SPRING 19

PROFIT MATTERS

Helping you realise your full profit potential

INSIDE:

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- Correctly terminating an employee
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The elements of a sale

The purpose of the sales process is to effectively convey the benefits you offer to a prospective client.

There are many elements that go into a sale, each being as in depth and important as the next. Setting realistic sales targets can help you meet your overall business goals. Sales techniques are used to convert more potential customers into paying customers, and while the closing of a sale is the end goal, maintaining a good relationship afterwards is crucial. Sales are all about a cohesive strategy and execution.

Before the sale:

Every business is different and sales goals will vary depending on the different stages of the business cycle. Setting sales targets in areas that will boost growth and development will help direct and prepare business owners for the sales process. Sales targets will vary according to seasonal factors, marketing, production and supply costs. A good way to work out a sales target for your business is to calculate the minimum requirements. To determine your minimum sales requirement, work out how much you need to sell to cover fixed costs, your salary, and desired profit.

Sales targets need to be realistic and take into consideration external factors, such as the economy, competition and volatile markets. These variables will significantly impact sales goals and therefore, it is critical to constantly monitor the business' environment to adjust sales targets accordingly. Setting goals purely based on the previous year's sales can be damaging to a business and lead to over-ambitious sales targets.

During the sale:

A sales prospect can usually identify when a salesperson is running off an agenda. This approach can appear insincere and impersonal, thereby creating the opposite effect and driving the prospect away. Instead, ask about the prospect's concerns and challenges by asking them questions to see if your product/service is suitable. Find out what is important to them and their expectations. If your products/services are a solution for them, pitch to them or provide alternatives. Do not expect that your product or service is going to be a solution for everyone.

Value is a critical factor in a prospect's purchasing behaviour. Using value-based selling can be helpful in generating more sales as it focuses on addressing the prospect's problems by showing them the benefits of your product/service. Furthermore, providing examples of results, client testimonials and so forth can demonstrate more value to the prospect.

After the sale:

Once the sale is complete, you will still need to look after your customers. Businesses with excellent customer service have an increased chance of maintaining and increasing their customer base. Following up after a sale demonstrates a continued interest in your client which can then create future opportunities, either from a returning customer or through referrals. Creating a referral program where the referring customer gains a discount or reward is a good way to boost your word-of-mouth marketing. Not only do you benefit from the new customer but it gives your existing customer an incentive to spread the word.

You may also consider creating a formal customer service program to ensure all customers receive the same level of service. Train, encourage and support your staff to help implement the program. Well-trained staff are your first point of call in ensuring your business has happy, satisfied customers.

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Making the most of a business slowdown

In a period where business is slow, it can be easy to become discouraged and unmotivated.

A slow period does not have to be a bad thing as it can give businesses the opportunity to reflect on their work, make improvements and come back stronger than ever. Here are some ways you can take advantage of this slowdown:

Assess:

Analyse what the causes of the business slowdown could be. Is there a problem with the product or service? A lack of customer engagement? Poor time management? Inadequate marketing strategies? Are there internal or external problems that have been affecting business?

It can be constructive to do research into competing businesses and understand whether or not they are having similar problems. Looking at common factors or differences can indicate what works and what can be improved. It would also be helpful to survey customers and employees based on areas of concern or look at any past feedback.

Revise and Strategise:

Learn from feedback and past mistakes. Based on the assessment of the situation take the time to create strategies on how problems could be overcome and how improvements can be made. Revise the strategies implemented in the past and consider whether they still work well, or need to be revamped.

Make updates:

Take this time to update elements of the company's service deals, website, emails, or social media pages that may not be working as well as they could. Even something as minor as changing the font or the colour of a button on a website to enhance its appearance can increase consumer appeal.

Seek advice:

Don't be afraid of asking for help or advice from a reliable source. Business owners and employees can benefit from attending networking events to get ideas and advice and to stay inspired.

Keep goals on track:

Assess the goals that have been set in place and consider updating or refining them if they are no longer relevant or could be more productive, making sure that they are realistic with measurable results. The industry is continually evolving and it is important that businesses adapt to new trends and changes that may occur.

Correctly terminating an employee

Termination is often a complicated and awkward area for any business owner, but is a situation that needs to be handled thoughtfully and compassionately.

There a number of situations where termination can occur. It is important that each situation is carefully managed to ensure that the process is compliant with employment laws. Often, it may be a good idea to seek legal or HR advice before initiating the termination process.

If a business fails to comply with the provisions of a termination they can be liable for legal action, as well as fines and penalties. Employers should consider the various ways to terminate an employee's role within the business and the legal requirements that will follow before making any decisions.

Redundancy:

Redundancy occurs when an employee's role within a business is no longer required. This can occur due to a reconstruction of the business, or technology taking the role of an employee. A redundancy is based on the operational needs of the business, not the personal performance of the employee. When an employee is made redundant they are often entitled to compensation and other entitlements. It is important the employer follows the correct protocols when making an employee redundant, which are laid out in the award or enterprise agreement.

Abandonment of employment:

This form of dismissal occurs when an employee is absent from work for an extended period of time without providing a reasonable excuse. This could occur if an employee does not return to work after a leave of absence, or for walking off the job without providing an explanation. If an employer wishes to terminate an employee under abandonment of employment they must show that they have taken steps to contact the employee before terminating them.

Summary dismissal:

A summary dismissal is when an employee is immediately terminated from employment due to a serious breach or misconduct, such as theft or assault. Generally there is no period of notice or financial compensation in lieu of notice. Although this type of dismissal does occur quickly it is still important that the correct formal process is followed, and that any allegations against the employee are thoroughly investigated before the employee is dismissed.

Dismissal for a cause:

A dismissal for a cause is less serious than a summary dismissal. It is used when an employee is terminated for under-performance or other issues such as inappropriate behaviour. Leading up to a dismissal for cause there must be a disciplinary process which can include warnings and performance management in an attempt to correct the employee's actions.

Termination by notice or agreement:

This is when an employee's role in the business is terminated by one party giving notice to another. This can occur when an employee resigns, or if an employer informs a casual employee or contractor that they wish to terminate their agreement. Termination agreements often come with various provisions that must be complied with, for example, the timeframe for notice. There may also be other steps to follow listed in the relevant award.

Three types of marketing channels

Having marketing goals is an ideal strategy for promoting your business, but knowing the best way to achieve these goals is what makes a successful plan.

There are three different channels in which you can market, all based on the process they use. Most often, people categorise marketing avenues by the form of traditional media including newspapers and television, or new media such as the internet and social media. Whilst this is an accurate way to breakdown forms of media, it doesn't necessarily give you insight as to what you have to do to achieve the best results on these platforms.

Earned:

Earned media is arguably the biggest channel as it encompasses a wide range of marketing devices. You can have earned media online in the form of social media followers and voluntary sharing of content, as well as through more traditional marketing techniques such as incentives and referrals. The biggest area of earned media is the business itself; how you treat customers and the services you provide is the strongest influence on clients.

Owned:

Marketing channels that you own are your space to advertise how you want. These are places like your office or venue, the business's website and your email list. Here you have greater control as to how you market your product or business and can choose how and when to advertise.

Paid:

Paid media is external marketing that the business pays for to extend the reach of their campaign. This can be ads, sponsorships or partnerships, both online and in traditional media forms like television or print. Paid media gives you the opportunity to spread your brand as widely as possible.

Short-term vs long-term financing

Between ongoing expenses and bills, managing a healthy cash flow can be challenging, but understanding the differences between short and long-term financing can help refine an effective cash flow strategy.

There are various sources of financing available, with each being useful for different situations. Choosing the right source and mix is key for good cash flow, with financing options often being classified into two categories based on time period: short-term and long-term. To find the right plan for you, determine your needs and then match a financing option to meet those needs.

Short-term financing:

Short term financing, or working capital financing, look at needs that arise in relation to financing current assets – for a period of less than one year. Working capital is the funds that are used in the day-to-day trading operations of a business. Short-term financing can help you to pay suppliers, increase inventory and cover expenses when you do not have sufficient cash on hand. Depending on your business' requirements you might consider using one of the following options;

- Overdraft – extends your cash resources and protects your business' credit rating.
- Line of credit – funding when you need it that is then paid back when you have surplus cash, offering flexibility, value and control.
- Business credit card – a convenient, fast payment method.

Long-term financing:

Long-term financing options can help you invest in overall improvements to your business, for a period of more than 5 years. Capital expenditures, such as upgrading equipment, buying additional vehicles and renovating are funded using long-term sources of finance. Businesses can consider using the following options;

- Leasing – structuring a lease to match the useful life of the asset. This will help to preserve your cash and working capital for other uses.
- Term loans – from financial institutions, government and commercial banks. These allow you to accurately forecast your monthly cash flow through regular payments.

Landing page optimisation

The landing page on a website is a key part of successful online marketing as it's the first thing that visitors will see, and should therefore be designed to convert web visitors into customers.

Having a poorly optimised landing page can negatively impact these conversions, and cause you to lose business and money. Here are some ways to improve your website landing page.

Capture interest:

Using an engaging headline will attract your audience to read more. Your headline should be concise, clear, and ideally keyword-focused to promote your website in search engines. Include a call-to-action, as this can encourage visitors to further engage in your site. This may include contact information, a live-chat function, a button to subscribe to your emails or a button to purchase online.

Effective design:

The layout of your webpage can make or break potential conversions. If a site is too hard to navigate and designed poorly, people are less inclined to stay or read further. Make sure you reduce navigation options and include features such as social media sharing buttons that are easy to use. This will encourage the visitor to stay on the page and not follow external links away from your site. Consider using more images or graphics over words, as bold visuals are likely to attract more attention over large chunks of text.

Promote your strong points:

A landing page is a great way to showcase your expertise. You've already got visitors on your site, now you can make them stay and ideally convert them into paying customers. You could achieve this by listing your business's benefits clearly on the landing page or incorporating testimonials to further enhance your business's image and evidence of the quality of your work.

How to handle staff resignations

When an employee announces that they want to resign from their position, it can be inconvenient and disruptive for the business.

Suddenly, the business is faced with a number of things that must be considered - how will the former employee's responsibilities be covered? How will the team be affected? How should the business go about hiring and training a new employee? While it can be inconvenient dealing with these changes, there are ways to learn from the situation and encourage a smooth transition.

Identify why the employee is leaving:

Employees often resign for personal reasons such as moving away, changing careers, or new commitments, however, there are cases where the employee may have an issue with the company itself. Perhaps they are dissatisfied with internal career advancement opportunities, are unhappy with the workplace environment or other staff members, or feel overworked and underappreciated. Understanding the internal problems the employee may not have wanted to admit prior to their resignation can be an opportunity to make improvements that will benefit the future of the workplace environment.

Conduct an exit interview:

It can be beneficial for both the employer and employee to conduct an exit interview, where these reasons for resignation can be discussed and the employer can assess whether any changes should be made within the company based on this feedback. This could also be an opportunity to ensure all relevant matters between the employee and the company are settled before they leave.

Make a hiring plan:

Hiring a new employee can be time consuming and stressful, so it can be useful to plan guidelines, recruitment tools, goals, and time frames to keep things on track. This can also help you better prepare for the interview process as you know going in what you are looking for in a new employee.

Reassure the rest of the team:

Having one less employee can make the other staff feel overburdened with the extra workload. Talking to the employees and acknowledging this problem can help maintain morale and reassure them that this is temporary and they are being appreciated.

Teaching your staff to be social media savvy

The social media presence of your business and staff can be a critical factor in shaping your brand image and reputation, for better or for worse.

Although approximately 52% of the Australian population use social media, not everyone understands how online presence, both individual and work-related, reflects on a business.

Your staff are representatives of your business meaning their online profiles can unintentionally affect your brand's image and influence potential customers. While this isn't always a bad thing, enforcing a social media policy and educating your staff on the importance of your business' online presence can help to avoid mistakes and better prepare for issues that may arise.

Company profiles:

For best results, don't give full access to social media accounts to everyone, too many employees logging on and changing things can lead to misuse. Instead, define team member roles and accessibility when you first employ a social media strategy to help create workable boundaries. By delegating regular tasks to particular employees, like content posting or customer service, helps to create a routine that everyone can follow and accountability if there is an issue. This also establishes who is allowed to speak on behalf of the company.

Have an action plan in place for different scenarios, such as security breaches or PR issues, and make sure everyone is aware of the procedures. In a crisis management plan, you should include an up-to-date emergency contact list with specific roles of the social media team as well as your legal and PR experts. Guidelines for identifying a crisis, communication plans and an approved process for response will also help. By having a plan in place, you are properly equipping your staff to handle problems in the correct manner and as quickly as possible.

Personal profiles:

Your employees' online network can be a blessing and a curse to your business. To avoid reputational damage make sure your staff is aware that any inappropriate or harmful mentions of your business will be met with professional consequences. You should educate your staff on what constitutes unprofessional online conduct. Some examples include:

- Any rants bad-mouthing customers or management.
- Pictures of management or co-workers that are put up without consent or reflect poorly on the business.
- Proof of pretending to be sick to avoid work.
- Defamatory comments about your business or workplace.

Instead, try encouraging your staff to highlight the positive aspects of work such as your office environment, special offers or workplace achievements. Make sure they tag your business whether it be on LinkedIn or Facebook.