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Make Buying From Your Website Easy

Most businesses have by now spent money developing a website to feature their products. But actually getting a return on that investment through attracting leads and making sales doesn't necessarily follow. Many are so poorly designed and constructed that they drive customers away instead of encouraging them to buy.

Tuning up your website by implementing just two basic principles will improve your chances of keeping visitors interested in looking around and progressing to a purchase.

1. Make The Navigation Customer-Centric

While part of the pleasure of shopping in a bricks 'n mortar store may be the ability to leisurely browse your way over to the item you came in for, that's generally not the approach of the website store visitor. These shoppers are very intolerant of delay in getting to the product they want by being forced to click through numerous pages, or worse, being so frustrated by poor navigation that they can't even find what they are looking for at all. Customer-centric navigation tools guide shoppers directly to the products they want to buy before they lose interest.

If you sell a lot of different product lines try to classify them in some way that brings all the items in a particular line together. For instance, if you were selling pool supplies you might use categories like 'pool cleaners', 'pool pumps', 'pool heating', 'pool filters', and 'pool toys'. If there aren't a great number of these categories then display an individual navigation tab for each, otherwise a drop down menu from a 'Products List' tab is a better approach. Use the terms that the target audience is likely to use and recognise – common descriptions if you sell retail to the general public or technical terms if you deal with people in the trade.

A category listing should be only one of the ways of providing access to your products. Search functionality is necessary to complement the ability to browse around in categories. Searches can be set up in any number of ways. A particularly useful method is to provide an A-Z listing of all products so that a person looking for 'Floating Pool Lights' can locate them by looking under F and clicking straight through to a list of the types you hold. Even more helpful would be to also have them listed under P ('Pool Lights – Floating') and L ('Lights - Floating Pool Type') to cover the different ways people approach searching for items.

Some visitors will already have a particular brand in mind while others will be after a replacement part from a particular manufacturer so an A-Z listing of products by manufacturer is also helpful. The shopper in need of a replacement 'Poolrite' cartridge filter can go straight to the information on them. Even a parts number search is useful in some situations.

If you deal with price conscious shoppers then the ability to sort results by price can make it easier for them to make a choice. Finally, allow for the user who just isn't sure and provide a general keyword search option.

2. Make It Easy To Buy

Having made it easy for your visitor to find what they want, now make it simple for them to buy it.

First thing is to provide multiple payment options. These days most website shoppers expect to be able to make their payment online – more than 90% of all online business is done using credit cards. True, not everyone is comfortable providing their card details over the Internet and not everyone likes to shop with a credit card, so to cater to these customers also provide more traditional pay routes like ordering by telephone, by fax and by mail.

Central to making a sale is the design of your checkout process. Studies reveal a distressingly high rate of cart abandonment by online shoppers. There are many contributing factors but in most instances it is simply that the customer can't follow the process because of unclear navigation. Common features for a smooth checkout include giving the customer the option to continue shopping or proceed to checkout as each item is added to their cart, showing the details of each item they put in their cart including an image of the product and a link back to the page they found it on, and making it easy for visitors to change their mind by altering quantities or removing an item.

Your Internet store is not only open 24x7, it is visible worldwide – so consider what would make purchasing from it easy for a shopper located in another country. Provide your full street address to reassure the customer that they are dealing with a legitimate business. Add a handy currency converter and provide solid information on postage and handling costs.

Instead of just costing you money, a well designed customer-centric website will start doing what it's supposed to do - making you money.

Time IS Money – So Get The Best Return On Your Investment

Have you ever reached the end of the day and wondered where all your time went? Playing catch-up to retrieve wasted time is what keeps many SME owners welded to their business premises way outside of 'normal' business hours.

For many SME owners a number of their customers, suppliers and employees are likely to be friends as well as business acquaintances. This overlap of private and business relationship can lead to requests for assistance or for special deals that can make serious inroads on their time. A lot of small business operators go slowly broke doing work for friends at discounted rates or for free. 'Mates rates' translates as 'at less than your market value' and that means more hours you have to put in to make up for the lost profit.

Activities justified as building relationships with customers and suppliers can easily stretch out to time wasting proportions whereas choosing an appropriate form of contact in the first place could have sped up the information flow and decision making. Phoning someone to resolve a complicated issue will save time over emailing backwards and forwards with them but for straightforward matters an email that takes 5 minutes to compose and send is more efficient than several phone calls.

Other 'entrepreneurs' seem happy to waste time carrying out basic tasks of little productive value. Is it really necessary to run errands such as picking up a cheque from a creditor when it

could be mailed through? How many waste time making duplicate trips because they haven't planned the most efficient sequence of visits or deliveries, or notified customers in advance of their visit and find no one at home?

Figuring out just how valuable an hour of your time is can be a real eye opener. Understanding how much money you are wasting by wasting time is the best incentive for making changes that will improve how you utilise your work hours. To figure out the minimum hourly value of your time estimate how much money you're making per year and divide it by 2,000 (a 40 hour week over 50 weeks – plug in your own actual figure if you know it). To estimate the maximum hourly value consider how much you make when you are most productive such as the value of product you could turn out in an hour, what your billable client time rate is, etc. Somewhere in between these figures is the real value of your time. That figure should be your benchmark for deciding which activities are earning you money and which are losing you money and wasting your time.

With a sense of your hourly value in mind look at each task in terms of opportunity cost – what you could be earning if you weren't doing this. Any job that brings in less than your hourly value figure should be up for reconsideration. You can make arrangements not to do some of those jobs that bring you in less than your going rate or you can put definite limits on how much time you are going to commit to low value work. Could you outsource your financial record keeping to a bookkeeper? Hire a junior to do the mundane low value adding tasks? Automate some of your processes? Use an answering machine or an answering service?

Dealing with people who use up your time in ways that don't produce any gain for your business, such as obvious tyre kickers or friends who are always dropping by for a chat, can be dealt with by learning techniques to tactfully terminate pointless conversations. On a more personal level you can decrease wasted time if you learn to use some of the proven time management skills like scheduling your daily activities. In essence, the more time you save by working efficiently and effectively the more money you will be able to make. Taking a course in time management can provide a real payback in terms of avoiding time wasting activities.

No one wants to be a slave to the clock but the fact is there are only 24 hours in a day, 7 days in a week, and 52 weeks in a year. Time wasters come from the people around you as well as from within yourself. Curtailing time wasting activity will allow you to earn top income in minimum time so you can enjoy the fruits of your work. Setting aside some time to think about how you could save time, most definitely will not be a waste of time.

Discounting Is Dangerous

Offering a discount in the heat of negotiations may seem like a good idea at the time but thoughtless discounting is an easy way to lose money fast.

Before you succumb to the temptation to win new business by offering a discount take a moment to consider these ten problems associated with discounting.

1. Discounting eats away profit margins!
2. Negotiating a discount focuses the customer's attention on your price. If your only competitive advantage is price you are in trouble because price can always be matched by a competitor. The focus should be on the benefits of the product to the customer that make the price, if not irrelevant, then at least not the primary influencer of the decision to buy.
3. Discounting can affect the customer's perception of the value of your product – the 'you get what you pay for' syndrome. The less they pay, quite likely the less they will value it.
4. Discounting may affect the quality of your service. If you have offered a discount and realise your profit margin is going to be slim if you do the job to your usual standard

then there's the temptation to cut corners. That compromises the quality of your work and if it results in customer complaints it eats into your margins even further. Poor work gets talked about and you risk your reputation and the referred business that can come out of being known for quality.

5. Discounting can result in reduced demand. Customers might see the opportunity to buy at a discount as an opportunity to really stock up on the item and that can decrease their need to buy for some time into the future. Altered buying patterns can effect sales predictions and cash flow forecasts.
6. Discounting increases work hours. In effect, discounting means lower income per hour, so to maintain your profit level you are going to need to put in extra hours to compensate for the narrower margins on your sales.
7. Customers can gouge you. Word of discount deals gets spread around and if you did it for one customer what is your justification for refusing it to the next one who tells you they 'know you did it for Person X'?
8. Discounting can be addictive. To make a sale it's easy to fall into the habit of offering a discount as a first resort instead of as the last. It's possible to win custom by offering to negotiate on things like after sales service, a longer guarantee period or an added accessory rather than resort to a discount offer. Some of these may never turn into an extra cost to you but are valuable to the customer and may be preferable to a discount in their eyes. Before you discount, stop and think: is this the only way I can give value?
9. Guessing wrong. If you make up your discount offers on the spur-of-the-moment you are going to guess wrong. It's very easy to underestimate costs and end up out of pocket. Discounts, if offered at all, need to be based on an itemised costing of the job and include a buffer for any extras incurred should things not go as smoothly as expected.
10. Discounting starts price wars. The company that usually wins is the one with the biggest balance sheet—the one who can afford to hold out the longest. That's a dangerous game to play.

Unfortunately, discounting as a business practice has become so entrenched because of its supposed ability to win sales that it is difficult to break the habit. But think about how many times offering a discount has actually been an investment that paid off in the long run.

Of course, there are some valid business reasons to discount, such as liquidating obsolete or seasonal stock or to meet cash flow requirements. But smaller businesses should have carefully calculated strategies for discounting so it's not done thoughtlessly with a disregard for margins or retaliatory action by irate competitors. If you want to follow best practice then develop a price policy that includes your discount deals and the exact amounts to be offered in each circumstance and stick to it. Base it on an understanding of the real costs of production and your profit margins. If you employ salespeople, make sure they know about it and stick to it as well.

The Power Of Numbers: Profitability Ratios

In this final article on ratio analysis we look at profitability ratios. Profitability ratios are probably the most important indicators of your business' financial success. They reveal both its actual performance and its growth potential. No doubt all business owners are familiar with some of these, such as gross and net profit margin, but others, such as Return On Equity, can give you an entirely new perspective on your business.

Net Profit Margin: shows you the bottom line on profitability – how much of each sales dollar is ultimately available for you to draw out of the business or to receive as dividends.

Formula: $\text{net profit} / \text{turnover}$

Reference to industry norms will provide a baseline for gauging if your profit margin is adequate. Analysed over time, the year-to-year variations may be due to abnormal conditions or expenses. Variations may also indicate cost blowouts which need to be addressed.

A decline in the ratio over time could be indicative of a margin squeeze suggesting that productivity improvements need to be initiated. In some cases the costs of such improvements may lead to a further drop in the ratio or even losses before increased profitability is achieved.

Return On Assets: indicates how well your business is using its assets to produce more income by relating how much profit (before interest and income tax) the business earned to the total capital used to make that profit.

Formula: $net\ income / total\ assets$

The ratio can be used on an annual basis to compare your business' performance to that of firms in a similar line of work. A low ratio in comparison with industry averages indicates an inefficient use of business assets. A high ROA, indicating high return on investment in assets, can be attributable to high profit margins, a rapid turnover of assets, or a combination of both.

Return On Equity Ratio (ROE): also known as Return On Investment (ROI) it shows you what you've earned on your investment in the business over the accounting period.

Formula: $net\ income / owner's\ equity$

In short, this ratio tells the owner whether or not all the effort put into the business has been worthwhile. All other things being equal, the higher the ROE the better the company and the more value you are getting from the effort you are putting into running it.

You can compare your business' ROE to what you might have earned on the stock market or a bank savings account during the same period. Over time your business should be generating at least the same return that you could earn in these more passive, relatively risk free investments. Otherwise, why are you spending your time, trouble, and capital on it? Would you be better off selling up, putting the money into a savings instrument and avoiding the daily struggles of small business management? The alternative is to work at improving ROE through developing a clear strategic plan for growing the business.

The bottom line on your income statement is not the only important figure on it. It may not even be the most significant. Ratio analysis provides a whole extra dimension of valuable information obtainable from the data in your statements that can be used to evaluate your company's performance, its current status, and its evolution over time by monitoring progress against predetermined internal goals (as in your strategic plan) or by checking on how you measure up against competitors and the industry overall.

Ratio analysis is a proven way of identifying problems in a business. The information they reveal can be used by owners to make the right decisions for improving operations and building a stronger and more successful business.

Regular Pieces

How To Make The Most Of Your Newsletter

Be sure to read each article with the mindset 'How could this apply to our business.' Thinking of it that way will guarantee that you get value. Better yet, take notes as you read and commit to having the ideas implemented by the time the next edition arrives. Also, make copies for each team member. To really make sure something positive happens, work with your business development specialist to talk your team through the ideas and how to set a schedule for getting them implemented. We're here to help you get started.

Memorable Quotation

I like to tell people that all of our products and business will go through three phases. There's vision, patience, and execution - Steve Ballmer (CEO Microsoft)

An Important Message

While every effort has been made to provide valuable, useful information in this publication, this firm and any related suppliers or associated companies accept no responsibility or any form of liability from reliance upon or use of its contents. Any suggestions should be considered carefully within your own particular circumstances, as they are intended as general information only.

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