

MY BIZ INC.

Business Magnetism

Understanding the Attraction & Creation of New Business



Jim Carty

The single most important question on the lips of business owners and executives alike could very well be: "How can we continue to develop more of the business that our company needs in order to survive?" (Not all business is good for your health. But that is a different article.)

New business development has always been the primary focus of sales and marketing executives after all, without the continuous generation of new business, extinction is inevitable. New business is developed in one of two ways: you either attract it, or you create it. The exciting thing is this: As professionals in business, we have control over both activities.

Business attraction

Simply put, the attraction of business happens when a prospect recognizes a need that they have could be solved by your organization. This combination, of being aware of needs and identifying your product or service as the solution, will provide opportunity for the sales and customer service side of the organization to do its work.

Business is attracted to your organization by virtue of the amount and effectiveness of marketing that is done on a continuous basis. Depending on your role within a given company, the majority of business attraction may be the responsibility of departments far removed from the area in which you work.

Within the business attraction model, companies need to plan for and leverage the efforts that are made by the marketing department. Prospects will inquire or respond when they have identified a need which your service or product may fill. How you handle these needs will directly impact the image that this potential customer maintains about your organization, (as well as the image that they spread to anyone who will listen to them as they tell their own story). Many of us have heard the stats regarding how many times a typical satisfied customer will share your story (3) vs. a dissatisfied customer (12-15).

Business Creation

The creation of new business is a different philosophy. It starts with understanding three distinct customer facets:

- The lifetime value of a customer
- The service ratio of a customer
- The referral value of a customer

The lifetime value of a customer is an often

overlooked piece of information. If your company has a product that must be replaced on a regular basis, there is great value (and great revenue) in working to maintain your client base instead of continually replacing them. It is commonly agreed that the cost of replacing a client is three to five times the cost of maintaining a current customer. Some companies, within the financial industry for example, work very hard to keep their clients even through multiple generations.

When considering the service ratio of a customer you need to begin by looking at, and knowing, your entire product line. What other services do you offer that your clients could benefit from? Are they using another supplier for these services? Just as it is wiser to keep your current clients vs. replace them; selling more to the clients that you currently have is also an effective long-term growth strategy.

Often the most overlooked and therefore underutilized value found within your customer base and centre of influence is their ability to refer additional business to you. Unfortunately, the referral process is thought of as a "bonus" to

giving good service as opposed to a vital part of a business plan.

Referrals are the single most cost effective source of new business. Having a current client endorse you and your service to another person carries a value that cannot be bought. It has been and must be earned.

When all else is equal, the defining factor in client referrals is trust. Trust can be equated to confidence. Both of which are crucial when considering the impression people hold of you. Are you consciously improving your image in the eyes of your contact sphere, clients & prospects? Can the people in your contact sphere trust you?

A referral is a replacement. If you are being referred to someone to provide a service you are operating in their stead. You are in effect replacing the source in order to provide the necessary service. If there is a problem with the solution, regardless of the cause, the fault will travel back to the source, which directly impacts the future credibility that you carry.

The referrals that you receive from your contact sphere can be measured in two ways: quantity and quality. The degree of each is a direct reflection of the level of trust/confidence the source has in your ability to fulfill the promised service.

Six Key steps in developing effective referral resources

- Diversify your networks – if you want more people to refer business to you, start by meeting more people.
- Develop your contact sphere – create a contact sphere that can serve your clients. Your contact sphere should compliment your business development efforts not compete with them.
- Create a method to genuinely thank people for referrals – a little appreciation goes a long way. If you let people know that you value the referrals you receive, regardless of the outcome, they will be more inclined to refer again in the future.
- Work your networks – while you are very much interested in receiving referrals to serve your target market, don't forget to provide referrals wherever you can. Be known as a person that thinks of others.
- Develop lasting relationships – it's not what you know, nor who you know. It is how well you know them that will determine when you know. Having genuine relationships with others will improve your referral success.
- Improve your communication skills – your ability to share your message in a clear concise method directly impacts the understanding that your contact sphere has regarding your services.

Every business is looking for more business. The wise organizations are looking for the right business. (The difference between working hard and working smart.) If you invest the time to identify which business you can attract and which you need to create, reaching corporate targets can become a regular occurrence.

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