

A set of numbers you MUST know and embrace in order to achieve a huge bank account

One of the biggest mistakes I see sales people and business owners making is not doing the math. When someone asks my advice about a business venture they are thinking about, it only takes a few simple questions to see that they have not thought it through. Here is one of the questions..

For many sales people marketing seems to be a separate division of the company with its own, unrelated agenda. However, marketing strategies can be used individually to help build your business. The first step in marketing is to identify your target customer and determine how many customers it will take to maintain your business. Here's what I mean, using examples from different industries.

Let's say you wanted to sell residential real estate for a living. You would need to stake out an area that has a minimum of 500 houses. If you began a systematic schedule of contacting these 500 homeowners on a monthly basis, some in person, some on the phone, some by mail, there would be enough houses bought and sold each year to make a living.

Another good example is insurance. You would have to have a list of one thousand households and contact them on a regular basis. There would be enough insurance needs to earn a living. Both examples depend, of course, on your ability to out sell the competition.

Even a nursing home with one hundred beds has to have them filled with residents. If they have

ten empty beds for any length of time their expenses go up and their profits go down.

A hospital is in a similar situation. The success of their marketing is measured by their "occupancy rate". The next time you call on a hospital ask what their occupancy rate is and you will be surprised at how quickly they can give you the percentage.

A manufacturer looking for national distribution needs 200 distributors.

The average distributor sales rep sells a little over two million dollars each year, or \$40,000 each week. The average order size in the industry is \$500. That means to be "average" you would have to sell 80 accounts \$500 every week. NOT A GOOD PLAN! What if we double the order size to \$1,000? That brings the number of accounts down to 40. Forty accounts purchasing \$1,000 each week sounds better, however, we are still only "average".

Let's give it one more twist. Let's weed out the low margin price shoppers and carefully select 40 accounts that could buy at least \$2,000 per week from you. Now you are investing your time and effort with accounts that will give you sales exceeding four million dollars per year.

It look's good on paper, as all marketing plans do. However, it is still up to you to make it happen the old fashioned way, by selling.