

Special points of interest:

- Here are just some of the business issues we can help you with:
- How to work ON your business, not IN it—following the E-Myth.
- What it takes to create the perfect turn-key operation.
- How to develop your essential business skills.
- How to create the ideal marketing plan.
- How to build a business that works by itself.
- How to get extraordinary results from ordinary people.

Inside this issue:

Price Testing	2
Business Associations	2
Humor: Actual Business Signs	2
What You Can Learn From McDonald's	3
Avoiding Headaches When Hiring Family	3
Some Basics About Offers	3
Cost-Containing Strategies	4

A Customer Relationship Strategy: Telling It Like It Is

Are you letting customers know precisely what you have to do to meet their needs? This is a critical component in successful customer relationship management.

Under promise but over deliver. Customers do not like surprises unless they are clearly in their own favor. So even when there is a mistake or mess up, tell the truth. Explain how you will fix it and absorb the cost.

One of the really big problems in service businesses is quoting low to get a sale, then being unable to really build in service that counts. You end up with a dissatisfied customer because long after the

price is forgotten the service failure is remembered.

If you are in an industry where competitive bidding is the norm be particularly specific in your description of the way you provide your products or services. That information can often be traded for price.

In most businesses the primary variable buyers understand is price. This does not mean they need the lowest price. It means they don't know any other way to make a comparison between suppliers. In these situations the vendor who is able to explain why customers will be better off to pay

a little more will be significantly more profitable than his competitors because that additional margin travels straight to his bottom line.

Always explain clearly what it is that makes your product or service different ... your unique core differentiator. It is made from superior materials, hand crafted, painted 5 times, rust proofed, edged with four layers of silicon, you only carry the products of vendors who meet certain minimum standards of service or quality, back up warranty, etc.

Testing Radio

One great example of the value of testing is Steve Houghton, an Australian supplier of a personal alarm called "The Walkeasy Personal Alarm."

Steve used radio advertising (advertising that he got on what's called a "per inquiry" basis) to test different approaches, different prices, different commercial lengths, different words, and even presenters of different sexes.

For example, he found that changing from a male voice to a female voice in the commercial doubled his sales. He found that moving from a 60-second commercial to a 45-second commercial, with a 15-second "tag" played later in the break, doubled his sales.

Steve made over \$1 million in additional sales by exploring all the possibilities. In fact, when testing what price he should

charge for the alarm, he discovered that the alarm he was barely selling at \$9.95/unit sold like hot cakes at \$39.95/unit.

For more information on testing your marketing efforts, contact your Principa Alliance member.

Price Testing



Testing prices is a major source of surprise for many people. Different prices on the same product often outperform one another by an enormous margin.

It's not a matter of increasing prices — it's a matter of testing them. And testing can be done imperceptibly.

Consider this real-life example. A business advisor advised a business owner to increase his prices. The owner did not wel-

come the idea at all. Like most business people, he rejected the idea as ridiculous. "I'll lose all my customers," he said.

So the advisor devised an interesting test. "Let's take the slow moving items," he said. "They represent about 30 percent of your \$450,000 revenue. Let's test increasing the price of those items by just 10 percent. And, of course, let's measure the results."

The result? No decrease in sales of slow moving product lines at all and an extra \$13,500 on the bottom line.

Of course, the client would not have realized that gain had he not been game to test. For more information on price testing, contact your Principa Alliance member. We can help you measure the results.

"Effective management always means asking the right question."

Robert Heller

Business Associations—Make It Your Business

Business associations can be valuable sources for networking, professional development and industry information. It's important to think of business associations beyond joint ventures and business partnerships. There are business associations for small businesses, industries, women and members of minority groups.

Associations frequently sponsor

seminars, events, speakers, discounts and sometimes even political advocacy on local, state and national levels. While associations can help you stay on top of industry trends and make contact with key people, it's important to be selective when deciding which organizations to join.

Be clear with yourself about how much time you have to commit

and do some research into how long the association has been around and what it has to offer. These associations are not free usually and the benefits of membership should be carefully weighed against the cost of fees. Some associations will have different fees for state, local and national membership. Consider which you may benefit from the most. It may require some trial



Office Humor: Actual Business Signs

At an optometrist's office: "If you don't see what you're looking for, you've come to the right place."

On an electrician's truck: "Let us remove your shorts."

In a podiatrist's window: "Time wounds all heels."

On maternity room door: "Push, Push, Push."

On a taxidermist's window: "We really know our stuff."

On a butcher's window: "Pleased to meat you."

Outside a radiator repair shop: "Best place in town to take a leak."

At a car dealership: "The best way to get back on your feet -

miss a car payment."

Outside a muffler shop: "No appointment necessary. We'll hear you coming."

What You Can Learn from McDonald's

When Ray Kroc founded McDonald's or, rather, when the two McDonald brothers gave him the rights to it, he had absolutely no intention of working behind a counter serving hamburgers. He envisioned literally thousands of McDonald's stores around the world, each doing exactly the same thing in a totally predictable manner.

This is how he started thinking or, in other words, how he began with the end in mind. "I'm going

to have hamburger stores that do the same thing in a totally predictable manner. What do I have to do in order to make that possible?"

He then developed processes and systems structured around how to hire people, what color the restaurants should be, the way a restaurant should be managed, right down to the way they should heat their buns.

All of this occurred by carefully

going over detail after nitty-gritty detail. In doing that, he developed the perfect little money making machine — something others would pay a high price to get.

Is your business systematized? Is your business running you or are you running it? To discuss this further, contact us.



Avoiding Headaches When Hiring Family

If you are thinking of hiring a family member, be sure you hire the right family member. Just like non-family, you need to consider the person's work ethic and skill level. If you have a need for someone with marketing savvy or computer skills, be sure your family member has those skills. Otherwise, you will end up doing it yourself, breeding resentment amongst other team

members who end up having to do it or having to consider whether to fire a family member. Terminating an employee is not an easy job. Firing your mother... well, that seems an impossible job.

Once you have hired a family member, remember to avoid any special treatment or privileges that the rest of your team does

not have. If your team does not have flextime or telecommuting privileges, nor should your family member.

Make equal pay for equal work your motto. The key to hiring and employing family is fair treatment, and this goes for payment too.

"I have learned the novice can often see things that the expert overlooks. All that is necessary is not to be afraid of making mistakes, or of appearing naive."

Abraham Maslow

Some Basics about Offers

So, what is an offer?

Well, it's ANYTHING that a prospective client/customer gets by responding to a proposition that they would otherwise not get.

When you consider the definition, another factor emerges. Offers must be time-limited. That is to say that a good offer

would say directly: "when you invest in this service before June 30th, you'll receive a (whatever the offer is)"

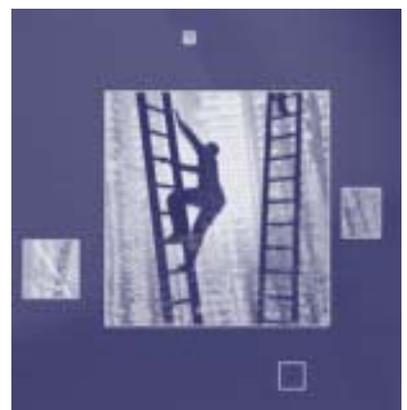
Offers and how they are articulated, can make a huge difference to response rates.

Consider these variations of offers: 50% off, half price sale, or

buy one, get one free.

Which one works best? You would measure and test to find out. As a general rule by the way, the third one works best.

For more information about offers, contact your Principa Alliance member.



Cost-Containing Strategies for Keeping Your Business Afloat

Running a tight ship is an important part of keeping your business afloat amidst the tumultuous economic tides of today's business world. Assessing your cost containment strategies now can help sail your business into the future.

Preserving and assuring a vital cash flow is essential to growing your business. The best place to begin is tracking and analyzing basic financial data. Be sure you make a point to look at your books on a regular basis or review your statements from your accountant. If you do not understand something or notice an inconsistency, do not hesitate to ask a

question. Remember, this is your money. You have every right to know exactly what is happening with your cash flow and your business.

If you need to make some immediate changes to improve your cash flow, consider making any regular payments early if a discount is offered for early payment. Implement check verification/guarantee services or a collection agency to reduce bounced check fees. Consider buying only used furniture and machinery. Always, avoid impulse buying by waiting three days before acting on any purchases. Avoid hiring support staff temporarily. Set an example for your staff and do your

own phone and paperwork. Whenever possible, get competing bids for products and services and don't hesitate to negotiate. Run through your costs and see what can be reduced or eliminated.

For long-term containment, consider tracking your costs by work order or job cost. This lets you prepare an income and expense statement for each job rather than losing details in the overall picture. Be sure to audit major operating expenses regularly. Consider working with other shipping, telecommunication and service providers who may offer you a better deal.

About Our

We are not your 'average' consulting firm. Far from it. We are members of the Principa Alliance, an international network of consulting professionals.

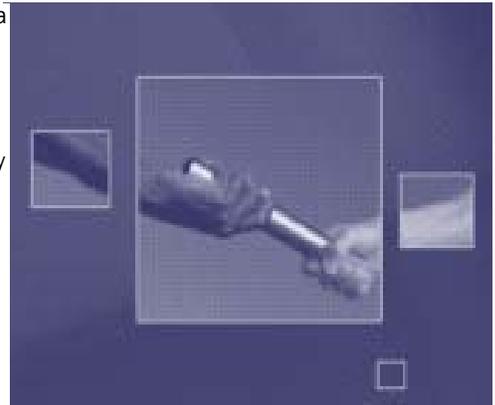
So when you work with us to improve your business you're gaining access to a global knowledgebase and a wealth of consulting experience that is much more powerful than any one firm could offer.

Combining our knowledge of your business, the personal relationship we share with our clients and the consulting tools,

support and networking power of the Principa Alliance, we can help you achieve more with your business than you imagined possible.

Our goal is to help you build a stronger, more profitable business and enjoy a higher quality of life and greater financial and personal freedom as a result.

We can and will do so much more for you than just 'keep the score'. Contact us today to discuss how we can help you build a business that delivers on its promise.



DISCLAIMER: Information provided in this publication is intended as general information only and should be considered carefully for your own business situation before use. This firm and any associated companies accept no responsibility or any form of liability from reliance upon or use of its contents.

principa | alliance
MEMBER



5001 California Ave, Ste. 122
Bakersfield, CA 93309-1671

Questions or comments:
Phone: (661) 716-1160
Fax: (661) 716-1166
Email: rblanton@odellcrosscpa.com

www.odellcrosscpa.com