

Dear Client,

Welcome to our monthly newswire. We hope you enjoy reading this newsletter and find it useful.

Best wishes,
John & David

CROSS SELLING MORE EFFECTIVELY

Customer retention and cross-selling is important in any industry, yet it's frequently overlooked. Here are a few tips to help you to cross-sell more products and services to your existing customers.

The cross-sell

Amazon.com attributes up to 35% of its revenue to cross-selling. When purchasing you will see both the "frequently bought together" and "customers who bought this item also bought" sections, promoting related products. The key is to illustrate the value to the client of purchasing a complimentary product or service. For example, an accountant may wish to communicate to clients that in addition to audit and tax services, their clients can also benefit from payroll or business advisory services. There is a "value add" in that the client is buying all of these services from one accounting firm.

Data driven campaigns

The firms that are most successful at cross-selling unite insights driven by data with focused marketing campaigns. There is a fine line between timely offers and annoying spam, and understanding buyer timing is critical. Your marketing content strategy is key to cross selling to existing customers, but you also need to understand how you will measure success. Use a CRM system to record customer data including which clients bought what service. Use this database to identify clients who have not yet been cross sold to and create a campaign which focuses on creating a value proposition in the mind of those clients. Ensure your sales or business development people engage with the target clients at the appropriate time.

Listen to your customers

You can't sell additional products or services to your customers if you don't understand what they actually want or need. If for example, you are selling business services, ask your customer about their business plan. Where are they going in the next 3 to 5 years and how do they hope to get there? Consider some of the challenges that they will face and identify where your services will be able to make their life better in some way.

Listen and respond to each client and every interaction. This two-way conversation should extend to your own internal teams, as you ask questions and measure outcomes to continuously improve the customer experience.

SELF-EMPLOYED OR STARTING A MICRO BUSINESS?

Did you know that almost one in seven people in the UK are self-employed?

You might also classify self-employment as "freelance work". UK research suggests that 30% of those who work in the media call themselves "freelance".

Research by Skills Development Scotland noted that the creative sector is dominated by sole traders, micro and small businesses. Approximately 13,500 businesses employ 0 to 49 employees and accounted for nearly 98% of the total number of businesses in 2014. This is an increase of 35% in the number of small and micro businesses since 2009.

So why start a micro business or become self-employed?

The Royal Society for the Encouragement of Arts, Manufactures and Commerce (RSA) conducted a survey in which 27% of people who moved into self-employment within the last 5 years said they did so to escape unemployment.

The Government 2015 Workplace Employment Relations Study reported that microbusinesses accounted for 33% of private sector employment and 19% of total output. Although microbusiness employees tend to earn less, receive less training, and have fewer benefits, it found that these employees were also the most satisfied group of workers in the labour market. Factors like job control influence in decision-making, business loyalty and even satisfaction with pay.

The benefits of a micro business or becoming self-employed include:

- Flexible working hours
- Ability to choose your work
- Developing a relationship with customers who you want to work with
- Ability to respond quickly to opportunities
- Making a greater impact

However there are drawbacks which include:

- No sick pay, holiday pay or redundancy pay
- Little or no support, training, no back up if you can't work
- Not a 9 to 5 job - it's 24 hours a day
- No company contribution to a pension
- What if I can't get paid on time?

Micro-businesses and self-employed people need assistance and if you are starting up or feeling the pressure get in touch with us as we will be able to support you.

THINKING MORE STRATEGICALLY

The business environment has been quite volatile since the financial crash of 2008. Strategic thinking is an area of focus for senior managers to navigate a way forward for their businesses, despite the challenges they face in the current market. The benefit of strategic thinking is clear – competitive advantage. For most business managers, the first reaction is to deal with what's directly in front of us (in our inbox). Maybe this is because it always seems more urgent and tangible. Unfortunately, while you concentrate on overcoming obstacles, you could miss opportunities, not to mention missing the signs that indicate the direction you are going is taking you off track. Here are a few tips to help you to think more strategically about your business.

Ask questions

Ask questions that encourage new ways of thinking. One of the first questions to ask is "Why are we a good business?" For the best answer, ask your customers. Find out why they use your products or services. If you disappeared tomorrow, what would they miss the most about what you do for them? Another good question to ask could be, "How do I get my competitor's customers to buy from me instead of them?" These questions will help you to think more strategically about the direction your business should take in the next few years.

Think critically

A critical thinker will question everything. This means getting comfortable with challenging beliefs and approaches, even your own. Many business people will often respond to questions with answers like "we always do it this way". You should ask, "Is there a better way to do it?" Following conventional wisdom is often considered to be a safe bet. However questioning convention is what creates new, disruptive business models such as Uber and Spotify. If you always take the safe option, your business could lose its competitive advantage.

Industry context

When thinking about your business it's important to understand what strategy means in the context of your industry sector. In the accounting sector for example, it is important to understand contextual issues such as economics, key competitors, legal frameworks, technology and so on. Before developing the strategy for your own business, it's important to understand what strategies work for your competitors and why. This can help you to create a very different, and hopefully more effective, strategy.

Create thinking space

Set aside time alone for strategic thinking/planning at least monthly, if not weekly. Use this time to reflect, research, consider ideas and dream. The focus should not be to "do" things. Getting outside or into a new physical space can make this time more effective. Try to get away from your desk and switch off your smartphone so that you can avoid distractions and think properly.

CREATING A MORE COST EFFECTIVE (AND PROFITABLE) BUSINESS

Competition in business is more intense than ever before, with tough economic conditions in most sectors and rival firms battling harder than ever for market share. There are new threats from online providers, new business models and global competitors. As a result, increasing profit levels is quite a challenge. If you can't increase your sales volumes, consider how to reduce costs in order to increase profits.

Build a culture of cost saving

Everyone can and should take some level of responsibility for the costs related to their work. One way is to involve more people in the budgeting process. All employees could be partially accountable for the costs that affect them.

Negotiate with your suppliers

Renegotiating contracts with suppliers may bring surprising results. Every service provider will be keen to retain your business. As such, they may be open to renegotiating contracts. If you are in a position to negotiate a volume discount in return for another 6 to 12 months of loyalty, you may be able to benefit from some substantial savings.

Decrease waste

Depending on your business, this could be wasted materials, time, effort, money or team members. Everyone in your business should learn to identify and take steps to reduce or eliminate waste. Decrease waste further by "going green" to reduce utility bills by becoming more energy efficient.

Decrease stock levels

Stock is a dead cost and soaks up cash. Decreasing stock levels may require the streamlining of some of your business systems but it may produce some significant cost savings. If you carry excess stock / inventory you should be able to free up some cash flow in the business by reducing stock levels.

Overtime

Overtime is expensive, but a little preplanning of your work schedules will go a long way to helping reduce overtime costs. If you have more demand than you can handle, it might be cheaper to outsource some of the extra capacity.

Reduce debtor's days

Cash flow tied up on the debtor's ledger is effectively costing the business money. Reducing the average time it takes to collect outstanding debts from say, 60 to 30 days, can increase cash flow, reducing the need for expensive overdrafts and bank credit.

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Please contact a member of our team if you would like to discuss any of the issues raised.