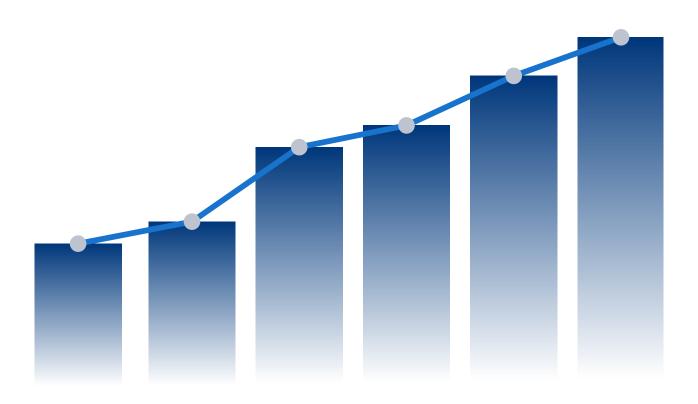DRIVING PROFITABLE REVENUE GROWTH

THE PROVEN 5 STEP FORMULA

Driving Profitable Revenue Growth – The Proven 5 Step Formula

Hey – what business doesn't want explosive revenue growth, right? At the end of the day, if investments in sales/marketing, leadership and operational systems don't translate to revenue growth – you have a serious problem. The good news: there is a proven framework that can help sales professionals and business owners in any industry properly diagnose the restrictions, and then take focused action on the highest impact drivers of profitable revenue growth.

The better news: I have taken my 35+ years of experience as a senior executive, entrepreneur, and trainer of thousands of sales and business leaders to bring to you a simple and actionable 5 step formula that you can use immediately. Who knows – maybe this can help you have your best growth year ever.

■ Step 1
Determine your most improvable "vital statistic"

There are 3 vital statistics that drive the revenue growth of any business:

1. **Activity** – Activity can be any type that is most meaningful for your business. For most, this involves 2 types. The first is your existing client/customer activity - this would be any type of meeting or call that nurtures and deepens client/customer relationships such as a client review. The second is new client/ customer activity such as prospecting meetings/calls, discovery meetings, etc.
2. **Conversion** – This is your success ratio or the % of the time a measure of activity converts to business of some type.
3. **Sales Size** – This is the "size of check" once a sale is made.

How do you know which is most improvable? That starts by first determining how your current vital statistics compare to your goals. For example, let's say you are a sales rep with these vitals:
- Activity = 10 meetings/calls per week
- Conversion/success ratio = 70%
- Sales Size = $3,000

10 X 70% X $3,000 = $21,000 revenue/income per week or $252,000 per year.

Now, let's say your goal is $350,000 in revenue/income. You would ask yourself which of the 3 vitals are most improvable based on which provides the greatest probability of success considering 2 primary factors:
- Difficulty of the task to implement a change
- Impact of the change

So if you impacted only 1 of the vitals you could accomplish your goal by:
- Increasing activity from 10 to 14 or
- Increasing conversion from 70% to 97% or
- Increasing sales size from $3,000 to $4,164

For this example, you would likely chose either Activity or Sales Size since increasing conversion to 97% is unlikely and 70% may be best in class territory already.

The key to this step is to pick one – don't worry so much about picking the absolute right one since you will still be impacting revenue if successful. The other key is to seek actions that can impact 2-3 vital statistics – at the same time – more to come on this.

■ Step 2
Determine the most improvable task(s) that will have highest impact on selected Vital Statistic

Start here by getting clear on what the key tasks are for your business that must be done:

- Sufficiently – often enough
- Proficiently – with adequate skill

For most sale professionals and businesses, the list of key tasks would include some form of:

1. **Lead generation** – marketing activities that generate targeted leads (your ideal clients/customers)
2. **Outreach** – calls, messages, etc. that create interest in your value proposition
3. **Discovery meetings** - interviews that help you determine prospect needs, values and #1 priority/problem
4. **Proposal Construction** – researching, formulating, and formatting your solution based on discovery process
5. **Solution Presentation** – presenting most relevant features/benefits of your solution and creating urgency to act now
6. **Client/Customer Nurturing** – usually shows up as frequency of value added communications and client/customer reviews
7. **Managing the Business** – systems that create efficiencies and/or remove or reduce obstacles such as ensuring adequate staffing to handle additional activity

Each Vital Statistic has a limited set of tasks that best support improvement. For example, if you determined in the prior example that ACTIVITY was the most improvable Vital Statistic – then likely tasks to impact it would be improving Sufficiently and/or Proficiently of task #1, 2, 6 and possibly 7.

■ Step 3
Gain Leverage!

This is where the fun really begins. What if you could select tasks and subtasks that impact more than 1 Vital Statistic – at the same time? What if I told you there are tasks that could impact all three?

In our example, what would happen if you:

1. **Activity** – move it from 10 to 12
2. **Conversion** - move it from 70% to 80%
3. **Sales Size** - move it from $3,000 to $4,000

If you were able to do that using our example and metrics above, that results in **revenue/income of $460,800 vs. current $252,000!!**

Generally there are two tasks that will have this effect.................(drum roll, please)

1. **Client/Customer Nurturing** – increasing frequency of contact, value of contact, and skills that build trust, uncover additional needs, and lead to more business – and referrals! (83% of them would refer if asked!)
2. **Lead Generation through** Referrals to targeted "ideal" Clients/Customers – becoming referable, and increasing frequency, skills and a system that asks relationships for referrals in ways they prefer.

Mastering the sufficiency and proficiency of these 2 tasks will ensure that you:

•   Retain and deepen client/customer relationships
•   Ensure a consistent source of new referral based targeted clients at the least cost per client
•   Provide the highest lead conversion possible – referrals are 400% more likely to convert to business
•   Impact all 3 Vital Statistics – increases targeted activity (meet more often with ideal/targeted clients/customers and new targeted referred prospects where you have instant credibility and trust), and improves conversion and sales size (because they are targeted clients)

Let's break each down to key actions you can take:

Client/Customer Nurturing

- Develop your unique Client Nurturing Model and communicate it with your clients/customers. For example, your simple system could be:
    - Monthly email with link to value added content such as newsletter/blog
    - Quarterly contact such as call or text
    - Annual or half year in person reviews

- Automate a system that does all of the above and asks your clients for referrals in ways they prefer. If you don't have one, check this one out.

- Make sure you and your business are "Referable" – do what you say, show up on time, finish what you start, and say please and thank you (from Dan Sullivan's – How the Best Get Better)

- Build an outline of an effective review and practice the key skills and behaviors

Lead Generation through Referrals to targeted "ideal" Clients/Customers

- Get clear on the persona or profile of your "ideal" targeted client and how to describe them to your relationships (your 1 minute elevator speech on who you can help the most, where they are and where clients can find them in their circle of influence)

- Identify your key relationships that represent likely referral sources to your "ideal" targeted clients. These would be your clients/customers, personal network, community leaders, and strategic partners. Make sure you have them organized on your favorite spreadsheet or CRM and make sure you have up to date contact information

- Find or develop a system that drives the key behaviors of building a referral based business
    - Consistently ask for referrals
    - Motivate/incent them to refer
    - Enable a proper introduction
    - Get referral interested prior to contact
    - Create urgent and actionable path for referral to request contact from you

- Create a marketing plan that defines the who, why, what, how – you can find a free template here

■ Step 4
Automate, Automate, Automate!

Unfortunately, human nature can often get in the way of doing what we want and know we should do. We tend to avoid change, do things that bring us pleasure, and run away from fear and things that bring us pain. Our courage and emotional competence can fluctuate – sometimes by the hour – leading to unproductive inaction!

When that happens, it is more difficult to drive the key tasks that impact the 3 Vital Statistics.

For example, when trying to drive higher activity (existing client, new client) – we can be hit or miss with contacting our key relationships consistently, with adequate follow up with the necessary skills to drive conversion and sales size. That results in missed opportunities, can lead to poor retention/churn, and higher than necessary costs.

We all have it in us to improve our emotional competence – our ability to take action on what matters in the presence of conflict, adversity and emotions. However, having automated systems can take the guessing out to make sure the key outcomes occur no matter how we feel, and how quickly we move along our personal journey to improve.

Having automated systems can also get stuff out of the way, so you can focus on what matters.

The power of automation is the basis of the technology revolution and the quantum leap in revenue growth and valuation of some of the most successful companies. Many forms of automation are now available to individual sales professionals and leaders.

Examples would include:
- Automate client/customer service meetings by scheduling in advance using a calendar utility such as with Calendly.com
- Automate a paperless office and work flow such as with Mosaic
- Many CRM's are now available to automate manage lead flow and conversion
- You can now automate the referral process, recruiting, client/customer contact, and value added content delivery – all with one system!

◼ Step 5
Measure what Matters

When we create and focus on key metrics – we dramatically increase the probably of driving expected outcomes. Focus beats brilliance most every time.

When we focus ourselves and our teams on specific causes and effects, we reduce distractions, limit noise, and force ourselves to narrow and differentiate our efforts to the key tasks that drive the most improvable Vital Statistic.

Every organization gets to choose the key metrics, how to measure them, how to communicate them and how to drive accountability. The key is to limit focus and adjust with the evolving needs of the business.

Minimally, you will want to measure and track these metrics against goals:
- 3 Vital Statistics and underlying activities – here is a free activity tracker that can get you started
- Cost per lead (CPL)
- Cost per client/customer (CPC)
- Retention/Churn

These will provide a strong foundation to assess, and make better decisions on what to focus on to drive profitable revenue growth.

Summary

Pareto's law prevails – it is always the 20% that drives the 80% of anything. If your objective is explosive revenue growth, then focusing on **driving new client/customer acquisition through referrals - by increasing contact and value to existing relationships** will have the greatest impact on all 3 Vital Statistics.

We are here to help. We are passionate about helping you build a referral - based business or book of business.

We know first hand the power of referrals. Our clients know first hand the power of using our platform to automate the process to make it happen.

Here's to you and your success!

Peter S Velardi
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