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Improve the Value of Your Business

A Deeper Dive Into the Drivers that Affect Business Value

Scientific Marketing and Sales

By Michael Podolny, President, The Podolny Group, Inc.

In one way improving the value of your business is pretty simple. Increase your profitability and you will become worth more. That's easy isn't it? Except as many, many, many business owners have found, it's not so easy. In my last newsletter I listed four key business disciplines that can drive value and marketability. They were:

- Sustainable business systems
- Scientific marketing and sales
- Repeatable human capital development and management
- Consistent application of accountability and feedback metrics

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Each of these when applied on a consistent basis provide critical systems that improve profitability and, as important, the understanding by buyers that you are a 'real business' that can sustain its profitability *without its owner*. In this newsletter, I'll be discussing the second of our four topics, scientific marketing and sales.

What is Scientific Marketing and Sales?

Where do your sales come from? Who are your best customers or clients? How well can you define them? Can you define them in terms of size, industry, geography, and behavioral terms? If you are using a proposal based sales process, what are your conversion rates from of leads to prospects, of prospects to proposals, of proposals to sales? If you are using a form of direct marketing, do you know how much it costs to acquire a sale? Do you know how many initial sales convert into longer-term customers and the value of each? If you are using advertising to you have a way of measuring the effects of any given ad, ad campaign, or promotion?

This is just a sample of the kinds of information that has the ability to drive continuous improvement of marketing and sales results. A business that can explain *exactly* where its business is coming from and how it comes sets it apart from the vast majority that 'kind of have an idea'. The term 'scientific' is used because of two aspects of this type of marketing and sales management. First it is data driven. This means consistently collecting information, measuring, and analyzing it. Second, when we have this type of data systems we can use the scientific method to test new marketing and selling ideas. We can create a hypothesis, test it, measure the results, and then adjust what we are doing.

Know or Think You Know?

There is certain arrogance that comes along with being an entrepreneur. I know because having run my own businesses for decades, I've been guilty of that arrogance many times. Fortunately, I've been blessed with mentors and advisors who have challenged me and made me look at my business and myself in a cold hard way that got beyond my own self-belief. So for this case history on scientific marketing and selling, I'm going to tell you my own story.

In the early 2000's, I was expanding my consulting at a great rate. But there wasn't necessarily any rhyme or rhythm to it. Like most of us when we really get going, I

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was just doing a lot of work. I knew one of my weaknesses was I didn't have a way to show the people I was adding to my practice how they were going to bring in new business. My colleague in California found someone who specialized in scientific marketing and sales by the name of Phil Beakes (you can find his LinkedIn profile [here](#)).

Phil and I had our first meeting. He asked me a simple question. "Tell me who your best clients are."

I answered, "I think they're..."

"Stop", Phil said. "I asked you who your best clients are."

"I know. I think..."

"No Michael, thinking isn't good enough. You need to know. I want you to go back and do a simple analysis. I want you to see how much you've billed by client, in aggregate by client over the last three years."

So I went back and did what Phil asked...and was shocked. I was absolutely sure that I had a large number of clients for whom I did a relatively few projects for and therefore characterized my business model as being transactional. When I did the analysis Phil requested I found that my sales history indicated the exact opposite. I had a small number of clients that represented the vast majority of my revenue and profits. As we explored this further, I found that they viewed me in terms of a relationship not as just buying a service.

The Power of Science

So it was that I became hooked on the idea of applying metrics, measurement, and monitoring to my sales activity. I created spreadsheets that tracked leads and what happened to them. I added columns so I could see who was doing the referring. I calculated the relationship between the numbers of prospects and proposals put out to the actual dollars in revenue produced. By the end of the 2000's I knew exactly what kind of work I had to do and in what quantities to deliver a predictable financial result. And I found these numbers to hold true even during the financial crisis years.

It took a huge amount of stress out of my business life. I had confidence that if I did the actions my model called for; I would get the results I needed...even if in the drama of the day-to-day it felt otherwise.

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Accept the Discipline

We entrepreneurs tend to work more on instinct than by analysis. But as your business grows, instinct is only part of what you need. Businesses who have never done this type of scientific marketing and sales before and start implementing these processes see significant sales and profit improvements which of course drives sales, marketability, and ability to do succession.

Contact me at michael@podolny.com or visit www.business-succession-and-selling.com for more information on building the real value of your business and achieving your own personal financial independence.

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