

# SAN FERNANDO VALLEY BUSINESS JOURNAL

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## COMMENTARY

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# Grow a Business From Your Client Base

WHAT is marketing? Marketing is about understanding deeply the needs and wants of your customers and providing them with value to meet those needs and wants. And, it's about measuring your effectiveness in meeting those needs.

To be an effective marketer, you must clearly identify the demand for your product or service. At a minimum, most businesses can improve significantly in this area. However, the real power and leverage of marketing comes from the next level of influence, communicating convincingly your unique and superior value proposition.

Marketing is about communicating with and educating your customers, prospects, and referral sources why it's in their best interest to do business with your company. It is about educating the right target audience on the unique and superior advantages, benefits, value, and results you can provide and sharing the credible evidence/reasons that support and back up such promises. In short, marketing is about educating your target market on the advantages of doing business with you and the reasons why they should trust you to deliver on your promises.

Instead of impacting one prospect at a time (i.e. direct selling), marketing allows you to communicate with, educate, and influence many buyers at once. In a sense, marketing is a one-to-many selling system. Marketing allows you to target and influence large groups of customers, prospects, alliances, referral sources, reporters, etc. in a single action.

Unfortunately, most business owners mistakenly try to tackle most goals (i.e. growing sales) with a one-to-one, single weapon, combat mentality. For example, instead of considering the leverage of marketing (i.e. strategic alliances, referral systems, direct mail, telemarketing, etc.) to grow sales, many owners remain in the same comfort zone and deadly rut of using a single weapon like direct selling. They



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miss the chance to use *air* support (marketing) to vastly aid their *ground* war (selling). They fail to consider and try *new* options, *new* approaches, and *new* strategies.

While all businesses have a selling process (converting leads to customers), most do not have a legitimate marketing process (generating qualified leads). As such, they miss out on tremendous leverage and revenue opportu-

nities.

As a business owner, professional, or manager, your goal should be to add an ongoing marketing process to your business. Again, marketing is nothing more than understanding the needs of your customers and then communicating to them the superior advantages/benefits they can derive by doing business with you.

### Educating customers

Think of marketing as ongoing education. You are educating customers, prospects, and referral sources why it's in their best interest to do business with your company.

There are only 5 ways to grow your business:

- Keep the customers you have,
  - Bring in more customers,
  - Increase the average transaction size (unit sale),
  - Increase the frequency of purchases, and
  - Say "no" to bad customers/prospects.
- In short, keep what you have, bring in more

customers, sell larger amounts to them, and sell to them more often. Do one of these ways and your business grows. Do two or more of these well, and your business can grow by quantum leaps and bounds, geometric growth instead of mere linear growth.

In this article, we will focus only on strategy #1, keeping the customers you have. Don't underestimate the need to satisfy and retain customers. Most businesses put too much money, time, and effort into chasing new customers/prospects and far too little resources trying to keep their current ones. However, we all know that you can't fill up a bucket if you don't plug the current leaks. Real profits and stable revenue streams come from long-term relationships and repeat business with your current loyal, profitable customers. Some experts declare that 80 percent of a company's future growth comes from existing clients, if served and cultivated properly. As such, customer satisfaction and retention should be your #1 marketing priority.

Again, the purpose of a business is to attract and retain customers. You can't grow and remain in business without keeping the customers you currently have. First, you must measure your current attrition rate (loss of customers) and set a goal for dramatically reducing this rate. For example, let's say, on average, that you lose 20 percent of your customers every year. A realistic goal would be to reduce this attrition rate to 10 percent per year. Bottom line, it is easier and nearly eight times cheaper to serve and retain current clients/customers than to pursue new ones.

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