

TRANSACTION SIZE

Where's **MY CASH** Gone?® PRINTABLE WORKBOOK



Think of revenue as the lifeblood of a business. It's the stuff that makes business tick. It's what enables the business to not only pay its way on a day-to-day basis, but to be able to grow through investing in bigger and better technologies, people or equipment.

Revenue is the money a business receives from its normal business activities; some people like to call it turnover, and that's fine. It describes accurately exactly what it is. Most businesses receive revenue from the sale of goods. Service companies receive theirs from rendering service. What they all aim for is top line growth, and so too should you.

There are, of course, many things you can do to improve or increase your top line growth. Which you decide to pursue is entirely up to you. You see, some growth strategies are more suited to some businesses than others. This means there is more than one way to achieve the desired result.

If you were to ask your accountant for advice about what you should do to improve your operational cashflow, chances are you'd be told to pull your belt in, cut expenditure and review all your outgoings. Sure that will work, but if you were to ask any successful business person, you'd probably be advised to put your foot down harder on your businesses accelerator and work harder on the marketing side of your business.

I prefer the latter course of action because it is in keeping with progressive business thinking; it's what business owners should be doing as a matter of course. You see, sound business practice dictates that in order to survive, you need to grow not shrink.

So, how do you think you could go about growing your top line? Write your thoughts down now.



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What are your competitors doing to ensure their customers keep doing business with them? Write your answer down now.

Are there any businesses you know of who seem to be doing the right thing by focusing on growing their top lines? Who are they?

Now I want you to refine your thinking and narrow down your ideas into small, easy-to-digest and implement segments. What are the bottle necks in your business? Do you have the right people taking care of this aspect of your business? Are you devoting sufficient time to it?

Do you believe this area to be in control in your business?

Making your customers a focus of your business

Concentrating on your customers is the logical thing to do to grow your business the smart way. And in so doing, there are really only two ways you can choose to do this; you could concentrate on getting them to come back and do business with you more often, or you could interest them in spending more each time they do business with you. This means up-selling them, doesn't it?



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There is nothing wrong with up-selling. It could be that they didn't realise you had a more up-market product that would suit their needs better. Or perhaps the more expensive model would be better value for money.

Another thing you should be doing as a matter of course is to offer your clients more than they originally asked for. By this I mean perhaps you have other items that go with the product they wanted. For instance, if you ran a hardware store and someone came in wanting paint. Why wouldn't you offer them a paint brush, some turpentine and some masking tape as well? They will probably need these additional items if they are planning to do some painting over the weekend.

Do you sell product that have natural extras you should be offering?

What would it mean to your bottom line if you were to up-sell just 10% of your customers?

What else can you do to increase the average transaction size of each and every customer of yours?

Do you know what the average transaction size is for your business? If not, how can you find out?



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Some simple repeat customer strategies

Let's take a closer look at some simple, easy-to-implement strategies that are guaranteed to increase your average transaction size. Just reading through them is bound to give you a heap of ideas about how you can implement them in your business. You may even get a pretty good idea at this early stage about what they could do for you in terms of turnover or profit. You might even know straight away which you could use and which wouldn't apply to your own particular situation.

Increase your prices

The most obvious way to increase the average amount you earn from each transaction is simply to increase your prices. Sound scary? Well, you are not alone. Most business owners are petrified that if they put their prices up their customers will head for the hills and deal with someone else. Let me assure you that it is only YOU who has this fear, not your customers.

See, chances are you are so touchy about WHAT you charge that you have undervalued your business in any case. The only businesses that compete on price are those servicing the bottom end of the market. Of course, that's fine that they do because there is a place for them in the market. But understand this: if you compete on price, it's the easiest thing in the world to be chopped out of the marketplace if your competitors undercut you by just a few dollars.

How do you think your pricing stacks up at present? Explain.

What do you think a price increase of just 5% would do to your bottom line?

Do you know this for sure, or are you just guessing?



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When was the last time you increased your prices?

What was the result, as far as your customers were concerned as well as your bottom line?

Why not try increasing the price of one of your fastest moving products right now to test for yourself. How much will you increase prices by?

Use a check list

A check list is a great way to increase the size of your average transaction. Why do you think this is so?

Do you run checklists in your business?

How do you think your customers would react? Explain.



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What items could you include on a checklist?

Ask questions

Ever hear the saying, if you don't ask you don't get? Well, when it comes to business this saying holds true. You see, one of the most effective ways to increase the size of any transaction is simply to show and interest in your customer and ask questions. Does this sound like the way you operate at present?

What questions should you be asking your customers?

How will they result in additional sales or an upgrade to a better product?

Offer payment terms

Sometimes simply being able to pay off a new product can make the difference between upgrading or sticking with the base product.

Do you offer payment terms at present?

yes / no

If not, how can you go about setting this up?



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What difference would it make to your sales if you were to up-sell just 10% of your clients?

What else could you do to generate operational cashflow through offering payment terms?

Sell exclusive product lines

If you were the only business around that sold a product or service that was in demand, you would in effect have a captive audience, wouldn't you? This would mean that you wouldn't have to compete on price alone. Or it would satisfy YOUR mind that you don't.

Does your business stock products that are exclusive to you?

Do you stock products that could become exclusive to you?

How could you go about rebranding existing products to give them an exclusive appearance?

What would it mean to your bottom line if you could turn your fastest-moving product into an exclusive line of products?



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Impulse buys

You know the strategy large retail outlets take, don't you? They place cheap products at or near the point-of-sale because many people buy on impulse. They use this strategy because it works.

Do you offer impulse buys?

If not, could you? What products would you offer as impulse buys?

What could this mean to your bottom line?

Offer package deals

Packaging up one product with another is a great way to move product (especially end of life products or old stock). It not only results in a higher average transaction size, it also gives customers a greater sense of value.

Do you make use of this strategy at present?

What products could you package together?



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How could you promote this to your customer base so that it has the desired affect on your average transaction size?

Offer additional or extended warrantees

One of the things that prevent people from spending more than they originally wanted to is not having enough trust in the product you are trying to up sell them to. The way to overcome this is by offering some form of guarantee or warranty.

Do you offer any guarantees or warrantees at present?

If so, what format does this take?

What would the result be if you were to double your guarantees or warranties

Sales scripts

This has to be one of the most popular, and effective, strategies for increasing the average transaction size. Do you currently make use of sales scripts?

If this strategy is appropriate for your business, what form would work best?



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How would you monitor its effectiveness?

What would this mean as far as operational cashflow is concerned?

Never offer discounts

This is a really simple strategy that makes good financial sense. Why throw away money, especially if your customers aren't asking you to? Think about it this way: when you last visited the dentist, were you offered a discount? Probably not. And did it cross your mind to ask for one? Interesting question, isn't it?

Do you presently offer discounts on any of your products or services?

If so, why?

What would happen if you were to withdraw all discounts?



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Are you sure about your answer or is it just a gut feeling? How can you be certain?

What would it mean to your bottom line if you didn't offer discounts but instead were able to bank the full amount for each product or service sold?

Offer perceived value instead of a discount

Because business is fundamentally about supplying a product or service to satisfy a need in your target market, focusing on the value of what you do or sell should be more important than the price. Make sense? What does it mean to offer perceived value?

Do you offer perceived value at present? If so, what is it?

What products could you promote based on the perceived value they have for customers?

If you don't have any at present, what could you do to acquire some?



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Are there any of your suppliers (or other businesses) who you could team up with to package together some products or services that would have perceived value for your customers? If so, write down your thoughts.

Hold regular in-store promotions

How could this strategy work for you?

Have you ever held any?

What could you do to stage in-store promotions that would be valued by your customers?

How could you use this strategy to bolster your bottom line?



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No doubt by going through this workbook you'll have some things that you can do, so take action **right now**. Most of them are really easy to fix, and are just a matter of **doing it**. If you have any trouble with implementing any of these strategies, or if you're confused in any way, please get in contact with my team.

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To do list from this workbook:



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