

CHAPTER 1

Changing the Rules of Operation

Goals

- Increase sales
- Decrease expenses
- Streamline administration

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Increasing Sales

Increasing Sales

At one time, the business in question had all of the right formulas for sales and profit, but today things are slipping. There is competition everywhere and the bottom line is thinner and thinner. This chapter offers a fresh look at some ways to take yesterday's successful model and tune it up for the next decade.

Cross-Selling

Cross-selling is all about selling more goods and services to your existing clients. There are certainly plenty of examples of bad and inappropriate cross-selling, but for a busy consumer one-stop shopping is more appreciated than ever. Being a full-service firm and offering complementary services or product offerings can keep a staff at maximum operating levels and at the same time keep happy customers out of the competitor's hands.

It is not that cross-selling is a new phenomenon. It just needs a fresh ongoing look in a seasoned business model.

In the old days, for instance, a software consulting company would sell preprinted forms to its customer base. Every business computer system needed invoices, checks, and other kinds of forms. Then laser printers arrived and the forms all but disappeared. Now this same software company doesn't sell preprinted forms, but it might sell website hosting or email hosting services to its clients.

Just looking at the state of today's telephone companies illustrates this. It used to be enough of a convenience to be able to buy a telephone when you signed up for your new phone number. Now, you can order high speed Internet, wireless access, and even cable television along with your phone service—all from one vendor, all offered by one salesperson, and all on one monthly bill.

Similarly, when your accounting firm does their audit, selling an in-house financial system, bookkeeping data-entry assistance, or even document-imaging services for your crowded files may be up for discussion. And, visiting your bank's branch

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manager may result in credit line, charge card, and financial management applications.

Does your chiropractor also sell the services of a nutritionist? Are vitamins available? Massage therapy? Personal training sessions?

And what about the veterinarian who sells pet food, provides grooming, boarding, and even counseling?

The trick is to complement your main offering, utilizing the value of your client base and the value of your productive operation.

When you can't imagine what you can add to your sales repertoire and can't think of how you can add more value to the relationship you have with your clientele, just look at your own personal purchases and service needs. Does your lawn care provider also clean your gutters and shovel your snow? Doesn't this make you happy? What would be an effective additional offering to add to your service mix? Clients are busy; if they have found a satisfying relationship, they are more than happy to avoid searching for other service providers for the many complementary add-on offerings that surround the services you provide. And, searching online for your competitors' cross-selling concepts will open your eyes to many new opportunities envisioned by others.

Relationship Selling

When business is drying up, it is hard to imagine where the clients have gone. They probably just don't need your service right now but, sadly, when they do need your service, you have to do more than hope that they remember you. Certain fields lend themselves to problem-only communications—plumbing, pest control, hardware repair shops, and other reactive-type businesses. Taking a lead from more proactive business models, the goal here is to sell a relationship and not a one-time solution.

When you visit the personal trainer at the gym, a series of ten or twenty visits will be offered; computer consultants will present retainer plans covering 50 or 100 labor hours. Additionally, if

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you want your furnace or your air conditioner serviced on a weekend, hopefully, you will have signed up, in advance, for a monthly service plan. All sorts of yearly start-up plans, preventive maintenance plans, and discounted repair plans have become commonplace in certain fields.

So, why not in your field? Just because you haven't operated this way in the past does not mean you can't change course. Many a business's doors would not be open if a steady dose of relationship selling wasn't taking place. It's all about continuity!

There are certainly customers who won't want an ongoing relationship. For these "tough sells" it behooves the business owner to relate to the true benefits that can be served to the customer and then "make an offer that can't be refused" rather than provide a one-time-only service.

Inexpensive monthly maintenance plans, for example, keep you in contact with your clients, if not in person, at least on a monthly invoice.

And, by all means, we aren't looking to fool a client into repeat credit card charges for something like unwanted credit reports. What we do want is to maintain a mutually beneficial professional relationship with a happy customer. You want to be the first on the list to be called when your brand of expert attention is needed.

Like the yearly chimney cleaning service, the weekly pool cleaning service, or the spring and fall lawn clean up, the trick is to apply relationship-selling techniques to a one-time-only service model.

Vertical versus Horizontal Selling

If you sell your services to the masses, no matter who the masses are, you are probably selling horizontally. You may install alarm systems, sell computer hardware services, or train users on word-processing and spreadsheet programs. You can provide these same services for anyone who calls. In this case, growing your sales volume may be all about growing your vertical markets. By identifying a small subset of your client base, say restaurants,

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you can repackage your offerings geared to the restaurant industry. If you design websites, you would have a restaurant website design service; an advertising business can develop a PR campaign for restaurants while a decorating firm can specialize in redecorating restaurants. The same holds true for many other “vertical” markets, such as banks or hotels.

The goal is to create a vertical sales offering where you didn’t have one before. Your client base can provide a wealth of information on different vertical markets to enter.

For instance, you may already happen to have several packaging companies as your clients. Your next advertising campaign can be to all area packaging companies where your “packaging company solution” will be touted.

And, if you are the personal trainer for several weekend golfers, your “golf regimen” can be a great marketing theme.

It is expensive to create brand-new product offerings, but when you have a successful solution that requires only remarketing, start-up costs are kept down, staff is kept busy, and sales are increased.

Similarly, if you have been dedicating your efforts to vertical markets, it may be time to go after the masses. If you have long been selling to manufacturers, for instance, and this business category is operating at an all-time low, it is time to repackage the offerings you have to attract a wider audience. Instead of your “soup to nuts” financial and inventory service for, say, clothing manufacturers, break the solution apart. You’ll find a bigger audience for a pure “financial” solution where you already have the expertise that you need.

The trick is to expand whatever market base you have to keep or create new vertical customer bases while you segregate a section of your business that can serve a more general public.

Expanding Your Market

If you have been servicing \$5 million to \$200 million businesses for your whole business life and sales are shrinking while profits too are slowly disappearing, then it may be time to look at

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customers who are bigger or smaller. What can you apply to your \$5 million customers that you can also apply, with a little strategy, to a smaller client?

Smaller clients may feed into your preferred mid-sized market in the future; or, better yet, just by marketing to a smaller client, you may lure the new customer into a larger solution than they thought they would need. This new business avenue can sustain your own employee base and open new opportunities for client referrals, cross-selling, relationship sales, and vertical or horizontal sales.

At a time when many laid-off workers are becoming self-employed or when businesses are downsizing or emerging from bankruptcy, changing your model and handling a smaller account than you usually would service may bring in needed revenue and—with operations that are already in-house—at a better profit margin than starting a new line of business would normally generate.

For example, an ad agency may service large, national real estate firms writing press releases and ads that sell multimillion dollar homes in vacation hot spots. There is no start-up investment required if you perform that same service in a more limited fashion for local realtors with lower-priced homes for sale.

No matter what, if a smaller client needs to have a lower price point, then, there has to be a change in deliverables. Repackaging your service could include a 45-minute session instead of a 60-minute session, or a smaller portion of your normal product offering. In any case, expanding into a lower-tiered market can help fill a gap.

The same holds true for bigger clients. For instance, something you do for a \$200 million company might also work departmentally in a billion dollar company. Larger corporations have departmental budgets and departmental needs, and, many times, one hand is not washing the other! One large corporation can house several sets of business leads, each comparable to the size of a smaller sized client. Many times, you can be “passed around” from one department to another once you get your

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foot in a large corporation's door. Transitioning your business to cover larger and smaller markets can keep your staff busy and build your reference base.

The trick here is to think outside of the box. Slightly changing your market may be a quick and effective fix in a downturn and can provide an ongoing lead base for your real market in the future.

Using Loss Leaders

Looking at many other industries, we have become familiar with the "get them in the door" tactics of, say, cell phone service providers or supermarkets. The free phone generates years of monthly fees and the free sugar sits in a filled shopping cart. Similarly, you may receive a free printer when you order your new laptop. Of course, the printer will need plenty of ink cartridges in its lifetime. These uses of loss leaders are well known enough in the retail world, but are there loss leaders that service and professional businesses use? Are there any respectable sounding offers that aren't stamped with the word *gimmick*?

Of course there are, but we need to think hard and see how the use of such a tactic might be beneficial.

If you sit with a business owner at a Rotary Club meeting, you may hear about the office needing painting, the secretary going on medical leave, or the salespeople needing laptops. Relationships are rarely built using direct mail flyers. Especially, in a service business, we need to meet people, work with them, establish credibility, and find common ground for future business. So, when an attorney offers inexpensive wills, an accountant provides low-cost financial aid form prep, or an advertising agency offers a specially priced newspaper ad, these low- or no-profit services can be viewed as loss leaders. Just as the free phone brings the ultimate goal—monthly service fees—when a client has a positive experience, they are more likely to remember all of the other similar services that they may need from your firm.

The trick, of course, is to do the best job that can be done whether the job is hugely profitable or not profitable at all. No

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one wants to rehire you for doing a poor job just because it didn't carry a big price tag.

Brand Extensions

Although much more common with products than services, well-known brands can offer new items for sale which will immediately have a label known to the customer—the brand name. So, if a new furniture line is introduced by a popular clothing manufacturer, it immediately has the authenticity and marketing power that the original clothing line had established.

Service firms are using this same model to generate an immediate buzz about a new niche that they try to enter: Smith Heating announces Smith Carpentry and Jones Plumbing announces Jones Electrical. There is enough similarity in the two businesses' audience for customers to use the new services without feeling the need to research or compare prices to other vendors. Like cross-selling, the original business model is being enhanced with new items to sell to the same client base. However, the brand extension is bigger than just another list of services. It is usually in a separate product or service category, denoting a much more major investment and expansion by the business.

So, what kind of brand extensions can a service business offer? Well, looking around at businesses that are different than yours can provide all of the answers.

A group of orthopedic doctors create a physical therapy center; an established medical group adds a pharmacy. An accounting firm opens a computer support division. Your building's well-known developer opens a nearby supermarket or a concierge business using the building's famous name. A day care center opens an evening babysitting business with kiddy movies and chicken fingers to boot. Using the brand name, the location, and the client base of your business, opening a new division will generate an automatic draw. And, once the new line is fully operational, business will travel back and forth as the new entity generates its own buzz.

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The trick here is to have offerings that are usually done by other companies, capitalizing on the strength of your market share to build immediate interest and more quickly expand.

Replacing Yesterday's Stale Successes with Today's Winners

Every service business performs labor of some kind. Sometimes, products are sold purely to generate labor revenue and sometimes labor is sold in order to sell a product. In any case, the need for the services or products offered may disappear over time.

In only the last 25 years, the Internet has removed the need for phone books, cell phones have replaced reliance on land lines, and ATMs, E-ZPass, and bar coding has replaced many manual processes, creating electronic connectivity never before imagined. Where can an owner go to explore replacing their successful sales solutions of yesteryear? Are there replacements? What have other widget trainers done when the widgets are obsolete?

The best reference materials are only a click away and time spent browsing the Internet will reap a lot of winning discoveries for today's marketplace.

So, if you are a trainer and no one comes out to class anymore, give training over the Internet. Hold meetings over the Internet. Perform support services over the Internet. In the throw-away appliance and electronic industry, the television repair business may not be so booming but the home theater business has plenty of room. And, just when you may be ready to throw in a towel on one business segment, there might be resurgence. Shoe repair businesses bustle when new shoe purchases start to be considered too frivolous.

We see examples all around us when we look at long-established businesses that are still thriving. The local butcher may no longer have yesterday's lure, having to compete with today's high-end supermarkets. Replacing the old product line with organic produce, niche products, dinners to go, and delivery service may do the trick. And, with an increase in senior

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citizens arriving, can you gear your practice to an older clientele? If various therapies, driving services, insurance claim help, and nursing assistance can replace some of your tired offerings, there is an aging population to address.

Searching the Internet for your own business model will give you other owners' ideas on new business offerings that they have found. The trick is never to let your business sit still and to constantly reinvent your model to meet a modern market.

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Although most people don't think they are actually dumping money into the garbage, there is usually an ongoing "we've always done it like this" behavior pattern in a business. Checking for better pricing and reviewing to discover whether a need still exists more often than not gets trumped by the fires that need to be put out in the normal work day.

Here are some up-to-date reasons for checking every business expense on a frequent basis.

The Office

Overhead greatly influences the bottom line and yet many businesses never take the time to look for alternatives. Just starting a purchase order approval policy sometimes shines light on spending that you don't really need or pricing that needs to be checked. It sometimes just takes another set of eyes to spot the need for a change.

In a depressed real estate market, for example, rents become negotiable. For owners, real estate tax appeals on depressed values are on the rise.

It is also a buyer's market in many areas where monopolies used to exist.

Telephone costs, for instance, are plummeting and checking wireless, Internet, and land line costs once a year is not good enough any more. On almost a monthly basis, new group plans and competitive all-in-one deals are being introduced. Third-party companies will pick apart the phone bill you have paid

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for ten years, uncovering lines no longer used and expensive add-on-services that are free with other vendors.

Even when there is a credit crunch, paying penalties, late fees, and expensive credit card interest can possibly be managed with a more cost-effective loan.

Basically, every office expense should be listed for price checking every few months.

The cost of some outside services, such as payroll and payroll tax preparation, for instance, has also gone into freefall. Asking for a discount from just the largest national outside payroll companies can save you money, and you can save even more when you check for competitive pricing.

And, if the cost of on-site service and employee's time wasn't enough of an impetus for change in the past, outsourcing website hosting, email hosting, hardware maintenance, and system backups has become so cost effective and competitive that setting up and revisiting the pricing models every few months should be a top ten must-do.

Insurance-wise, even though most insurance costs keep climbing, the available menu of alternative plans keeps widening. There are many segments of insurance, however, that actually have reduced rates, such as professional liability and employee practices in certain fields.

Office expense staples of the past, such as equipment repair policies, may no longer be needed if the price of repair exceeds the price of replacement. And, is the postage meter used that much any more? With email and faxing overtaking the U.S. mail, that meter may be obsolete and its leased expense may be a waste of money.

Employee travel costs, possibly in effect since the business began, need scrutiny. Using cell phones and aircard Internet is far more cost effective than using the pricey hotel equivalents.

The trick is to put in place a strong review process and to have these types of cost-checks written right into someone's job description. And, on a more day-to-day note, it also doesn't hurt to turn out the lights and to adjust the thermostat after everyone goes home!

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Cost of Goods

When a sale to a client includes something with hard costs, competition dictates that you better have the best product with the best price. Even for service businesses, there are often goods being sold. There isn't a manufacturer around that shouldn't have their prices checked. This may be old news for an owner and certainly for a salesperson, working on commission. However, thinking can be stale; methods change; the markets change. What went on a decade ago may not be all there is to know about costing the goods that you need to sell today.

Of course, there is the Internet. Many wholesalers sell directly, and sometimes under more than one brand name. So, if you buy through a distributor, you need to price-check with the manufacturer. And, if your customers can also buy directly, you need to cross-check their prices so that you have all of the facts before you lose credibility. Even the longest successful relationships you have had with vendors should be evaluated. And, some vendors offer price benefits when you limit your sales to just their product, eliminating your own offering of competitive labels. Many co-op refund programs and price reduction programs are written deeply into a vendor's marketing material—hard to find, posted in obscure website areas. Here again, vendor relations and price point-checking should be in someone's job description.

And do you really need clients finding holes in the packages you are offering? Just because your solution has included, with a price, a certain feature for umpteen years does not mean this is still the best, most modern alternative. Just as cell phones now come fully equipped with call forwarding, conferencing, and voice mail features that were separately priced in yesterday's phone markets, newer business software also comes out of the box with included features that used to cost more, when purchased separately, in the past. That expensive off-site training program, too, may be a thing of the past. Online e-learning tools are much more cost effective in terms of employee time and even free of charge in many cases. Staying ahead of the pack

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also has to include not only price-checking but freebie-checking. What have you have been including as a costed item that your customers can now get elsewhere free of charge? Maybe there is a better service feature, such as free Q&A or free online help that will list better on a feature list.

The trick here is having the best cost for the most attractive product and then concentrating on selling the service that you are actually in the business of selling.

The Workforce

For service providers, there has to be an optimum correlation between what customers will pay and what can thus be paid to the providers of the actual service. If, for instance, an employee's salary, tax contribution, and benefit contribution plus the factored-in overhead cost can't be covered by the price of the service you provide, well then, unless this service is used as a "loss leader," it has to be scrapped.

Pursuing excellence in the workforce plus keeping costs down in order to be competitive can be a juggling act, compounded greatly by an ever-changing technological world.

Assuming that you must have the right workers, at the right salary, performing the service you provide at the most marketable rates, the biggest challenge to a profitable model, and the challenge most affected by technological change, is the back office.

On one hand, we have an aging workforce, where computer use is not always fully embraced. There may be a tendency toward manual processes, certainly more telephone communication and even (ouch) letter writing. Then there is the younger worker who has an intuitive, life-long affinity with technology. This generation of workers uses the Internet for everything—texts and emails all day long, possibly listening to music at the same time. So, having employees with wisdom and career experience, but with dated costly methods is in direct contrast to having less experience in a workforce of multitasking, high-tech, less costly employees.

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What is an owner to do? Certainly, being competitive in the marketplace, producing superior service, and still making profit is the goal. And, after finding just the right ratio between service provider salaries and the marketable price-point that your customers will pay, you can't just throw out the remaining profit. No one is served with a company going out of business.

Layoff discussions aside, the owner must grab the reins and, on behalf of the company's future, be lean and mean. It is the owner's duty to remove all of the roadblocks to competition that a nontechnological, nonchanging workforce creates, but still protect the business from decisions and actions that an inexperienced back office can produce.

So, decreasing costs may very well include a combination of higher-tech workers being groomed for more managerial decision making as well as more experienced, lower-tech personnel being force-fed the technological training needed.

Thirty years ago, attorneys didn't type. They dictated everything and spent their research hours surrounded by stacks of law books. Today's attorney must not only be proficient using online research tools, but must also be an extremely sophisticated word-processing user. New labor-saving tools need to be embraced even by the old guard. Luckily, training at every level is not as expensive as it was in the past and most vendor online training tools are even free. An employee trying to conquer the new tools of the trade can do so at any hour, repetitively, until the task is mastered.

The trick here is to do what is needed to protect profit, stay competitive, and still retain senior employees with the proper "store-watching" wisdom.

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There is only so much trimming of costs that can be done when part of your service solution is a product that you don't manufacture. You can only get the best price available for the certain component that you need to include. So, costs of goods in your

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pricing model may not have very much wiggle room. Similarly, if you need excellent service providers, there will more than likely be a salary range that you can't escape. You may require a certain level of employee with industry-standard experience and certification. That will carry a price tag and it will need to be paid. So, keeping costs down points in one direction—overhead. If you, indeed, have sales, and if you, indeed, cost your goods and your service providers' salaries properly, you should have profit. And, if you, indeed, have profit, you need to keep it.

After you have checked every expense that you pay in the office and staying as lean and mean as possible at every opportunity, there are some administrative changes that can further reduce expense and help boost the bottom line. I discuss these next.

Computerizing

Just as the workforce has to be computer literate, most small to mid-sized businesses will benefit greatly by being fully automated. A computer system purchase should be measured, not as an expense that has to be borne, but with a complete return on investment (ROI) analysis. Many software vendors provide ROI analytical tools and the results are eye-opening. And, not only should computer software be used to track receivable and payable records but having up-to-the-minute Profit and Loss information can make the difference between staying in business and going out of business.

Administrative staffs can be trimmed, profits can be micro-managed, potential sales can be tracked, and service providers' time can be optimized with a strong, stable, state-of-the-art computer solution.

Any business with multiple employees, a few year's longevity, and \$1 million in revenue or more that does not have a computer system is a rarity. The benefits far outweigh the costs and, with hardware pricing shrinking by the day, along with easy-to-obtain vendor leasing plans, benefits can be immediately realized.

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So, how would a classic service business benefit so greatly from a computer system? What's the big deal?

First of all, every computer system is not created equal. There are systems small and large but only a few specialists, such as physicians and attorneys, need anything proprietary or nongeneric. Large, national, or international software vendors with years invested in developing software have the most to offer and will have the best track record for future benefits.

Offering the greatest benefit to service businesses using software are three systems:

1. **Job Costing.** Income and expense is categorized on a job-by-job basis in order to measure profitability.
2. **Time and Billing.** Every service provider's day is broken up into the time they spent on every job and then labor costs are included in Job Costing.
3. **Customer Relationship Management (CRM).** Every customer and every prospective customer is managed and tracked for sales potential.

Although a business can spend an inordinate amount of money getting their accounting functions completed manually, tracking job profitability, equating employee labor and cost of goods to a customer sale, and tracking the activity of old and possibly new customers are usually the three areas that don't get done manually, despite the obvious need.

With a completely integrated computer system, an owner can reduce administrative labor, watch profits and losses extremely closely, track salesperson activity, and proactively interact with clients and prospective clients. And, when it costs only the equivalent of a monthly car payment, every owner should completely automate his or her back office functions immediately.

Given as a bonus, in addition to the Job Costing, Time and Billing, and Customer Relationship Management, are all the computer functions that people usually think of first—Receivables, Payables, Purchase Orders, Sales Orders, and General

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Ledger. As important as these accounting functions are, automating them won't have as much effect on the bottom line as tackling the real profit boosters that compare labor and purchasing to the actual client sale.

Construction companies, for example, have costed their jobs since the beginning of their industry. They couldn't stay in business very long if they didn't allocate goods and labor to each job and walk away with a profit. Now if a computer consulting firm performs that same function—measuring each job's sale price versus the goods and labor that were provided—profit requirements would become more visible and play a higher role in pricing.

Similarly, law firms have “grown up” on billable hours and, with labor as their sole resource, usually get the procedure down pat for breaking down a day's work. Partners will know how many associates billed 2,000 hours last year and whether 50 or 60 hours, say, were needed to bill clients for a full 40-hour week. Now, if a landscape business or a plumbing business or any service business established this same billable hour mindset, in essence, everyone in the business would be helping to make a profit.

And, as with job profits and employee deliverables, “writing down” new sales opportunities can produce astonishing results. A salesperson will be very familiar with calling, say, 20 new prospects to get, perhaps, five sales appointments which will result, hopefully, in one new sale. However this information is being tracked, if a salesperson stays in the business of selling, you can rest assured that the tracking is being done. But if a person in the business of sales is supposed to keep tabs on potential new business, what about the tracking to be done by nonselling employees—the ones who are face-to-face with clients all week? Did the client mention that they hoped to have more training sessions next month or that they hoped to remodel next fall? Having a process in place for every employee to record the potential sales opportunities that they hear about in their normal course of business results in a nice big list of sales leads.

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The trick here is to go for the gold: Get the proper profit-making tools for the proper business; get the whole system, implement it, live by it, cut unnecessary administrative costs, and reap the benefits of knowing what your true profit is as soon as possible.

Outsourcing

If there are specialized tasks that a small to mid-sized business does in-house that aren't directly related to servicing clients, perhaps the tasks should be outsourced. We've already mentioned outsourcing payroll and payroll tax preparation, as well as website hosting, email hosting, system backups, and even hardware maintenance checks.

What other tedious, time-consuming administrative functions are being performed by employees and is this the most cost-effective use of company dollars?

Almost anything to do with computer hardware, system security, and operating system upgrades is best serviced under maintenance contracts with outsourced hardware vendors. Even some complex computer software and report-writing applications are more cost-effectively managed out-of-house by appropriate experts. Website development and all forms of electronic buying and selling (Ecommerce and Electronic Data Interchange [EDI]) will, more often than not, require excessive training and in-house resources that outsourcing will avoid.

Another natural for outsourcing is advanced marketing where the expertise of an outside public relations firm may be better used on an hourly basis than trying to maintain the same high standard with an in-house employee. Outsourced costs for press releases, ads, newsletters, mass emails, direct mailers, and even telemarketing functions are hard to beat dollar for dollar when absorbed internally by administrative staff. Where once it may have been cost effective to perform many of these functions in-house, web-based alliances and automation have created a new level of competition, and it can do wonders to help your bottom line.

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Even the most standard administrative tasks can be outsourced using today's technology. "Virtual Assistants," for instance, are today's personal secretaries, working remotely but handling all types of administrative, data entry, and professional assistance.

If outsourcing seems far-fetched and you can't imagine running a business without an office full of employees performing various administrative functions, just look at completely "virtual businesses" that you use and respect.

Have you bought anything from Amazon lately? Wasn't the service great? You saw the availability of inventory, were invoiced, given a ship date and a tracking number for your order. Have you downloaded music lately? Visited iTunes? Downloaded a movie? These businesses don't occupy space in the mall and have automated almost every aspect of their service. Yes, you need to perform the service that your customers require and perhaps you won't have a completely empty office but you can streamline more of your administration. Step one would be to automate all that is possible. Step two would be to outsource non-client-specific tasks that may be bogging the business down.

The trick is to revolve the service business around servicing clients and generating sales and to outsource administrative-heavy tasks that are more cost-effectively performed by outside specialists.

Standardizing

A real crime that many small to mid-sized businesses commit is reinventing the wheel for every client, for every sale, and for every problem. Just like an operational manual will teach the universe of purchasers how to use a new product, if the office doesn't set down some rules of order, every person will use their best judgment (or lack of best judgment) to perform services, close sales and, even, set pricing.

Even though, in theory, all businesses have rules, they sometimes aren't passed along to new employees; new situations

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aren't equated to old situations and the new interfacing of personal and business lives tests old boundaries.

An office manual, as mundane as it sounds, not only helps productivity but can also serve as a problem-solving client relationship guide without excessive back-and-forth among everyone in the office.

Stepping back a moment and documenting these business processes will optimize productivity, reduce redundant discovery, improve customer relations, and improve the bottom line.

For employees:

- Dress code
- Start time and end time
- Vacation and personal time policy
- Benefit package
- Employment agreement
- Client check lists
- Client follow up policy
- Job deliverables
- Weekly reporting requirements
- Office policy on computer, phone, and equipment use
- Security protocol
- Ongoing training
- Hiring practices
- Idea generation

For clients:

- Sales techniques
- Proposal standards
- Contract standards
- Pricing policy
- Collection practices
- Product and service descriptions
- Problem resolution policy
- Customer service policy

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For administration:

- Vendor and client contact information
- Job descriptions
- Reporting requirements and deliverable schedules
- Expense checking
- Vendor relationships
- Client relationships
- Marketing management
- Accounting requirements

The message is to standardize the office, commit to writing what is *assumed* to be policy, and remove the endless hours spent rethinking solutions which were analyzed and resolved long ago.

Taking a look at a franchise business or a national chain store, the standardizing is blatant. Starbucks looks pretty much the same and makes the same cup of coffee across the country. You can expect that your Dunkin' Donut will taste the same no matter where you buy it. Your small to mid-sized business can't afford to have its services reinvented every day.

The trick is to avoid the pitfalls discovered in the past and spend more time investing in repeating the company's successes.

Revamping

With computer technology, managing office functions and administering a business have taken on a different life. Not only can work be done remotely, removing the need for everyone to occupy a desk and office space, but with email, the Internet, and sophisticated computer systems, much more work can be done in a shorter amount of time. We've already discussed the experienced, senior, lower-tech employee versus the inexperienced, junior, higher-tech employee. Also, outsourcing options may reduce or eliminate some in-house processes. There is, however, a whole other employee solution that directly boosts the bottom line at the same as it enhances the business model.

In Summary

High level, highly paid, flexible part-time workers are more available than ever to perform many administrative functions reliably. Between stay-at-home parents with master's degrees and self-employed professionals of every size and shape, if you have not carefully analyzed what is being spent and what is being produced administratively in the office, it is time to do it now.

Managing Directors, Office Managers, Accountants, CFOs, CIOs, Sales Directors, and any other high-level managers that you can't afford or don't need on a full-time basis can be hired on a flexible, part-time basis.

A part-time, highly-skilled bookkeeper or accountant can set up depreciation tables, properly post accruals, and keep profit and loss information on an almost real-time schedule, keeping outside accounting fees at a minimum. How does this compare to the current back office staff? It is the same with many other management level administrative jobs where processes can be automated, remote monitoring can be established, and sophisticated computer programs can help do a lot of the grunt work.

Many primary caregivers for young children or older parents want to spend their business careers working part time or with flexible schedules as self-employed professionals. Paying a part-timer even three times the hourly rate that you have paid to lower-level employees may be extremely cost effective in the long run. As with a Virtual Assistant or in a virtual business model, there are many cost-effective, profit-oriented alternatives to hiring a full house of full-time, stationary administrators.

The trick here is to embrace automation and look into hiring staff with above-average capabilities on a mutually beneficial flexible schedule.

In Summary

Taking the common-sense approach, if you need to have more money in the bank at the end of the month, the first solution that comes to mind is to generate more sales. But without seriously trying to reduce expenses and tweak costly administrative

Changing the Rules of Operation

processes, more money in could just as easily mean more money out!

So, while selling more is a natural goal, cost cutting and streamlining must go hand in hand with selling if greater profits are to be kept.

Increasing sales opportunities can include:

- Complementing your main offerings with additional products and services
- Turning one-time only business into ongoing relationships
- Creating vertical markets while still selling to the masses
- Changing your target audience
- Establishing “get in the door” programs
- Creating new business off-shoots
- Reinventing sales solutions

Decreasing expenses can include:

- Constantly reviewing all office spending
- Monitoring the right costs for the right goods being sold
- Mixing and matching the workforce

Streamlining administration can include:

- Computerizing all business functions
- Removing in-house efforts where outsourcing makes more sense
- Committing standard practices to writing
- Embracing a flexible workforce

These “clean up shop” tactics can be great morale boosters and can go a long way to turning around a business that has lost its profit focus.