

# Your Business Matters

March 2021

## *When the Wheel Falls Off the Axle*

### *The Difference Between Luck and Preparedness*

In 1980, when I was 17 years old, I bought an old Volkswagen van for about \$300. Now, this VW van was worth every penny of that \$300 and not a cent more — it was a piece of junk! Before I could drive it anywhere, I had to replace the clutch, most of the engine, and probably about a dozen other things that I can't remember off the top of my head. But once I got it to the point where I believed it to be roadworthy, I figured I'd take it on a little road trip with my friend, Ken, through upstate New York.

So there we were, 17 years old and dumb as rocks, miles away from our home on Long Island. We traversed windy roads in the middle of nowhere, with no way to communicate with anyone, in what basically amounted to a pile of bolts held together by hopes and dreams. While we were driving one day, I suddenly felt a deep vibration reverberate throughout the van. It felt like a rumble strip, but this was before those were really widespread on roads. Something was wrong. So, we pulled over to the side of the road, and sure enough, one of the back wheels had broken completely off the axle! I don't know why we ever thought that van was road trip material.

Now, obviously, I lived through that little conundrum to tell the tale — and I call that luck. With St. Patrick's Day coming up this month, I realize how that story illustrates the dichotomy between two different ideas: luck and preparedness.

I've known a few people who believe that by simply being prepared, whatever that means for the specific context, you create your own luck. It seems to make sense at first — after all, if you prepare your business for any possible unfortunate event you can think of, you wouldn't need luck. But I think therein lies the problem: How can you ever reasonably assume that you've prepared for every possible scenario?

Even though I did as much work on that old VW van as I thought necessary, preparing against any sort of mechanical problem that I could predict, I still ended up stranded on the side of the road. I don't know whether it's bad luck that it broke down or good luck that it wasn't any worse. Maybe it was a little bit of both. The point is that I don't think any amount of reasonable preparation could have led me to



prevent the back wheel of my van from just falling off. It's just not a normal enough car problem!

That actually brings me to this next point. Throughout our lives, we experience what I call linear changes and nonlinear changes. Preparedness can get you through linear changes, but only luck can get you through nonlinear changes. An example of a linear change would be an economic recession. We all know that recessions happen, even if we don't know exactly when they'll happen. Nevertheless, we can prepare our families and our businesses to weather that storm fairly well.

An example of a nonlinear change would be the COVID-19 pandemic, a disaster no one saw coming. There's no amount of preparedness that will make you ready for something like that! Businesses that thrive off of connecting people through the internet, like Zoom and DoorDash, have made it big during this time — but only because they were in the right place at the right time, so to speak.

You might be wondering what all this means for you. Well, I guess I just think that you shouldn't kid yourself about luck. Whether we like it or not, it has a profound effect on our lives. Sometimes it's good, and sometimes it's bad, but by acknowledging that things happen that you just can't prepare for, you spend less time lamenting your circumstances and more time preparing for what might happen next time bad luck strikes.

*-Ed Alexander*

# Succeed in Business With the Right Strategies

Remember the musical, “How to Succeed in Business Without Really Trying”? Ralph Macchio goes from the mailroom to the boardroom by not accomplishing *anything* in his career other than kissing up to the right people. But, for entrepreneurs, kissing up to the boss won't help much! If you want to succeed without really trying when you're running the show, you need to focus on these six things instead.

- 1. Retain and Maintain Customers.** How much money do you lose each month in customer churn? What about employee churn? This is a big issue and a major reason businesses don't scale. Check out the book “Stop Losing Customers” by Shaun Buck. A section dedicated to calculating churn discusses why it matters for your business and how you can save a massive amount of money once you know the number and work to lower it.
- 2. Market to Convert Leads.** You need marketing that generates quality leads and a sales process that converts those leads to customers for your business. This is much easier said than done, and I get that. The fundamental items your business needs are:



- Lead generation of *quality* prospects
- A customer-relationship-management system that allows you to keep track of, nurture, and follow up with leads
- A sales process that includes long-term nurture and follow-up as well as the ability to close a deal
- These are only the minimum requirements, so make sure you have them all.

- 3. Create Systems and Processes.** Businesses don't scale when they don't have any systems in place. “Ask the entrepreneur” is not a system, and if you have to do it all, your business will max out very quickly. If you are not a systems and processes person, hire one. A competent person in this position will be your right hand and help you scale.
- 4. Keep Employees Happy.** If your employees are happy, they will do a better job serving your customers. If your customers are happy because your employees are serving them well, then they will refer more, spend more, and stay with you longer. This will make you happy because you will turn a larger profit.

By contrast, it costs three times an employee's monthly compensation to hire, onboard, and train their replacement — *minimum*. Few things hurt more than high turnover.

- 5. Play the Long Game.** Win wars, not battles. Sacrifice today for tomorrow. Don't make emotional decisions in business. Build systems, track everything, and nurture relationships.
- 6. Be the CEO.** Invest in the skills required to become the leader you need today and, especially, tomorrow. Learn to delegate and let go of any role that “nobody can do as well as me,” because that's how *you* become what's holding your company back.

Once you become comfortable with these six fundamental areas, you'll move your business and yourself in the right direction. Being great at the boring stuff wins business, and that's how you can afford the life of your dreams.



# HAVE A *Laugh*



## Corn Dogs for All

*The Development of National Corn Dog Day*

National Corn Dog Day began in March 1992 when two Corvallis, Oregon, high school students needed a snack while watching a basketball game. They got some corn dogs and called it good. But somehow, this simple snack and sport pairing turned into something huge.



Though it's not clear how, it spread across Oregon and eventually the rest of the country. It's likely that people just heard about it from friends and family and thought it was a great idea. In 2012, in honor of the original Corn Dog Day, the then-governor of Oregon issued an official proclamation naming March 17 National Corn Dog Day in the state.

Today, it's celebrated with thousands of events every March. An article printed in *The Oregonian* in 2009 revealed that National Corn Dog Day parties have been celebrated on nearly every continent — including Antarctica!

## *What Can a Netflix CEO Teach You About Business?*

If you ask Marc Randolph about his favorite place, he'll mention an office building in Dallas, where Blockbuster had its corporate headquarters on the 27th floor. Randolph, one of the founders of Netflix and its first CEO, has no illusions about what happened to the former retail giant. In his new book, "That Will Never Work: The Birth of Netflix and the Amazing Life of an Idea," Randolph shares how Netflix disrupted an industry and took the world by storm, an example every business leader can learn from.

Randolph himself is fascinated by the nuts and bolts of business and entrepreneurship: "How does your business test new ideas? Can it happen faster? What's the cost of having sloppy content hit the internet if it gets you out there sooner?" He examines how quickly you can put an idea in front of a customer where "you will learn more than you could in five months of R&D." Randolph addresses these issues and more in "That Will Never Work," all the while explaining their relevance to entrepreneurs.

If you're looking for more salacious details, he spends much of the first chapter debunking the stories about who had the idea for Netflix and whether or not it was an epiphany. "That story is beautiful," Randolph writes. "It's useful. It is, as we say in marketing, *emotionally* true. But as you'll see in this book, that's not the whole story." The whole story is

one we'll let you read for yourself, and there is plenty more where that came from.

Anybody can research Netflix online, but "That Will Never Work" is a rare glimpse into the inner workings of one of the 21st century's most lucrative and secretive companies. Juicy stories pair well with marketing lessons, and the writing style is easy to get lost in — it really is a page-turner.



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## Boost Your Profits in 2021 *By Rating Your Sales Team*

As if 2020 was not already hard enough, its lasting impacts are going to make sales evaluation a lot harder this year. Brick-and-mortar sales fell 14% last year — a number that even the big increase in online sales just couldn't make up — leaving us with a 10.5% drop in sales overall. What does that big picture mean for your sales team? Should you measure 2021 against 2019? Focus on pre-pandemic projections for the current year? Throw your arms in the air and let the sales crew do whatever they want?

First things first: Make sure your sales have stabilized. If you're not starting to see sales climb again, you need an attack plan to meet your weekly numbers where they're at. Evaluation is important, but you have to stop the ship from sinking first.

Once you're stable, you can take the next step and run the numbers. What kind of year did your business have in 2020? For many, it was worse than previous years, but some industries saw increased business. If you're one of those lucky few, your plan is going to look a lot different. Remember, sales numbers are just part of the puzzle. You also need to look at productivity, profits, losses, and more to put together your *own* big picture. This is when you'll see if your old metrics are still relevant or if you need a different way to look at 2021.



Then, set up your sales targets for the year. Your first leads should be those who canceled or stopped participating with your business last year. Past clients cost less to reactivate than new ones. It often just comes down to how you incentivize them.

This is also a good time to question whether your traditional “ideal client” still looks the same as before the pandemic. Economic downturns are rough, but every time, some businesses bounce back stronger. They often attribute this success to changing tactics on a number of key issues and freeing up resources (especially sales personnel) to tackle new areas of interest.

Finally, examine your sales team. It can be unpleasant, but is there anybody you wish wasn't there? Low performers make everyone look like amateurs. The second half of this process is asking yourself, “How can I incentivize the right sales people?” Make them happy, and you'll be happy.