2) Everyone in a business is in **customer service**, no matter what else you do.
- 3) The purpose of a business is to **create and keep** a customer.
- 4) How do you measure **customer satisfaction**? Answer: repeat business from happy and satisfied customers.
- 5) Three goals: 1) Get the customer to buy from you rather than someone else; 2) Get them to buy again; 3) Get them to bring their friends.
- 6) The most important person in your business is the **customer**.
- 7) Marketing is the process of **lead generation**.
- 8) Sales is the business of **converting leads** into paying customers.
- 9) The first P of the marketing mix is your **product or service**: you define your product or service in terms of what it does to improve the life or work of your customer.

- 10) Your **price** is the amount that you are going to charge for your product or service, in all different ways.
- 11) Your **place** is where you are going to locate your business or offer your products or services.
- 12) Your **promotion efforts** are how you advertise and attract prospects and how you convert them into buying customers.
- 13) Your **packaging** describes every visual element that your customer sees in the process of buying from you or not.
- 14) Your **positioning** is determined by the words and the thoughts that customers have when your name comes to their mind.
- 15) Your **people**, the seventh part of the marketing mix, are the ones who actually interact with your customers on a day-to-day basis.
- 16) Your real business is the business of **customer acquisition**.
- 17) Determine how many customers you have to attract each month before you break even.
- 18) The first key to marketing strategy is **specialization**, in a particular product or service, market, or customer.
- 19) The second part of marketing strategy is **differentiation**; this is your competitive advantage, what you do that makes you superior to any other competitor.

- 20) The third key to marketing strategy is **segmentation**, determining the exact potential customer who can most benefit and enjoy what you offer better than anyone else.
- 21) The forth key to marketing strategy is **concentration**; this is where you concentrate your resources of time and money on the very best prospective customers in the existing market place.
- 22) Advertising is a form of sharing information to acquire potential customers.
- 23) You should always test and measure your advertising efforts on a small scale before you expand them on a large scale.
- 24) Identify the **key benefit** that you offer that causes the most people to respond to your advertising.
- 25) In advertising, focus on one benefit that customers want more than anything else, that will cause them to respond.
- 26) The three part formula for effective advertising is to: describe the problem, describe the solution, and then offer your product or service as the best solution, all things considered.
- 27) Direct-Response Advertising means that people respond **immediately** to your advertising. If they don't come, stop doing it.
- 28) The purpose of marketing is to make selling **unnecessary**.
- 29) The selling process consists of everything you do to convert a prospect into a customer.

- 30) The first part of the selling process is **prospecting**, spending more time with better prospects.
- 31) The second part of selling is to **establish rapport and trust** so that people like you and believe you when you speak.
- 32) The third part of selling is to **identify needs accurately** before you begin talking about your product or service; you do this by asking good questions.
- 33) The sale is made in the **presentation**, the fourth part of selling, once you have established rapport and clearly identified what he or she wants, needs and is looking for.
- 34) The fifth part of selling is **answering objections**; there are no sales without objections or concerns.
- 35) The sixth part of selling is **closing the sale**, getting the customer to make a firm commitment, sign the order, and give you a check.
- 36) The seventh part of selling is **getting re-sales and referrals** from satisfied customers. The more referrals you get, the easier it is to make sales, and the more money you make.
- 37) **Credibility** is the key to the sale.
- 38) Customer service and customer satisfaction are the keys to business growth and profitability.
- 39) The first level of customer service is where you **meet the expectations** of your customer every single time, both spoken and unspoken.

- 40) The second level of customer service is where you **exceed expectations**, you do something above and beyond what customers expect.
- 41) The third level of customer satisfaction is where you **delight your customers**, satisfying them at a higher level than anyone else.
- 42) The fourth level of customer service is where you **amaze your customers**; you make them so happy that they want to buy from you again and bring their friends.
- 43) The **ultimate question** in marketing is, *“Based on your experience with us, on a scale of 1 – 10, would you recommend us to others?”*
- 44) Every customer contact is a “moment of truth” that determines whether this customer deals with you again.
- 45) You must continually test and measure every part of your marketing mix and customer service plan.
- 46) You need a customer service policy that spells out, on paper, exactly how customers will be treated under every circumstance.
- 47) The key to business success is to give customers the products and services that they expect, and then to constantly strive to exceed their expectations.

ACTION EXERCISES

- 1) Resolve to spend 50% or more of your time on **customer acquisition** from now on. Make it a central focus of everyone in your business.
How can you do this?
 - a) _____
 - b) _____
 - c) _____

- 2) Determine how much you are spending to “buy customers” and how much you can afford to spend. What are the best ways?
 - a) _____
 - b) _____
 - c) _____

- 3) Test and measure every advertisement and measure of promotion to be sure that it is “free” in that it pays for itself in additional profits.
What are your best methods of advertising and promotion?
 - a) _____
 - b) _____
 - c) _____

- 4) Analyze your selling process and be sure that everyone who deals with every lead or customer is thoroughly trained to convert as many leads as possible. What are your key parts of your selling process?
- a) _____
- b) _____
- c) _____
- 5) Create a customer service policy and be sure that everyone in your company knows exactly what to do and say in every customer contact. What are the three most important parts of a customer contact?
- a) _____
- b) _____
- c) _____
- 6) Identify your most important competitive advantage, your “unique selling proposition,” and build all your advertising, promotion and selling efforts around it. In what ways is your product or service superior to that of your competition?
- a) _____
- b) _____
- c) _____

7) Determine what you will have to do to get your customers to give you a nine or a ten score on the question, "Based on your experience with us, would you recommend us to your friends and family?"

a) _____

b) _____

c) _____

Notes and Exercises for review, reinforcement and continuous learning

LESSON SIX

Winning the Hearts and Minds of Customers

- 1) How customers think about you largely determines how easily you sell, how much you sell, how often customers buy from you, and whether or not they recommend you to others. It is important to know the answers to the following questions:
- 2) What **words** would it be most helpful for customers to think about and use when they talk about your company?
- 3) The most important thing you do in determining your business success is **differentiating** yourself from your competitors in some way. Are you unique?
- 4) **Why** do your customers buy your product or service rather than that of your competitors?
- 5) What is it about your product or service that makes it **more attractive** to customers than that of any competitor?
- 6) What is it that your product or service does to help your customers in some way to **improve** their life or work?
- 7) On a scale of 1 – 10, how would you rank against your competitors in terms of your quality rating in your marketplace?

- 8) What could you do to improve your quality ranking in your market relative to your competitors?
- 9) Your **reputation** is your most valuable asset; this is defined as *“how you are known to your customers.”*
- 10) **Referrals** are far more believable and credible than anything that your sales people can say.
- 11) “Determine exactly the kind of reputation that you want your company to have in your market place, and then make sure that everything you do supports and reinforces that reputation.”
- 12) Position yourself in a different way from the way that your competition is positioned in this market; be original.
- 13) The first part of quality is defined as your product or service: it does what you say it will do.
- 14) The second part of quality is defined by your customer service, the way you **treat people** when you sell and deliver your product or service.
- 15) Be sure that everyone that interacts with your customers is warm, friendly and positive.
- 16) Your company brand is defined as the “promises you make and the promises you keep.”
- 17) Consistency is the most important part of business success; you must treat your customers the same way every single time.

ACTION EXERCISES

- 1) Determine your reputation in the market place today. What do people say about you, your business and your products or services when they describe you to others?

a) _____

b) _____

c) _____

- 2) Decide upon the words that you want to own in your customer's minds when your name is mentioned. What could you do to ensure that these words come to mind when customers think about you?

a) _____

b) _____

c) _____

- 3) Determine your quality ranking in your business or industry today. On a scale of 1 – 10, with ten being the highest, what is your score today? What could you do immediately to improve it?

a) _____

b) _____

c) _____

- 4) What actions could you take or change that could begin improving your quality ranking by one point?
- a) _____
 - b) _____
 - c) _____
- 5) If your business were large, prosperous, and ideal in every way, how would people talk about it in comparison with your competitors? How would your business and products be better than others?
- a) _____
 - b) _____
 - c) _____
- 6) What is your brand? What are the promises your customers expect you to keep when they buy from you?
- a) _____
 - b) _____
 - c) _____

7) If your business were rated as the best in your industry, what would be different from the way your business is today? What changes would you make?

a) _____

b) _____

c) _____

Notes and Exercises for review, reinforcement and continuous learning

LESSON SEVEN

Selling Your Way to the Top

- 1) From the day you start your business until the day you retire, you are in sales of some kind.
- 2) Think about why some sales people are more successful than others.
- 3) Each person has the ability to become **absolutely excellent** in the field of sales; this should be your goal.
- 4) Make the decision, right now, to become one of the very best sales people in your field.
- 5) Make a firm, unequivocal decision to be the best at what you do.
- 6) The Law of Incremental Improvement lies at the root of all great success in life, including sales success.
- 7) **Anything worth doing is worth doing poorly at first.**
- 8) Commit today to read every book that can help you to become excellent in sales.
- 9) Listen to audio programs in your car as you drive from place to place.
- 10) Take all the training you can get to become outstanding in selling.

- 11) You are the architect of your own destiny and the master of your own fate.
- 12) You are paid in direct proportion to your performance and your results.
- 13) Resolve today to be a master of change rather than a victim of change.
- 14) The Winning Edge Concept says that “small differences in ability can translate into large differences in results.”
- 15) The highest paid salespeople have certain attitudes and qualities of thinking in common.
- 16) A positive mental attitude is essential to success in selling.
- 17) Top sales people are **ambitious**; they are committed to being the best at what they do.
- 18) Top sales people are **courageous**; they confront the fears of failure and rejection that hold most people back.
- 19) Top sales people are completely **committed** to their companies, their products and services, and to their customers.
- 20) Customers today are far more knowledgeable, sophisticated, experienced and demanding.
- 21) 40% of modern selling is based on developing a high-quality **relationship** with the customer before you begin to sell.

- 22) 30% of the modern sales process is in accurately defining the customer's real **needs**.
- 23) The most important part of modern selling is listening; **listening builds trust**.
- 24) In the **presentation** part of selling, you clearly match the customer's needs to the features and benefits of your product.
- 25) The final point of modern selling is the **confirmation** of a closing phase, which is quite easy if you've done everything else correctly.
- 26) Position yourself as a consultant in the sale; ask good questions, listen closely to the answers and look for opportunities to help your customer.
- 27) Specialize in the type of customers, industries, or products or services that you sell.
- 28) **Differentiate** what you sell by being absolutely clear about why and how your product or service is superior to anything else being offered.
- 29) **Segment** your markets by seeking out exactly those customers who can most benefit and enjoy what you offer more than anyone else.
- 30) **Concentrate** your energies by focusing on your highest probability prospects.
- 31) Your most valuable asset is your **earning ability**, your talent and skill in your field.

- 32) Your most precious resource is your **time**; the quality of your life is determined by the quality of your time management.
- 33) The **1000% Formula** shows you how to increase your productivity, performance and income more than ten times over ten years.
- 34) Read 30 – 60 minutes in your field, in professional selling each day.
- 35) Re-write your major goals in a spiral notebook each morning before you start off.
- 36) Plan every day in advance, setting clear priorities on your activities.
- 37) Always concentrate on the most valuable use of your time, all day long.
- 38) Listen to educational audio programs in your car as you drive around, rather than the radio.
- 39) Ask two questions after every sales call: *“What did I do right? What would I do differently?”*
- 40) Treat every person you meet like a **million dollar customer**, like he or she was the most important customer in your market.
- 41) Resolve today to **double** your productivity, performance and output.
- 42) Set clear personal income goals for the next twelve months.
- 43) Determine your **hourly rate** by dividing your annual income by 2,000 hours.

- 44) Determine the most valuable things that you do to earn your hourly rate.
- 45) Set specific sales and income goals for every week and every month of your year.
- 46) Set personal goals that you want to achieve by the money that you earn from successful selling.
- 47) Set clear, specific, written goals, with deadlines that you work on every single day.
- 48) Set priorities on your tasks, and always concentrate on the most valuable use of your time.

ACTION EXERCISES

- 1) List three reasons why a prospect should buy from you rather than from one of your competitors.
 - a) _____
 - b) _____
 - c) _____

- 2) What are three things you could do each day to ensure that you eventually become one of the best salespeople in your industry?
 - a) _____
 - b) _____
 - c) _____

- 3) What are your three most important goals in business and personal life, right now?
 - a) _____
 - b) _____
 - c) _____

4) What are the three essential tasks you must carry out each day to ensure high levels of sales for your company?

a) _____

b) _____

c) _____

5) List three activities in the 1,000 % Formula that you are going to start doing.

a) _____

b) _____

c) _____

6) In what three ways could you position yourself as a consultant in every customer conversation?

a) _____

b) _____

c) _____

7) What three skills would help you the most to increase your sales and your income?

a) _____

b) _____

c) _____

Notes and Exercises for review, reinforcement and continuous learning

LESSON EIGHT

Closing the Sale

- 1) Closing the sale is the most difficult and **stressful** part of the sales process, both for the salesperson and for the customer.
- 2) You can double and triple your sales results by using the methods taught in this lesson.
- 3) Good salespeople are made, not born.
- 4) Before you close the sale, you have to do several other things first.
- 5) The first requirement for closing is **enthusiasm**, perhaps 51% of all closing effectiveness.
- 6) You require the quality of an attitude of **confident expectancy** to make a sale.
- 7) Qualification: you cannot sell a product until you know exactly what the prospect wants and needs.
- 8) The prospect must want, need, be able to use and afford what you are selling before you ask a closing question.
- 9) Each customer arrives at a state of tension and resistance at the moment of closing the sale.

- 10) The major stumbling block on the part of the salesperson in closing is the **fear of rejection**.
- 11) The best news is that rejection is not **personal**.
- 12) You should expect sales resistance at every stage of the sale; this goes with the territory.
- 13) The **Appointment Close** requires that you develop a telephone script that enables you to get appointments with qualified prospects using the telephone.
- 14) When you are telephoning or emailing for an appointment, you sell only the appointment, not your product or service.
- 15) Ask for ten minutes of the prospect's time and say, "*You be the judge.*"
- 16) Be polite but firm in nailing down the exact time and date of the appointment.
- 17) You use the **Approach Close** to get the prospect to agree that he or she can buy a certain amount before you begin.
- 18) With the **Demonstration Close** you get the customer to admit that he or she is in a position to buy if they like your offering.
- 19) You ask the prospect, "*If I can show you the very best product in this area, are you in a position to go ahead today?*"

- 20) The **Hot Button Close** is based on your finding the key benefit that the customer wants, needs and is willing to pay for, and then emphasizing that benefit throughout your presentation.
- 21) The way you discover the hot button is by continually asking questions about the various features and benefits of your offering until the customer lights up with interest and desire.
- 22) The **Trial Close** is something that you can use, and even if you receive a “no,” it does not stop the sale.
- 23) You use the **Power of Suggestion Close** by creating emotions in the prospect with words or pictures.
- 24) The **Ascending Close** requires that you ask a series of “yes” answer questions of the prospect, ending with the close of the sale.
- 25) With the **Invitational Close** you simply say, “*Why don’t you give it a try?*”
- 26) With the **Price Close**, when the customer asks about price, you say, “*Mr. Prospect, the price is the best part and I’m going to cover that in just a minute. Would that be all right with you?*”
- 27) Always justify the price by emphasizing the value that the customer receives from the amount that you charge.
- 28) In the **Just Suppose Close**, you say, “*Mr. Prospect, just suppose that price is not an obstacle and that we can deal with your price concerns to your complete satisfaction, may I ask you a couple of questions?*”

- 29) The **Sudden Death Close** is something you can use with a customer who will not say yes and will not say no.
- 30) The **Sharp Angle Close** can be used to turn an objection into a reason for buying.
- 31) The **Instant Reverse Close** responds to the prospect by saying, *“That’s exactly why you should buy it.”*
- 32) The **Change Places Close** requires that you ask the customer to change places with you in the sales presentation and answer his own objection.
- 33) The **Secondary Close** requires that you close on a small point in the sale, when a *yes* answer on a smaller element means *yes* to the larger sale.
- 34) The **Preference Close** is based on asking, *“Which of these do you prefer?”*
- 35) The **Assumption Close** is used when you simply assume that the customer is going to buy and go on to wrap up the order.
- 36) The **Summary Close** is used when you summarize all the benefits of buying your product or service before asking for the order.
- 37) The **Order Sheet Close** is used when you take out an order sheet and begin filling it out from the beginning of the sales conversation; this makes it very hard for the customer to resist buying later on.

- 38) The **Relevant Story Close** is used when you tell a success story of a happy customer who bought your product or service even though they were concerned about the price.
- 39) The **Doorknob Close** is often called the *Lost Sale close*. When you put your hand on the doorknob, on the way out, you turn and ask a critical question.
- 40) The **Referral Close** is how you get a golden chain of referrals from satisfied prospects and customers.
- 41) The most important quality for sale success is boldness; this is the ability to ask for the order clearly and confidently.

ACTION EXERCISES

- 1) Think through your entire selling process, from getting the appointment to closing the sale. How could you improve it based on what you have learned in this chapter?
 - a) _____
 - b) _____
 - c) _____

- 2) List three sales closing techniques from those described above that you could adapt to your product or service.
 - a) _____
 - b) _____
 - c) _____

- 3) What are three changes you could make in your sales activities to increase your credibility with your prospects?
 - a) _____
 - b) _____
 - c) _____

- 4) List the three best features and benefits of your products or services that make them superior to those of your competitors.
- a) _____
- b) _____
- c) _____
- 5) List three ways to overcome initial sales resistance when you are attempting to get the appointment.
- a) _____
- b) _____
- c) _____
- 6) Give three ways to reply when the customer says, *"I can't afford it"* or otherwise shows price resistance.
- a) _____
- b) _____
- c) _____

7) What are the best ways to reply to a prospect who says,
"I want to think it over?"

a) _____

b) _____

c) _____

Notes and Exercises for review, reinforcement and continuous learning

LESSON NINE

All Business is People Business

- 1) The people you meet will determine your success as much or more than any other single factor.
- 2) To be really successful, you need the help of **lots of people**, both inside and outside of your business.
- 3) **Network** with others regularly; join local business associations and attend meetings regularly.
- 4) In networking, ask what they do and about their business rather than trying to sell anything yourself.
- 5) The key to impressing people, by the **Law of Indirect Effort**, is to **be impressed** by them.
- 6) Right after you meet someone at a business meeting, look for a way to send them a **customer**.
- 7) When you network, make no effort to sell your product or service, at least at the beginning.
- 8) When you start your business, you will be alone, and you will have to perform every single function of the business.

- 9) Make it a habit to form **mastermind groups** with two or three other entrepreneurs who can give you ideas and the insights that can help you in your business.
- 10) When you get together with other entrepreneurs, ideas will come out of the conversation that can save you years of hard work.
- 11) Invite two or three business people in your community to get together with you for lunch or breakfast to form a mastermind.
- 12) The key to masterminding is to make sure that each person gets a chance to **contribute** and to share his or her ideas.
- 13) As soon as you begin growing your business, you will need to get staff and outside help to perform all the functions necessary.
- 14) In hiring, **make a list** of everything that you want the person to be able to do at the job.
- 15) Calculate your **hourly rate** by dividing your income by the number 2,000 to determine how much you are worth, and how much you can pay to others for lesser tasks.
- 16) There are only **three things** that you do in the course of a week or a month that pay you your desired hourly rate; you should delegate and outsource all other tasks.
- 17) The golden triangle of hiring consists of three things: **results, skills and personality**.
- 18) Make a list of every result that you want a person to get in the job.

- 19) Make a list of all the proven skills that the person will have to have in order to get the results that you desire.
- 20) Make a list of the personality characteristics that would be most compatible with you and your business.
- 21) Practice the **Law of Three** in hiring; interview three different people, in three different places, at three different times, and have them interviewed by three different people.
- 22) Never hire a person all by yourself; ask for the opinions and inputs of others.
- 23) Check at least three different references on the background of the person before you make a hiring decision.
- 24) Use personnel or placement agencies to find you people who will work for 90 days on a trial basis.
- 25) When you hire a new person, start them off strong, working full-time, over their heads if possible.
- 26) **Delegating** is essential to business development.
- 27) Be sure that you delegate the right task to the right person in the right way at the right time with the right schedule.
- 28) There are **five** ingredients to managing and motivating people.

- 29) Make sure that the work is **interesting**, that people feel “in the know,” that you create a high trust environment, that you are a caring boss, and that you give good pay and opportunities for advancement.
- 30) Money only motivates people to a certain extent; after that it is the emotional and psychological factors.
- 31) Building a Peak Performance Team is the key to business success.
- 32) Top teams need **shared goals and objectives** that everyone knows.
- 33) They need **shared values and principles** that everyone agrees upon.
- 34) They need **shared plans of action** so that everyone knows what everyone else is expected to do.
- 35) You as the leader must go out in front and become a **role model** for everyone else.
- 36) Top teams need continuous review and evaluation to see and know how well they are doing.
- 37) Hold regular staff meetings to bring your team together to talk and share ideas and experiences.
- 38) Have members of your staff be in charge of the staff meetings on a rotating basis.
- 39) Fully 85% of key people are found through **referrals** and word of mouth.

- 40) Advertise in newspapers and the internet, in Craig's List, monster.com, and careerbuilder.com.
- 41) The rule is to "hire slowly and fire fast." The best time to fire a person is the first time that it crosses your mind.
- 42) Ask yourself of every staff member, "If I had not hired this person, knowing what I now know, would I hire him or her back again today."
- 43) Learn how to terminate employees with calmness, kindness and low stress/no stress.
- 44) Think through the severance package that you will give a person before you sit them down and let them go.
- 45) You always attract into your life the people, ideas and resources in harmony with your dominant thoughts.
- 46) When you are new and inexperienced, you will make lots of mistakes; these are unavoidable.
- 47) As you develop your leadership skills through time, learning and experience, you will hire better and better people, and get better and better results.

ACTION EXERCISES

- 1) Identify three different business groups or organizations that you can join, and attend regular meetings. Make networking with business people a regular part of your business life.
 - a) _____
 - b) _____
 - c) _____

- 2) Take the initiative in forming a mastermind group. Which three or four other people, either in your business or other businesses, could you invite for lunch at a casual restaurant?
 - a) _____
 - b) _____
 - c) _____

- 3) Write out three things that you could do to improve your interviewing and hiring of people in the future. Like a checklist, follow it each time.
 - a) _____
 - b) _____
 - c) _____

- 4) Determine your hourly rate and identify three or more jobs that could be done by someone else who earns less than you.

a) _____

b) _____

c) _____

- 5) Look for persons with successful track records doing key jobs that you have to have done. How could you attract them to work for you?

a) _____

b) _____

c) _____

- 6) Conduct a values clarification exercise with your entire team. Then mutually agree to live and work by the common values. What do you think they should be?

a) _____

b) _____

c) _____

7) Begin holding regular staff meetings to bring everyone together to talk, share and integrate as a team. What could you do to make your staff meetings more enjoyable and effective?

a) _____

b) _____

c) _____

Notes and Exercises for review, reinforcement and continuous learning

LESSON TEN

Get Your Numbers Right

- 1) Your ability to do accurate costing for your products and services, and then to set proper prices for what you sell, can make all the difference between profits and losses, success and failure.
- 2) Profits can be defined as “the excess of revenues over costs.”
- 3) Even if you are an idea person, you must master the numbers in your business if you want to succeed.
- 4) “Get the facts. Get the real facts. Not the hoped-for facts, the assumed facts, or the possible facts. Get the real facts. Facts don’t lie.”
(Harold Geneen)
- 5) You should know all the critical numbers in your business if you want to survive and thrive.
- 6) Do **accurate** and complete cost analysis for any new product or service you are thinking of bringing to the market.
- 7) In determining your costs, you must be brutally honest with yourself.
- 8) Your **direct costs** are the costs of goods sold.
- 9) Your **indirect costs** are the costs that are attributable to all of the products and services that you sell.

- 10) You must continually calculate and recalculate every dollar that you must spend per product or service that you sell.
- 11) You must calculate the **outside services** that you require to operate your business, especially legal and accounting.
- 12) You must calculate your **hourly rate** and attribute it to every product or service you sell to get the real costs to the company.
- 13) **Fixed costs** are the costs that you incur each month whether or not you sell a single item or generate a single dollar of revenue.
- 14) **Semi-variable costs** are costs that are partially fixed and partially variable: they change depending upon sales levels and activity.
- 15) **Sunk costs** are expenses that you have incurred that are now gone forever and can never be recovered.
- 16) Your **competitors** set your prices, your profit margins, and how much you sell in your business.
- 17) You must intensely focus on your customers on the one hand, and your competitors on the other.
- 18) “Your goal in business is to achieve a meaningful and sustainable competitive advantage.”
- 19) The **market clearing price** is the price at which everything you want to sell and everything that customers want buy meet, and everyone is satisfied.

- 20) One of the keys to success is to be clear about the inventory you need and never be overstocked.
- 21) There are various ways that you can set your prices for your products or services, but remember that these are all “guestimates.”
- 22) With **costs plus markup**, you take your total cost for a product or service and mark it up by a specific amount, usually a percentage.
- 23) With **cost plus**, you add your total costs and then you add on a fixed amount or a percentage.
- 24) You may use a **multiple of total costs** and then increase it by five or ten times, especially if it is manufactured.
- 25) **Market pricing** is when you set your price based on your competitors prices and what you think that the market will bear.
- 26) **Monopoly prices** are those that you can charge because you have an especially attractive or desired product that no one else can offer.
- 27) **Variable prices** are what you charge when you raise or lower your prices depending upon certain circumstances in the market.
- 28) The **walk away price** is the price below which you will not sell your product or service in any case.
- 29) The introductory or **lost leader price** is the price that you will offer in order to acquire a customer for the first time, even though you lose money.

- 30) **Market demand pricing** is when you charge whatever you feel the market will pay at this moment.
- 31) The **breakeven price** is the price at which you earn neither a profit nor a loss, but you generate cash flow.
- 32) The **clearance sale price** is where you cut your prices below your costs to sell out, move the inventory, and get cash into your business.
- 33) Pricing flexibility is where you keep your hands on the pulse of the market and remain willing to change your prices if that's what it takes to make a sale.
- 34) Continually calculate your **profit margin**, either as a dollar amount or as a percentage.
- 35) Seek continually to **reduce** your fixed costs and lower your breakeven point.
- 36) Evaluate every expenditure on a regular basis to see if you can decrease or cut it in some way.
- 37) Your **gross margin** is the amount of profit that you earn after deducting the costs of goods sold and all other direct costs.
- 38) Your **net margin** is the amount of net profit that you earn per sale or per month after deducting all of the variable costs involved in operating your business.

- 39) Your **return on investment (ROI)** is the amount of total profit, expressed as a percentage, which you make each month or each year based on the investment in the enterprise.
- 40) Your **return on equity (ROE)** is the amount of profit that you make based on your actual cash investment out of pocket in the enterprise.
- 41) **Return on sales** is the percentage of gross profit that you make from each sale.
- 42) Your **return on energy** is the actual amount that you earn, hour-by-hour, for the investment of your emotional, physical and mental energies in the business.
- 43) Before you make any business decision or investment, you should take the time to achieve complete accuracy with regard to every amount.
- 44) Get a good accountant to calculate these numbers for you, either on a full-time or a part-time basis. They're essential to success and survival.

ACTION EXERCISES

- 1) Calculate for your best-selling products or services exactly how much you received per sale and how much it costs to service your customer.
 - a) _____
 - b) _____
 - c) _____

- 2) Examine each of your better selling products or services and determine if you should raise or lower your prices.
 - a) _____
 - b) _____
 - c) _____

- 3) Calculate your fixed costs for your business including your own time, so that you know what it costs to keep your doors open.
 - a) _____
 - b) _____
 - c) _____

- 4) Calculate the breakeven point for your business and seek ways to lower it each month. Think of three ways you could lower your fixed costs.

a) _____

b) _____

c) _____

- 5) Decide what constitutes a “sunk cost” and resolve today not to spend another dollar or minute trying to recoup it. What are the sunk costs in the past of your business?

a) _____

b) _____

c) _____

- 6) Calculate your own personal hourly rate and compare every activity you engage in against that amount. What are the three things that you do that pay you the most?

a) _____

b) _____

c) _____

7) Decide today to take action in at least one area to increase your prices, make your prices more attractive, or reduce your fixed costs.

a) _____

b) _____

c) _____

Notes and Exercises for review, reinforcement and continuous learning

LESSON ELEVEN

Financing Your Business

- 1) Everything in business can be expressed in **financial** terms.
- 2) Getting the money you need on an ongoing basis is a key entrepreneurial function.
- 3) There are over a thousand businesses that you can start with \$100 or less.
- 4) Create your **business plan** before you try to raise money.
- 5) Your business plan will give you an assessment of the amount of money you need both in the short term and the long term.
- 6) You must continually ask yourself the **brutal questions** about your business and its potential.
- 7) You should calculate **high, medium and low** levels of sales and profitability in your planning process.
- 8) Attach a **probability** of success, your confidence level, to each of your high, medium and low projections.
- 9) You should be profitable even at your **lowest** estimated sales potential.

- 10) **There are fourteen different methods that you can use to raise money.** The first and most common source of startup funding is your own **personal savings** account.
- 11) One of the ways that you can raise money is by **selling some of your assets.**
- 12) You can sell your home, your car, your motor home, your boat or some of your furniture.
- 13) A common source of money for entrepreneurs is **credit cards.**
- 14) You can start and build a business by taking out **personal loans** based on your current job, your past credit rating and your character.
- 15) The rule for building your credit rating is to “borrow big and pay back early.”
- 16) The goal of the loan officer or the bank manager is to make good loans, not take financial risks.
- 17) You can borrow money by taking out what is called a “**collateral loan**” against something that you own.
- 18) The primary source of money for most new businesses is what is called “**love money.**”
- 19) Banks thrive on making good business loans, but only to businesses that have been around for two or more years.

- 20) The five factors that banks look for in lending money are “**cash, collateral, credit rating, capital, and character.**”
- 21) Borrowing money from banks involves a progressive series of financial transactions, building trust and credibility over time.
- 22) You can finance your business through **leasing or renting** rather than buying.
- 23) One of the most popular and effective strategies to start and build a successful business is called **bootstrapping**.
- 24) When you are forced to bootstrap and build your business slowly you have no choice but to replace money and investment with hard work and creativity.
- 25) A popular way to raise money is to finance your business by what is called “**customer financing.**”
- 26) A way of customer financing is to request a **50% deposit** on an order when you make the sale.
- 27) Some companies make the sale and then **ask the customer to pay** for all or part of the sale when the order is placed.
- 28) You can then sell the product, get paid for it and then turn around and pay your supplier before the bill becomes due.
- 29) Another method of customer financing is the sale of **newspapers, seminars and subscriptions** of any kind.

- 30) **Direct mail marketing** is another form of customer financing where you take the orders before you fill them and deliver the product.
- 31) You can use customer financing by **licensing the rights** to manufacture and market a product that you own and control in exchange for a royalty or fee.
- 32) You can use customer financing in consulting by operating on a **monthly retainer basis**.
- 33) **Multi-level marketing** is another way of customer financing.
- 34) You can use banks or specialist companies to **factor your receivables**, your purchase orders from customers.
- 35) You can use **franchising** as a form of customer financing.
- 36) A franchise is a proven success system that enables the purchaser to immediately make steady, predictable cash flow.
- 37) Some companies are financed by **venture capital**, sophisticated money, managed by experienced people.
- 38) Venture capitalists will invest in a business only when it has three things going for it: a proven track record, a complete business plan, and a competent, experienced management team.
- 39) The **Small Business Administration** (SBA) will often help you underwrite your business and support you while you get going.

- 40) You can sometimes raise money through **Small Business Investment Companies** (SBICs).
- 41) You can issue a **public stock offering** by going public on the market.
- 42) To go public, you must have a successful track record of two or more years, and positive cash flow.
- 43) You can raise cash for your business with what is called **supplier financing**, or delayed billing from your suppliers.
- 44) Smaller companies are much more likely to offer you better credit terms than larger companies.
- 45) You must develop a high degree of financial literacy with regard to the key numbers in your business if you are going to be successful.
- 46) The only two numbers that count in your business are revenue and expense.
- 47) Run your business like a **turnaround**.
- 48) If there is anything that you would do in your business to survive sometime down the road, do it **immediately** before you have no choice.
- 49) Be wise in all your financial decisions.
- 50) As you develop more experience with money and business, you will attract more money and greater opportunities.

ACTION EXERCISES

- 1) Develop a complete business plan that shows your cash requirements for the next twelve months. What are they?
 - a) Monthly? _____
 - b) Quarterly? _____
 - c) Annually? _____

- 2) Develop high, medium and low sales estimates for your business for the next twelve months. What are they?
 - a) _____
 - b) _____
 - c) _____

- 3) Determine three different ways that you could get the money you need based on the ideas discussed in this lesson.
 - a) _____
 - b) _____
 - c) _____

4) What three methods could you use to finance your business with other people's money, such as your customers or suppliers?

a) _____

b) _____

c) _____

5) What could you do today, and for the indefinite future, to achieve an excellent credit rating?

a) _____

b) _____

c) _____

6) What are three of the key factors that banks look for when deciding whether or not to lend you money?

a) _____

b) _____

c) _____

7) What are three of the key numbers that you should have every day in the operation of your business?

a) _____

b) _____

c) _____

Notes and Exercises for review, reinforcement and continuous learning

LESSON TWELVE

Increasing Your Profits/Balancing Your Work & Personal Life

Increasing Your Profits

- 1) Your ability to generate profits in your business is the critical determinant of your success.
- 2) Begin by imagining that it is possible for you to **double the profits** in your business, and then double them again.
- 3) If you can be clear about the **profits** that you want, you can then look around and find another company or companies that are earning that level of profits.
- 4) Every business performs a series of functions that create or add value in some way.
- 5) Each part of the value-creation chain consists of an activity of some kind.
- 6) Begin by determining exactly what your **customers** want, need and will pay for.
- 7) Resolve to improve by 10% in each of the critical things that you do in your business over the next year.

- 8) The cumulative effect of a 10% improvement in each area will be to double your productivity, performance and products over twelve months.
- 9) Make a plan to improve by 10% in each of the seven key result areas of selling.
- 10) Resolve to improve by 10% in the seven key areas of managing.
- 11) Begin by determining exactly where your profits are coming from at the present time.
- 12) Each business has **core products and services** that it is built around, and which are most profitable.
- 13) There are three ways to increase your sales: 1) Increase the number of individual sales; 2) Increase the size of each purchase; 3) Increase the frequency at which customers buy, and buy again.
- 14) You can increase your sales by entering into **joint ventures** and strategic alliances with companies that sell non-competing products and services to the kind of customers that buy what you sell.
- 15) You can create **host-beneficiary** relationships in which you offer a free gift or a special bonus to the customers of another company.
- 16) Each product or service that you sell yields you a specific amount of net profit. You must first determine the rank order of profitability of every product or service that you sell.

- 17) Analyze each of your administrative expenses and attribute them to each product or service that you sell.
- 18) Increase your profits by eliminating low-profit, no-profit items.
- 19) Remember, 80% of your profits will come from 20% of your products, services and activities.
- 20) As soon as you discontinue the low-profit 80% of your products and services, you also eliminate most of the expenses associated with keeping them in your lineup.
- 21) Develop the courage and decisiveness to lop off all non-performing parts of your business.
- 22) The first Law of Holes is, “When you find yourself in one, stop digging!”
- 23) Keep asking: “If I was not now doing this, knowing what I now know, would I start it up again today?”
- 24) There are **key variables** that ultimately determine your level of profitability.
- 25) **Lead generation** is the process that you use to attract interested prospects to your business.
- 26) **Lead conversion** is the process by which you convert leads into paying customers.

- 27) The **number of transactions** is the number of individual sales that you make to each customer that you acquire, and that you make each day, week and month.
- 28) The **size of transaction** is the size of the sale and the profit that you earn from each sale.
- 29) The **profit margin per sale** is the gross profit that you make from the sale of each product or service.
- 30) The **cost of customer acquisition** is the amount that you have to pay to acquire each paying customer.
- 31) **Referrals** are the customers who come to you as the result of satisfying your best customers.
- 32) It is fifteen times easier to make a sale from a referral from a satisfied customer than it is to advertise, promote, cold call and prospect to find a customer.
- 33) You can increase profits by eliminating costly services and activities that your customers really do not value as much as they cost you to offer.
- 34) You can increase profits by **outsourcing business activities** that another company can do at a lower cost than you. This frees up you and your staff to do higher value activities.
- 35) You can increase profits by **reducing people costs**, by consolidating and condensing more jobs into a single person and reducing the number of people you have on your payroll.

- 36) You can reduce fixed costs that you incur each month whether or not you sell a single item of your product or service.
- 37) You can decrease variable costs, which are those that you incur only when you make a sale.
- 38) You can reduce your breakeven point, the number of items you must sell each month to break even and start making a profit.
- 39) You can increase your profits by raising your prices by 5% or 10% across the board.
- 40) You can identify the **constraints** that are holding you back from achieving the sales and profit goals that you desire.
- 41) Think continually about how you could bring about marginal cost reductions or revenue increases to improve your profitability.
- 42) Whatever ideas you have, try them out on a small scale before you commit whole-heartedly.
- 43) Study your financial statements each month and focus on the biggest numbers.
- 44) Figure out how you could you improve them. Think about and talk about profitability all the time.

ACTION EXERCISES

- 1) Identify three ways that you could **increase** the number of leads coming into your business, right now.
 - a) _____
 - b) _____
 - c) _____

- 2) Identify three ways that you could **increase** the conversion rate of the prospects you attract through your lead generation activities.
 - a) _____
 - b) _____
 - c) _____

- 3) List three ways that you could **increase** the size of each sale by selling more expensive products or by up-selling and cross-selling.
 - a) _____
 - b) _____
 - c) _____

4) How could you **decrease** your costs without lowering your sales or levels of quality?

a) _____

b) _____

c) _____

5) What companies could you enter into **strategic alliances** with to sell to their customers and invite them to sell to yours?

a) _____

b) _____

c) _____

6) How could you get your customers to buy from you **more often**?

a) _____

b) _____

c) _____

7) What could you do to **increase** the number of referrals you receive from satisfied customers?

a) _____

b) _____

c) _____

Balancing Your Work and Personal Life

- 1) The whole purpose of succeeding in business is so that you can be truly **happy**, and that you can enjoy all the other parts of your life.
- 2) Begin by making a commitment to achieving and maintaining **balance** in every part of your life.
- 3) If your life is out of balance or out of alignment for very long, your relationships and your work begin to suffer.
- 4) Your overall goal in life should be to be happy, to be calm, confident, relaxed and to feel in complete control of your life.
- 5) The wonderful thing is that balance is the norm in your life; your body has a **natural bias** toward health and energy.
- 6) The **Law of Correspondence** says that your outer world will be a reflection of your inner world.
- 7) This law explains why things go right in your life, and why things go wrong.
- 8) Your normal, natural, healthy state of being in life is to experience joy and laughter in most of what you do.
- 9) You can maintain better levels of balance by developing the habit of **looking for the good** in people and situations around you.
- 10) The two areas of life that you need to be concerned about daily are the physical and the emotional.

- 11) The Alameda Health Study identified **seven keys** to a long, healthy, happy life.
- 12) The first of these seven habits is to **eat regularly**, rather than sporadically throughout the day.
- 13) The second habit is to **eat lightly** rather than heavily.
- 14) The third habit is **no snacking** between meals.
- 15) The fourth habit for longevity is **not smoking**.
- 16) The fifth habit identified in the Alameda study was **moderate to no consumption of alcohol**.
- 17) The sixth habit for longevity is **sleeping seven to eight hours** each night.
- 18) The seventh habit identified in the Alameda study was **regular exercise**. “If you don’t use it, you lose it.”
- 19) Two other keys to longevity are: **wearing seatbelts** in your car, and **deep breathing** every day to improve your digestion and increase the flow of oxygen to your brain.
- 20) Take a few moments to breathe deeply before any situation that causes you stress or concern.
- 21) The fact is the “psycho” (the mind) makes “soma” (the body) sick.
- 22) Wherever you feel unhappy, stressed or frustrated in your life, this is an indication that you are out of balance in that area.

- 23) Your **self-concept** is your bundle of beliefs about yourself that determines how you think, see, feel and react to your world.
- 24) You have a mini self-concept for every area of your life that you consider important.
- 25) Your self-concept is made up of three parts: your **self-ideal**, your **self-image**, and your **self-esteem**.
- 26) Your **self-ideal** is made up of your dreams, hopes, wishes and the ideal person that you would like to be some time in the future.
- 27) Your **self-image** is made up of the person that you see yourself as being in the present, and the way you think others see you.
- 28) Your **self-esteem** is determined by how you feel about yourself, the emotional component of your personality.
- 29) The key to high self-esteem is for you to **achieve alignment** between the person you feel you are, your self-image, and the person you would most ideally like to be sometime in the future, your self-ideal.
- 30) In each case, you achieve a better **sense of balance** by first of all determining your values in each part of your life.
- 31) All problems in your life can be resolved by a return to your core values.
- 32) The truth is the solution to all your problems.

- 33) From this day forward, make sure that everything that you do on the outside is in complete alignment with what you consider to be valuable and important on the inside. This is the key to happiness.

ACTION EXERCISES

- 1) What are your three most important **personal values**? What do you stand for and believe in?

a) _____

b) _____

c) _____

- 2) What are your three most important **business values**?
What principles do you practice with your customers and in the operation of your business?

a) _____

b) _____

c) _____

- 3) What are your three most important **business goals**, right now?

a) _____

b) _____

c) _____

4) What are your three most important **personal and family goals**, right now?

a) _____

b) _____

c) _____

5) What are your three most important **health goals**, right now?

a) _____

b) _____

c) _____

6) What **three virtues, values or qualities** do you want to be known for at some time in the future?

a) _____

b) _____

c) _____

7) What **three specific actions** are you going to take immediately based on the answers to the above questions?

a) _____

b) _____

c) _____