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My 2 Cents on... How to Grow Your Business in 2016

Have you thought about growing your cash flow business during the coming year? If business growth is part of your 2016 objectives – and it should be – here are some suggestions that might help you achieve your goal.

Bigger is better, right? Well, sort of. Bigger isn't always better.

For one, it depends on your definition of “bigger” (i.e., on which metrics you focus when talking about growth).

For example, more or bigger transactions are not always a guarantee for more money in your pocket, if they are accompanied by a non-linear increase in expenses.

Secondly, even if you do focus on the “right” growth metrics, you might find that any further growth would require a

different business model, a complete revamp of your operational structure, and/or additional resources.

If those changes had a negative impact on your net margins, more growth may just not be a smart move for you.

THERE ARE ONLY THREE WAYS TO INCREASE SALES

But then again, once you get to that point, it's probably a good problem to have. In most cases, we can probably agree that growth beats stagnation or decline hands down every time.



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So, how do we manufacture growth in any business? The obvious answer is “more sales”, of course.

But it may surprise you to see that there are only three ways to increase sales (if we ignore the option of “buying other companies”, for all intents and purposes here).



Let’s look at those three ways in more detail now.

The first way to increase sales is to boost the rate of “first time buyers”. This is what is generally referred to as increasing the “trial” rate or expanding “market penetration”.

In our cash flow world, we think about it as building and maintaining a full pipeline and converting target contacts to leads, leads to opportunities, opportunities to proposals, and finally, proposals to new clients. It is also frequently referred to as the “sales funnel”.

The second way to increase sales is through “repeat sales”, i.e., sales to the same buyer over and over again. In other words, this is the conversion of a first time (“trial”) buyer into a “repeat buyer”.

Obviously, the more “trial” buyers become “repeat” buyers, the better. One “repeat”

sale is on average six times less expensive than one “trial” sale and way more profitable, as your marketing costs decrease dramatically!

When talking “repeat” sales, we have two options to consider:

1) Increase the buyers’ frequency of repurchases (the rate of sale), i.e., shorten their purchase cycle

2) Increase the sales volume per sales occasion (weight of sale), i.e., make the buyers buy more units each time they buy

That’s it. Nothing but increasing “trial” and/or “repeat” will grow your business. These three shots (one for trial, two for repeat) are all you get. The real question you need to answer now is which one is the right shot for you to take at any given time.

And yes, you do have to answer that question, if you want to grow your business, because your answer should dictate which strategies and tactics you employ to achieve the desired growth.

For example, “loyalty promotions” are nice when you want to grow repeat sales. They are, however, completely useless when you need to build trial. Likewise, providing “free stuff” is a great idea for driving trial,



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but a waste of money (and “stuff”) when it comes to incentivizing your repeat clients.

IF YOUR BUSINESS IS RELATIVELY YOUNG, YOUR SOLE FOCUS MUST BE ON BUILDING TRIAL

The point here is this: Make sure that whatever activity you implement will address exactly the targeted growth issue at hand, i.e., either building trial or increasing the rate or the weight of sale among repeaters.

Now here comes the shocker! If your business is relatively young, your sole focus must be on building trial anyway (since you don’t have a loyal client base yet).

Unfortunately, as a cash flow broker, you share the same fate. Building trial, i.e., filling and maintaining your pipeline is pretty much the only option you have to grow your business at any time. Period.

You can hardly do anything to drive repeat. Within some cash flow niches, the concept of “repeat” doesn’t even really exist.

For example, note sellers typically have only one note to sell. Sure, successively selling various “partials” of the same note

could be regarded as repeat sales. However, there is very little you as the broker (or even the buyer) can do about it. The seller will want to sell the partials whenever he/she needs more money. You cannot “create a need”.

Same with factoring. Yes, clients may factor their invoices every week or every month, and this could be called “repeat sales”, but again, the broker and the factor have little influence on the client’s sales volume and how much of it he/she decides to factor each time and how frequently the client needs the cash infusion.

Or take structured settlements. Aside from selling multiple partials of the same settlement at different times, one would actually hope that – for the plaintiff’s sake – one individual would never have to seek advances on more than one settlement.

FILLING AND MAINTAINING YOUR PIPELINE SHOULD BE YOUR NUMBER ONE PRIORITY WHERE YOU SHOULD SPEND MOST OF YOUR TIME

Or how likely is it that a lottery winner would be in a position to qualify as a “repeat seller” (again, besides selling multiple partials of the same winning ticket)?



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Well, you get the idea. Your business growth must come from **new** clients. And that fact alone pretty much dictates the way you need to pick and organize your work priorities, strategies, and tactics.

Filling and maintaining your pipeline should be your number one priority where you should spend most of your time.

However – and in order to not confuse “activity” with “productivity” (remember, being busy doesn’t mean you’re making money!) – the best way to go about generating new business is to do it in an organized, well-planned manner.

Here are the most important things you need to think about, plan, and then implement accordingly:

TARGETING – To be most effective and efficient in your efforts to drum up new business, you should first define who your ideal clients are and how to reach them. Go after them and don’t waste your time trying to chase everybody!

POSITIONING – How do you want to be perceived? What is your “claim to fame” or the image that people should have of you and your business? Remember, you have to stand for something – otherwise you’ll stand for nothing and become irrelevant.

BRANDING – No, it’s not just something for the big guys. You don’t need to be a Coca-Cola, Cadillac, or Apple, but you shouldn’t be a no-name either. A brand has equity (i.e., value!).



In fact, brand equity is the added (emotional) value that is delivered and perceived over and above the intrinsic (rational) product performance.

Why do you think people trust the big brands more and are willing to pay a premium for them? Most brand leaders are also market leaders in their respective product categories.

Create and be your own brand! You will benefit from more “goodwill” in the long run.

PRICING – Have a pricing strategy that is in line with the market and reflects your ideal client target, the market conditions, and the strength of your positioning and brand. Pricing works in combination with whatever else surrounds you. Remember, you



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shouldn't sell a Chevy at the price of a Rolls Royce or vice versa.

COMPETITIVE INTELLIGENCE – Know what others in your line of business are doing! How else could you possibly stand out and not become interchangeable?

CUSTOMER SERVICE – This is your chance to really shine! Although you are in the cash flow business, money is just the product – a product that you as the broker don't even provide. The business itself is all about people. And your job is really all about delivering an outstanding customer service. The more outstanding your customer service can be compared to that of the next guy, the more new business you will win. Simple but true.

PACKAGING – OK, you don't sit on a shelf and have to attract attention. That doesn't mean you don't need to make a good impression. If you interact with prospective clients, you'd better present the "whole package" as they will expect it. That includes personal appearance, proper business manners, etiquette, and language (orally and in writing), as well as proficient cash flow knowledge and competence within your area of expertise. Think about it! Would you want to do business with anyone who is not fully proficient and professional?

PROMOTION – How do or will you promote your business? Remember that certain promotions work well for building trial, while others stimulate repeat buying. Make sure you know what your objectives are and select your promotional activities based on these objectives. By the way, it's OK to think outside the box when it comes to promoting your business. You don't necessarily need to replicate what everyone else is doing. Be different! For example, wacky may be just what gets you noticed.

ADVERTISING – I use this term very loosely here. It can include free ads in the penny-savers, small ads in the classifieds, direct mail, radio, billboards, TV spots, social media efforts, and anything in between. Even press releases, public speeches, and published articles. No matter what you do, always choose with your target group in mind and in accordance with your budget and capabilities. And rather than just focusing on the delivery vehicle of your advertising, focus more on its content and message. Advertising content and message make all the difference when it comes to advertising response.

Well, if you're still reading you must really be interested in growing your business. That's a great start, and you have already covered the first two of three "secrets of business growth" in the cash flow world:



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1. Focus most of your efforts on where it counts most: New clients. Pipeline building and maintenance are paramount.
2. Budget and plan in advance which strategies and tactics you will implement to find and attract new clients. And stick with it. Don't just wing it or make it up as you go along!
3. The third and final "secret", to round things off, relates to the follow-through.

Just like everything else in your business, growth needs to be managed as well. Now, the only things that can be managed are those that are measured and tracked.

Therefore, you need to measure and track your all efforts and activities on an ongoing basis and compare them to the results (i.e., new clients, income) you are getting to see if you are getting a good enough return on your investment of time and money.

If you have a good tracking system in place, you should also be able to see

which particular activities and marketing instruments deliver above and below average results in terms of generating new business.

This will allow you to weed out the money- or time-wasters (or improve them!) and focus more of your available resources on the breadwinners. I'm sure you see what this will do to your new business development plan!

Now, if you implement such an organized and disciplined three-step approach in your business and stick with it for a while, you might just find that business growth can be as simple as 1...2...3.

Yet, two questions remain: Will you do it, and do you have what it takes to pull it off?

I wish you happy holidays, a very merry Christmas, and a healthy, peaceful, and prosperous 2016.

To your success,

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