

grow your **Business**

Edition 5

The Power of Synergy

Dr. Stephen R. Covey, in his book "The 7 Habits of Highly Effective People," (Simon & Schuster Fireside, 1989) defines Habit 6 as: Creating Synergy—several parts working together to produce results greater than their own independent efforts; where the whole is greater than the sum of its parts. The challenge is to apply the principles of synergy, or creative cooperation, to your approach to growing your business...

In this edition we'll be exploring some examples of how you can use the power of "Synergy" both inside and outside your business to generate greater value. This includes using all "**Four Ways to Grow Your Business**" cooperatively to generate the best results, building a **Shared Vision** for your firm with input from Team Members and clients, and forming "**Win-Win Host Relationships**" with other non-competing businesses.

Creating Synergy Using the Four Ways to Grow Your Business

Over the last few editions of Grow Your Business we've looked at the "Four Ways to Grow Your Business."

1. Win more customers (of the type you want)
2. Get your customers to come back again and again
3. Get them to spend more each time they do
4. Improve the processes within your business

Most business owners focus on just one way to grow their businesses—winning more customers. However, to leverage your investment in marketing, generate the best results, and ensure the profitability and longevity of your business, you must integrate all four—creating synergy. Doing anything less means you're missing out on invaluable opportunities to grow your business.

How Can it Have Such a Dramatic Impact on My Business?

Let's say you have a customer base of 1,000, and that you can increase the number of inquiries (and therefore the number of new customers) by 10%. That would mean your customer base would increase to 1,100. Now, imagine if you also increased the number of times your customers dealt with you during their lifetime by 10% (say from one to 1.1 times). Next, through the techniques and strategies you've been introduced to in other editions, you are able to increase your average sale or "transaction value" by 10% as well, taking it from \$100 to \$110. If you were to put all of these factors together, and assuming everything else was equal, it would make sense to say that the overall business would grow by 10%. Right?.....Wrong! Common sense would say that, but in fact something completely different happens. Something that could mean the difference between a profit or a loss for your business.



Crunch the Numbers for Yourself

The formula on the next page shows the numbers before any increase, and multiplies them to estimate turnover (increase or decrease in profit).

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