Winning in Business
Fran Tarkenton Interviews
Legendary Business-Builder Jay Abraham

Hi, I'm Fran Tarkenton, and I'm here in Palm Desert today to have a conversation with my friend, Jay Abraham, who is one of the most interesting, compelling people you've ever had a chance to listen to.

It's interesting for me, because tonight in Miami, Dan Marino is going after my most significant passing record, which is 342 touchdown passes. ABC and the Miami Dolphins have invited me to be there tonight, but - not to be overly dramatic with you, I had arranged to be here with Jay today, and I think this conversation is so important that I declined the invitation.

Let me tell you why I'm here, and a little bit about my background, other than football. I'm here visiting with Jay because I'm really passionate about business. I started <u>nine</u> businesses from scratch. I took an <u>idea</u>, for a product or a service, went out and developed business plans and marketing plans. I met a payroll. I got <u>a</u> customer, and then I added to that customer base.

I have built insurance businesses, marketing businesses, and public relations businesses, which means that I come from the arena of operating business.

It's not theory with me.

I made a lot of mistakes along the way because I have found that you learn from the things that you do. These lessons will either make things better, or change things dramatically in order to bring you success down the road.

In football, I had great football coaches who were there with me every day to guide me through my mistakes to try to help me improve.

Man, I wished I'd had Jay Abraham during all these years of business to bounce ideas off of; to ask questions of; to just pick his brain and mind.

He's not just a consultant or a seminar leader. Yes, he does that. But he has been in the arena of business. He has built businesses. He has built value. He's helped others build value with real ideas in ways that they can leverage the assets that they have.

If there were a Hall of Fame, or a Super Bowl of Business or Marketing, this man would be there. He's worked with 10,000 businesses in over 400 different industries. If you go to his seminars, his seminars will cost between $5,000 and $25,000. He really does charge $5,000 per hour to consult with people about bringing them real ideas that are going to bring tremendous growth to their business.

Now I'm going to introduce you to my friend and business partner and confidante, Jay Abraham. Jay, welcome.

FRAN: Jay, let's start off with our passion, yours and mine - small businesses. How we grow them, how we make them more profitable, and how we make our lives more productive.

Let me give you a supposition that I have. I think most of us in small business are concerned about retaining customers, cash flow, adding customers, and the competition.

Competition scares us.

We've also got to be continually concerned about trying to take cost out of our operation, because people want to reduce costs, rather than pay higher prices. So how do we get cost out of our businesses?

JAY: I see most small business owners and professionals as missing the real opportunity they have in their enterprises. What they don't realize, from my vantage-point, is they've created these enterprises as mere income-generators to service their lifestyle, pay their bills…give them a good, if they're lucky, and average, if they're unlucky, income.

But it has the capacity to be so much more.

Actually, their enterprise can be the ultimate creator of wealth they have available to them.

FRAN: All right, stop right there. You mean to tell me that someone out there running a garage…running a beauty salon…running a small business…can create more wealth - not just income - than they can if they invest in the New York Stock Exchange?

JAY: Fran, the odds of creating wealth with your own business or practice are something like 100 times better and easier than creating wealth with a passive investment.

If you look at passive investment, there is almost always a direct correlation between risk and reward.

FRAN: So passive investment means investing in somebody else's company.

JAY: Yes, stocks, bonds, mutual funds, private placements - whatever you want. There's always going to be a correlation between risk and reward. If you want to make $1 million you're probably going to risk a lot of money.

With your own business or practice, if you shift the way you are already doing things a little bit, to the right or the left… improve them a little bit or do them a little bit better, you can produce massive improvements in the results they are currently giving you.

FRAN: So you're telling me over *here*, with passive investment, I have to invest real dollars. And, with my own enterprise, I can make adjustments that won't cost me a lot of money, but will produce massive gains in my business.

JAY: That's right. I talk about leverage, and leverage to me is a very different animal than leverage is to most people who think about investment.

With investment, leverage normally means you take a lot of risk to get, hopefully, greater yield, but if it doesn't work, you've got enormous downside liability.

That's the way it is if you buy stock on margin. That's the way it is if you buy something with a low downpayment - a capital piece of equipment.

With the way I approach business, your downside risk is as close to zero as possible, and your upside potential is infinite. It's literally in the many hundreds, to the thousands, to the tens of thousands of percent.

FRAN: All right, let's face it. When you invest in the stock market - bonds, mutual funds, whatever it might be - you are betting on what somebody else does. You have no more control over that at all. And what you're telling me here - the businessperson has got total control of where his investment is going.

JAY: Let me blow your mind…

I can probably find 20 to 50 areas of an established business that could immediately, or very quickly, improve with very little, if any, investment; with very little, if any, additional time; with very little, if any, additional labor if you demand greater yield out of all the actions, activities, and assets you have available to you.

FRAN: Now, how do I do this?

JAY: Well, the first thing I look at is the business processes you've got going on in your enterprise. And that can mean the selling activities you do…the advertising you do…the customer communications you do…the selling processes.

In other words, the very transaction of making the sale: what you say, how you say it, how you convey the merchandise or the service.

Each step is a process, and as a process, they can be first of all, segregated and identified; they can be measured; they can be compared against other processes; and they can be improved upon. Improved upon substantially. Substantial may be only 20% improvement in some areas. They may be 200% in others.

FRAN: So, to get processes started, I've got to have a knowledge base of what I am now doing.

JAY: You've got to start by looking at your business for what it really is.

It's a lot of activities coming together to produce a sale, and that sale then turning into either a repeat sale, a referral, or both. And you've got to realize how that's happening, and what you can do to make that happen more effectively, more consistently, and at a higher level - a higher level of profit, a higher level of volume, a higher level of referral. And all that is easily possible, but only if you recognize all the options available to you.

No one can possibly take the fullest advantage of their opportunities until they really realize what they are, and what the options within them are. In other words, if you say, "I want to take up sports." But, all you know is football, then that's the only sport you can take up. Maybe there are 20 additional sports that might have more flexibility, be more fun, or provide more fulfillment.

Maybe you don't like to do things that are team-oriented, you like to just challenge yourself. But if no one ever told you about weight lifting, running or golf, you couldn't do that. So until you know the scope of the options you have available, you can't begin to take the fullest advantage of your opportunity.

FRAN: All right, let's relate that back to business. Now I've got a customer…and I'm probably the person delivering the service. Maybe I'm a beautician and I'm fixing the hair, you know, or giving the perms. I'm a mechanic, I own a garage, and I'm the person who's fixing the car. I'm interfacing with the customer. Explain to me how I can take that interface with a customer, and leverage that to get more customers.

JAY: Well, I'd like to start with a basis. I'm going to give you the explanation, a real simple understanding of how business really works. There are three ways, and only three ways to grow any and every business or professional practice.

FRAN: I think I know what they are, but tell me again.

JAY: OK. The first, and the one that most people think about, is increasing the number of customers. Somebody says, "I want to grow my business" - 99 out of 100 people's minds think, "I want to grow more customers."

There's nothing wrong with that, but frankly, that's the hardest, most time-consuming, and most expensive way, but it's still a way to increase business.
The second is to increase the size of the transactions you do with customers.

FRAN: Tell me what you mean by that.

JAY: You are this beautician. And I'm in your chair for an hour while you are working on my hair. By adding to the transaction a color, curling, setting - you may have just added four more functions that take it from a $25 sale or service to a $75 one. And in the process, you very probably have done your customer or client a greater service, because he or she is going to look a lot more beautiful or handsome, feel a lot better about themselves, and you will have contributed at a higher level. But in the process your reward, besides being gratifying, is much more enriching financially.

FRAN: And you can also go from there, and when they finish being in the chair, you've got hair products, brushes…that you could be selling. So not only are you increasing the size of the transaction that's directly there, but you can also add different products to that transaction that increases the transaction opportunity.

JAY: Exactly. One of the things that I try to get business owners and professionals to realize is that their responsibility, their obligation, and their opportunity to their customer or client is to increase the number of ways and the means by which they can add more value, or bring more benefit, or contribute more advantage to their customers' lives or businesses.

Because when you do that, two things happen. Number one: it's incalculably more satisfying. Number two: you make your customer or client so much more bonded to you. And three, the bonus, is you make a lot more money in the process.

That's not even why you should do it. Because the fact of the matter is, if you give to your customers - if you add value to their lives… if you make them more profitable, more satisfied, then that customer is liable to come back more often.

FRAN: All right, adding customers is one. Building the size of the transaction, two. What's the third?

JAY: Increasing the frequency of transactions, or the number of different products they come back to buy. Most people don't think about that.

FRAN: So we want to increase the number of times they come back in our shop to buy something.

JAY: Frequency is an easy word for everyone to think about. In the old days, people used to say, "It's a sale until they come back, and then it's a customer."

FRAN: All right, explain this to me, you've added customers, increased the size of the transaction, and frequency of customers coming back. How about retaining customers? Don't we lose customers, without even knowing that we're losing customers?

JAY: That's a great point. I categorize that as one of your optional ways to add customers. Most people make building and sustaining their business or practice about ten times harder and less fulfilling than it should be. The key here is enjoying your customers, and having a great relationship, and a bonding with them, and if you're committed to having a long-term, a perpetual relationship with your customers or your clients, then you can't allow them to basically fall by the wayside.

Your customer becomes a dear and valued friend. You have dear and valued friends in your life. Tons of them, I know that for a fact. You've become a dear and valued friend to me, and I know what you're like. You call all the time, you worry about me, you're there for me, and I'm sure you're that way for hundreds of other people in your life.

As a business, if you look at all your customers or clients as dear and valued friends, then you have a responsibility - a responsibility to keep them actively dealing with you. Because you know you're giving them more value, more benefit, more result, more advantage, more protection, more well being than anybody else. And the first thing you've got to do is find out who is and who *isn't* dealing with your company.

A lot of people have what's called attrition. Attrition is a high-falutin' word that basically refers to the number of once-active and regular customers who stopped buying regularly.

FRAN: In other words, if I had 20 customers last month, and maybe two of them have fallen off for whatever reason. I've got 18 today, but I may not be aware of those, because the transactions may go up. My revenues may be about the same. So I think my business is just really doing real well, and is healthy.

But what you're telling me is that attrition of those two customers, which is 10% attrition…at two customers a month. 10% a month - boy, my business is in trouble, and I don't know it.

JAY: Even worse than being in trouble is you're letting one of the easiest opportunities for growth slip through your fingers.

FRAN: Yes, I see what you're saying when you talk about adding customer, by *retaining* customers.

JAY: Well, just say that your business has been flat for the last two years. And let's say flat means you have 1,000 active customers. And upon analysis, when we start looking, and investigating, and examining it, we see - darn, 200 of those 1,000 aren't even buying. And yet, you've been holding your own. What that means is, you've been growing on one end, but losing it out the back. If all you do is identify who those two inactive customers or clients are and you formulate a strategic plan of action to reactivate them, to befriend them at a higher level and wean them back to a regular process of dealing with your business…again, your business could grow at 20%.

FRAN: OK, Jay, help me here. First of all, you've got to know who is buying and who isn't buying. How do we do that?

JAY: Well, you manage your business very systematically, I would imagine. You have systems. You have at least a bookkeeping system?

Most businesses don't manage their customer creation, their customer regeneration or their customer building systematically.

FRAN: It's imperative that I know who is buying. What customers are buying on a consistent basis; what they're buying; how often they're buying; who they are; what their names are; what their addresses are; what their telephone numbers are. Is that right?

JAY: That's just the beginning…You need a simple system that tells you number one: who your customers are, and what they're purchasing history is - dollar, frequency, and area of interest. Number two: you've got to follow through, and keep migrating them to the next transaction.

FRAN: I want to get the information from the customer first. Because it seems to me, in listening to you talk, I have got to understand who that person is.
Now let's say I don't have enough money to go out and buy PC computers, and software packages…how do I really, in a systematic, disciplined way, understand, and be able to keep a record of who my customer is?

JAY: The first thing is commit to yourself that you are going to capture the name, the address, the phone number, and the buying information from every customer or client that comes in your door, figuratively or literally. Even if you cannot afford the PC and have to handwrite it out, and keep a log of it.

That's right. If you have a small business, and you have only a few people buying from you, all the easier, because you can really remember names, and they can become dear and valued friends that much quicker. You don't have to remember 2,000 people. But if you have a large enough customer base you can automate it.

It's not hard. A really great customer manager piece of software is a couple hundred dollars or less, and it'll work on a PC or Macintosh - it doesn't matter. It'll work on anything. But you need a system, first of all, that says, "This is the name of my customer. This is where he or she lives. This is their phone number. This is what they last bought. These are all the things they have bought. This is the last time they bought." You've got to monitor that.

If the kind of product or service, or products or services you sell are such that people should be buying them on a frequent basis, and one of these customers does not, it should red-flag them. It should bring them to your attention, because they are not getting the fullest level of benefit and value they could out of dealing with your enterprise.

FRAN: So what do you do once you find out that these customers are not buying? The red flag goes up, so you say, "Uh-oh…we've got five of these customers that are not buying." What do you do then?

JAY: The first thing you do is you recognize that people don't stop dealing with you for no reason. There is a reason they stop dealing with you, right? And then you break it into the most probable reasons, and I'm very fortunate. I've analyzed 10,000 companies, and their customer loss, and attrition levels. There are usually two key reasons customers or clients stop dealing with an enterprise.

FRAN: Tell me what they are.

JAY: OK. The first one is an interruption in somebody's life. Something happened that stopped you from doing something you were doing on a regular, habitual manner. Maybe you went on vacation. Maybe you got sick. Maybe you had a sports injury. Maybe at work you had to go out of town. Maybe somebody quit and you had to fill in for them. Maybe you had to start coming home and taking care of a sick child or spouse - but you stopped doing something you used to do every day, or every week. And you've been meaning to start again, but you never have.

Those are easy to reactivate, or re-begin. All you have to do is call them, or write them, and say, "Fran, I'm concerned. I haven't seen you." Or "You haven't been around." Or "You haven't ordered anything, and I'm worried. Is something wrong?" It's real simple, but if you do that to 100% of the people who stopped buying from your company or your practice, 40% of your inactive customers will come back, on average, *instantly* from that alone.

40%. Don't let this just sort of slide by your head. *40%.*

FRAN: That's not incidental. And I think this is fundamental to anybody's business. I don't care whether you're IBM, or whether you're the beauty shop, or the garage owner. You've got to retain those customers that are already there.

Now, what's the second reason that customers don't buy?

JAY: They had a bad experience. Either the product or service they bought didn't live up to their expectations; the salesman or woman said something that just basically offended them; or when the product was either taken home, delivered or conveyed, there was some problem in its performance that they complain about. But they just got upset, and they decided they were going to get even by not patronizing you anymore.

FRAN: So the problem is, for all of our businesses, that if they had that bad experience, whatever it may be, they don't want a confrontation. They'll just say, "I'll go away." Which is the worst of all, right? So how do I overcome that?

JAY: I want to tell you, <u>but before I also want to make a point</u>. They are doing themselves a disservice, because if they were your customer or client originally, it's because they found great value, and great benefit, and great fulfillment in dealing with you.

In most cases, the business or the professional practice doesn't know that this customer has been done a disservice - or at least perceives that they have - because they didn't even know they weren't buying anymore! So first thing, they've got to say, "Oh my gosh. Here's 200 people that stopped buying regularly." Then, you figure there's one of two reasons why they stopped. Or the third one is that something has happened where there is no longer a need for your products. But that's so small, it's not even relevant.

FRAN: OK. This is right down to the basis of business. Now I want you to do this for me. In this whole context of customer information - of the two reasons they leave us, give me a real world example, I know you've got thousands, of somebody who changed their business around by doing the things that you're talking about here.

JAY: Let me give you two, only to make a very clear point. The methods and philosophies that I deal with are universal. It doesn't really matter whether you're in rocket telemetry, or whether you're an ice cream vendor, they all work.

I had a dentist that I got to, first of all, realize how many inactive patients he had…

FRAN: And let's face it, a dentist is in business just like…the garage owner. He's got a business. He's got to market. He's got to serve customers. He's got competition.

JAY: And he also has a service that people really have an inherent aversion to using. So it's real easy for someone to have a bad experience - not intentionally, but a painful one, an uncomfortable one. Sitting in the lobby too long.

FRAN: Nobody wants to go to the dentist.

JAY: That's right.

So, I got this dentist to do two things. First of all, go through all his inactive patients - he was humbled and shocked, because he didn't realize how many were inactive. He had thousands of original patients. And then I told him to pick the ones that he had an affinity for, that he really could recognize, remember, and liked - and call them. And when he couldn't call them, I had his assistant call in his behalf, and say this was Dr. Smith's assistant.

"He wanted to call you but he was busy today, working with a full patient load, but he wanted you to know he was concerned. He hadn't seen you in, and he was worried. Is everything OK? Is your health OK? Is your family OK? Did we do anything wrong? Is there anything we can do?" And most importantly, "Hopefully, if we did something wrong, at least you're getting professional, regular dental care. Because if you're not, Dr. Smith wants you to know that he will do anything to take care of you, including changing his hours, making special provisions. If it's a financial issue - whatever it is.
I had him write letters that conveyed the same essence to the people he didn't reach. And he got back about 50% of his inactive patients.

FRAN: Great idea. And how much money does that cost?

JAY: Well, most of it cost nothing but time, and the letters cost $.33. But $.33 to get back a patient - and again, it is a business - a patient that could have a revenue potential of $500-600 a year for a $.33 investment is a pretty good yield, a pretty good ROI, isn't it?

FRAN: Wow that's a great example. You said you had a second.

JAY: I did the same thing with a loan broker who made loans, mortgages, second mortgages, refi's…Somebody who basically has tons of past customers and clients. He saw that he had 2,000 past customers, and only a fraction of them were buying from him on a regular basis. And regular, for him, were three-year intervals. So, I made him go back - see, you've got to look back at what regular purchasing patterns are in your situation. Because they may be one week, and they may be one year. They may be three years, in something like that.

But his was very low. I got him to identify all the people he'd sold to. I got him to call the ones that were large loans. I got him to write the ones that were not. He had the biggest month of his life in what was historically the worst month of the year - just by doing it.
And he told me he was fascinated how many people appreciated him communicating. Because it didn't push them - it nurtured them into realizing they wanted to re-fi. They wanted to basically move, and buy a new house. They'd just been putting it off. So he actually did them a service by communicating, and he had some of them who were actually not happy with him, as did the dentist. But when he communicated to them - as with the dentist - they told him. They were acknowledged.

We all want to be acknowledged. We want to be heard. We want to be appreciated. We want to be loved. Loved as a human being, not looked at as somebody who just has a checkbook or a charge card. And when you give us that honest acknowledgement, and you say, "Look - something's wrong. Either you've had some problem in your life, or I've done something to you, or not fulfilled on my responsibilities. Either way, what can I do to make it right?" That's a very humbling position, and a very appreciated one in the eyes of your customer or client. It's an easy and effective way to get people excited about dealing with you again.

FRAN: OK. Terrific. That's good. I want to move you now to the second way to grow a business. Build the size of the transaction or make the transaction bigger. How do you do that?

JAY: Well, I'm going to get into a philosophy first, because it's essential, so it doesn't sound manipulative. It's real simple. I'm going to do an example, and it's a little fun, because I'm going to do it visually with words.

I'm holding in front of you a half-filled glass of water. If I owned Jay Abraham's bottled water company, and you came to me, and you walked in and said, "Jay, I want to buy a half glass of water. I am thirsty." And I sold you that half glass of water without first doing everything in my power to get you to buy a much larger quantity of water, because I know that a half glass of water is inadequate for your system to function, I think I would be doing you a disservice. I think my job is to sell you what will do you the best, the finest, the most appropriate job.

In the case of water, it's to sustain you; to nurture you; to give you all of the nutrients; to keep your body functioning, your brain chemistry working, your biological system going. Does that make sense?

FRAN: That makes sense, but also I would think that maybe it's going to be maybe no more expensive for me to have the full glass than the half glass.

JAY: Well, it's much more expensive long term for you to have that half glass because your body's not going to work. You're going to break down. You're not going to be able to perform. You're not going to be able to think on the job, and your whole system will crash.

So if you come from the position that you cannot allow your customer to buy less of a product, a quantity, a quality of product or service than they really need to do the job they're trying to accomplish, you understand the basis I'm about to build this philosophy and mindset from.

And the mindset is this: When somebody comes to you to purchase your product or service, they're really buying a result. People don't realize it, but they're not really buying or selling things. They're buying the benefits, the results, the applications, the protections those things do in their lives or business, right?

FRAN: Beautifully said.

JAY: So when you understand you're not selling - even though this looks like water, I'm not buying water - I'm parched. My body is telling me I need to balance it. My mind is really a chemical electro-battery, and if it's down on water, it's not functioning.

So what you have to do is look at what services your customer or client the best. Usually it's not the basic product or service they're buying. It is adding either a higher grade; adding some other products or service to that transaction; adding more to the transaction so that the customer or the client will get a superior outcome. If your goal is to give the customer or client a superior outcome on every transaction they do with your business or practice, then you have a strong motivation to make sure they get the highest performing quality and quantity of the product.

For example, let's say you sold TVs. And I wanted to buy a small, 19" basic TV. Let's say <u>you</u> came in and wanted to buy that. If I allowed you to buy it without first trying to figure out what was going to serve your goals… Maybe you need a bigger one. Maybe you need more functions. Maybe you're going to have a lot of people watching Monday night football. Maybe you're not actually served well by me letting you buy that. I will do you a better service by encouraging you to buy a larger one. One with more functions…better audio quality…a longer-range remote.

FRAN: But really, what you're doing here is, you don't know what that customer really needs until that customer tells you.

JAY: But the customer doesn't know himself, or herself.

FRAN: Yes. But I would think that your role is, in order to increase the transaction size, is to make them aware of what they can get. Because if I see a television set, and I'm not a technical genius, and I'm not a television genius - I don't know about remote, maybe, or all the aspects of remote. I don't know about the different sound qualities I can get, and the functions and features. You're the expert, so isn't it incumbent upon you to at least make me aware of what I can get, rather than just the basic television?

JAY: It absolutely is. Do you remember, a little earlier I talked about the fact that you can't really take the fullest advantage of your opportunities until you knew all your options?

Well that same philosophy holds true in the way you communicate with your customers at the point of purchase. They can't begin to take the fullest advantage of their opportunity until they know their *own* options. So that should be the driving thrust of how you deal with customers.

OK - that all stated, you can't allow someone just to buy what they think they want, because they may not know how a superior quality version, or how adding some other component, other product or service along with it, could give them a far greater result. Does that make sense?

FRAN: That makes sense. But on the other hand, we've got to be, I think, careful - because this is the criticism most people in business have - this person sold me more of something than I needed. I needed one widget - he sold me five.

JAY: That does happen, and I'm not suggesting. I'm not endorsing or condoning.

In fact, I'm suggesting the opposite. You only should deal from a position of doing what is absolutely in the best interest of your customer. But the best interest of your customer is full information, full education. Full options to choose from. Let me give you an example in my own life.

I own a lot of computers, but I don't know how to turn them on. I am computer illiterate. About three years ago, my wife said, "We've got to buy a computer for the kids." So I went to one of these discount electronic stores, and I said, "OK, what should I buy?" And there were three different versions of an Apple Macintosh Performa. One was the basic one, one was the middle one, and one was one with a CD-ROM. I didn't know anything. The CD-ROM was about $500 more. The man showed it to me along with the middle range, and I said, "Well, do I really need the CD-ROM?" And he looked at me and said, "No, probably not." So I bought the middle one and I took it home.

About three months later I realized all the games my kids could play, all the sophisticated things we could have done if we had that CD-ROM for a lousy $500 more. And I resented, and I was angry at that man for not going to every effort possible to help me appreciate more how my children's lives would have been better fulfilled and better enriched by having that CD-ROM. I vowed I would never go there again. I was angry. I felt like he stole an opportunity from me, even though I saved $500.

If every time you sell anything, product or service, to any customer or client, you recommend or suggest to them an additional or alternative version, after they've already decided they want the result. In other words, the sale is functionally made, but it isn't closed. The paperwork hasn't been finished. If you suggest to the customer a superior alternative, a higher-grade version or other products or services available, 30-60% of those people will choose that alternative. By choosing the alternative, 30-60% of the people will actually improve the result, the benefit, the advantage, they got for their purchase, but in the process, you will realize something like double the profit on the transaction as a bonus.

FRAN: All right, explain to me how we can have different product offerings that would also increase the size of the transaction. Not just the upgrade, but different types of products. Now if I came to buy a television, you probably have tape recorders, VCRs, other electronic products that I might want or need, that would be able to increase the size of the transaction to that single customer.
Is it expensive to get a single customer in?

JAY: No one knows how expensive, and you're getting me on a real hot button.

Almost no business owner, and certainly very few professionals, ever analyze what a sale costs them in advertising; in opportunity costs; in residual value - no one ever understands that. When you start looking at the fact that to get a person in your store or on the phone to agree to let one of your sales people sit in front of them, it may cost you 30, 40, 50% of the transaction. It may cost you more than 100% of the transaction. Then you start realizing you have a responsibility to yourself as well as to that customer to utilize that opportunity to its fullest magnitude.

A very exciting implication is, you actually can pass on to the customer or client an extraordinary value in the form of adding on to their basic purchase at the point of purchase, and make an incredible profit in the process. Let me give you an example.

Let's say that you came to buy that television. Let's say that television's normal price was $300. And we explored, first of all, all the alternatives you want. Let's say you bought a nicer unit, and it's $60 more, $30 profit to me. That's good. That's 20% increase in the revenue.
But because you're here today, what if I offer you on top, if you want, that you could add the $300 VCR to it for only $250, thus saving $50? You get a $50 advantage, and a better viewing experience. I get to add another $250 on the sale, of which $100 is added profit I never would have had.

FRAN: You took a $300 sale, made a $610 sale. This person's got a much better buy. He got much better value. He got really what he wants, so you've increased that by upgrading, and adding other products to the mix. Then we can take that to every business that somebody could have, i.e. beauty salons, garages, restaurants, etc?

JAY: Absolutely. Yes. There are three basic philosophies to remember. Number one is increasing the quality of the product for a better performance, a better result. Number two is increasing the quantity of the product, because a lot of times people don't buy as much as they could use, or benefit from. And number three is increasing the additional complementary products or services that come along.

And then you have the right to do it just as a package, or to give them an advantage. When you give them a price advantage you can't lose track of the fact that the add-on - the product or service that you throw into the deal - even if you cut the price, it's a sale you would not have ordinarily had, so any profit you make on it is found money that increases the transaction.

FRAN: So that's good. That's clear to me. Now take me to the third way to grow my business.

JAY: Surprisingly, this is the real sleeper for most enterprises, regular or professional practices. It's increasing the frequency of purchase. Depending on what you do, you have a customer or a client. They have the capacity to come back to you, literally or figuratively, come back to your store, say "yes" again to your sales people many times a year for the same basic product or service they originally bought, and/or for additional products or services that you may sell, or you may be able to introduce them to.

As we uncovered about three minutes ago, it costs you a fortune to acquire a customer the first time. The cost of reselling them a second, or third, or fourth time can be as close to nothing as is humanly possible. Therefore, every subsequent sale you make to the same customer or client becomes many, many times more profitable.

FRAN: How do I get them to come back more often to my store?

JAY: There's a number of ways. How do I increase their frequency? A couple of them are just logically programming them to see the advantage to themselves of coming back more often. At the time the first sale is made, getting them to see what their buying strategy should be for maximum benefit to themselves.

FRAN: Give me an example.

JAY: Well, you talked about a beautician the first time. If I said to you, "You know Fran, this haircut looks so great on you…" and you were agreeing "…makes you look really fabulous. You look so handsome, and so distinguished. The best way I can keep you looking that way continuously is for you to come back every four weeks, like clockwork, as long as you're in town." And then, for me to say, "Let me schedule your appointments every four weeks. You can always change them if you have a scheduling problem, but I would feel terrible - you look so good, it would be terrible if you let it fall -" And that's very simple.

I program it in your mind. Or, if I'm selling you health food, health products, vitamins - if I say, "Well Fran, once you get on this supplement, and this nutrient system, you're going to have more energy. You're going to have more stamina. You're going to have more calmness, less stress, more concentration, more enthusiasm. You're just going to really feel good about yourself. You're going to look good, feel good, and sleep like a baby. I would hate to see all those great accomplishments interrupted because you didn't stay on the program regularly. So you know, the best way to get those results on a continuous basis is to keep taking it every day, like clockwork. So I'm going to set you up automatically, and just ship to your home every 30 days until you say stop."

FRAN: All right. Let me ask you this: How about special events to get people to come back into my store?

JAY: Special events or promotions are good.

FRAN: If I had a wine store, wouldn't it be good if I said to the person who just bought two bottles of wine, "By the way, next Saturday night we're going to have a wine tasting here and we're going to look at some California Chardonnays. Would you like to come?"

JAY: You're absolutely right. And, Fran, at the same time, you've uncovered one of the most wonderful secrets to everything I'm about, and that is you want to turn - whoever you are, you want to turn your enterprise or your practice into a continuous experience and event. The more appealing and fun, or fascinating, or stimulating, or intriguing, or unpredictable, on the positive side it is to do business with you, the more often people will come back, or have your people come back. And that should be ingrained in your master selling strategy.

So what you said - instead of saying, "I'm going to have *a* wine tasting," what you should say is, "We have wine tastings every Wednesday. We have people from the wine companies every Thursday. We have discount sales every Friday." You should just constantly have events, and that philosophy applies to everybody. That's a retail example we're talking about, but you could basically be a manufacturer, and you could have seminars in certain sites. You can have manufacturers of other products come in on different days. You can have travelling road shows.

But the key here is - and you uncovered it masterfully - everyone should do everything they can to make dealing with their firm, their enterprise, a continually positive and fascinating experience.

FRAN: OK. What I believe you're telling me is, the more times I can get people to come into my store, the better chance of building a relationship with them I will have. Is that true if I build relationship = trust = loyalty, which all the studies that I do, and have done, means more revenue, and more profit.

JAY: Everybody wants to feel and be part of something special and enjoyable. As enjoyable as you can make it, based on the kind of product or service you sell. The more you make people special, the more special you are to them.
The key to all business, and we're talking about retail, but it's very important to me that we broaden it, because this applies to wholesale, service, technical, manufacturing, aerospace - it's all about relationships. What people don't realize is that a customer is not just a widget buyer. It's a man or a woman, with hopes, dreams, fears, hobbies, problems, excitements, agonies, ecstasies, children… And the more you recognize and respect and acknowledge those issues, the tighter the bond, the tighter the trust, the more substantial the transaction, and the more frequent the transaction.

FRAN: OK. I buy on to those three ways to grow a business. But I think there's another wonderful direct benefit for the things you talked about. And let's go back and talk about what you talked about. It's retaining customers and the whole notion of adding customers; building a greater transaction value; getting frequency of customers coming back. Which means if you do those three things well, you are developing happy customers. If you're developing happy customers, that's the greatest advertising that a company can have?

JAY: You know, in today's society it's the most powerful intangible asset every enterprise possesses if you respect it and utilize it, but there's one more thing. Happy customers will breed happy business owners and professionals. And one of the biggest areas of concern I have today is how many entrepreneurs…how many business owners, managers and professionals are ambivalent or apathetic? And they don't have to be, because you can actually become beloved by your customers, have them thoroughly enjoy you, what you stand for, your business - and it's one simple distinction.

The biggest mistake almost everybody has made is they've fallen in love with their business instead of their customers. If you stop worrying about being the fastest growing business…if you stop being all excited about your technical process, and instead you refocus on how much value your company can add, and is adding to somebody's business or life, and you see in your mind those lives very realistically being expanded and improved upon and enriched, you get so much more joy that it makes the process of going to work more exciting. And that may not sound important, but believe me, today when quality of life issues are becoming ten times more important than just making money issues, this is a key element.

FRAN: All right, let me ask you this: when I made a speech to Best Western Hotel franchisees this one franchisee came to me and asked the question, "Do you think there's ever a time when you need to dismiss a customer?"

JAY: Yes, Fran, I think there are four very, very real situations where that's very appropriate.

The first one is when that customer is stealing from the well being of all the rest of the customers you want to serve. You and I were talking earlier about a restaurant, where somebody is being obnoxious, smoking, belligerent, disruptive. He or she is not basically contributing to the experience for everyone else. They're stealing from it, and it's not fair.

The second situation is when you cannot respect the customer enough to give them the fullest extent or potential of value or result that you're capable of, and personalities clash.

The third reason is because I treasure that customer so much, that I know if I don't have the product or service he needs, I'm going to send him somewhere else where he can get it.

FRAN: Even to your competitor?

JAY: Definitely to my competitor. Whatever's going to serve that customer the best.

FRAN: Boy, that's powerful. That's really powerful.

JAY: There's a fourth reason. When the customer can't appreciate adequately enough the value or the benefit or the advantage you're bringing to him or her. You may be bringing an incredible advantage, but if they don't see it, they're not going to really appreciate it. If they don't appreciate it, they're not going to really get the value you're capable of, and that's when you should probably introduce them to someone else.

There's a great story - I have a dentist from Australia. He tripled his entire practice when he decided that there were certain segments of his patient base that didn't appreciate him. They kept coming to him, but they didn't appreciate what he was doing. They didn't treasure their oral hygiene. They didn't treasure the cosmetic beauty of their mouth. They didn't do any of that, and yet they came when they had a cavity. They came when they had pain.

He didn't feel like he connected well enough that they appreciated him, and he could appreciate them, and so he suggested to these people that they go to one of his colleagues, and he replaced them with people who did appreciate the value that he offered. And his practice grew, because those people remaining kept their appointments, used more of his services, and referred like mad. I'm talking about knowing who you are, what you're all about, and delivering it, not only for your customer, but also for yourself.

FRAN: You're talking about credibility. You're talking about doing what you said you're going to do, and if you can't do what you say you're going to do, you can't have this mutual respect. Then you ought to nicely and politely show them another avenue; another way that they may get fulfilled better than they are.

JAY: Yes, and I think I'm also talking about respecting yourself for doing it.

FRAN: Why are some businesses just ten times more successful than another business in the same field, in the same relative location?

JAY: It's really simple, Fran. Those businesses understand how to telegraph to their customers exactly what's in it for the customer. The self-serving advantage the customer gets by buying from them instead of buying from their competition.

FRAN: Give me an example.

JAY: You know when Federal Express first came out, and they said, "When it absolutely, positively has to be there overnight by 10:30 - FedEx"?

FRAN: Yes.

JAY: Well I call that a Unique Selling Proposition, or a USP, and it's a fundamental in the way I teach companies to market and transact business to position them to gain advantage, and be 10, or 100 times more successful than their competitors. Or the way Avis came out and said, "When you're number two, you have to try harder"? Or when Dominos first came out, and they said, "Hot, delicious, fresh pizza delivered to your door in 30 minutes or it's yours free?" Well it's called the Unique Selling Proposition, and it clearly conveys to a customer the superior benefit and advantage they get from dealing with you over your competition. It's instant, and evident. That's what I'm talking about.

The more clearly, and more powerfully you can convey to a customer - "Hey, here's all the things you get - you, not me - get from dealing with me that you don't get from dealing with my competition." And it's preemptory, isn't it?

FRAN: That's fascinating, because you've covered - Federal Express delivering packages, simple…*pizza* - *everyplace* sells pizza. But you're right. They did give me a whole different, clear message that was simple, didn't they?

JAY: What's in it for me? You've got to realize - and this is a very big realization, a profound revelation for many people, and that is, customers don't care about what's in it for you. All they care about is what's in it for me, the customer.

FRAN: OK, Jay, you gave me four examples. I'm going to ask you this again. The people listening to this conversation have got *thousands* of different types of businesses. Does this principle hold up to all of those, or just to those four you mentioned?

JAY: The Unique Selling Proposition is one of 21 principles that I call my Power Principles. I have identified and uncovered them after studying and evaluating and examining over 10,000 very, very successful enterprises. Companies that by and large were between three and ten times more successful than their counterparts in their industry. These are universal. These are methods, concepts and principles that will apply and endure in virtually any kind of enterprise - retail, wholesale, large, small, high-tech, low-tech, direct selling, indirect selling - they are universal. They will work for virtually any enterprise or practice anywhere in this country, or in any free enterprise nation in the world.

FRAN: All right. Jay, I know personally of so many businesses that you've helped grow. If you would, give us an example of a few of the businesses that you've helped to dramatically grow their revenue and their profits.

JAY: OK, I'll give you a few examples, but I'll also try to identify the key fundamental in that example that anybody can take instant advantage of in their own enterprise.

FRAN: OK.

JAY: I'll tell you the story of George Culp, because it's pretty fascinating.
George Culp was an attendee to one of my training programs. He came to an expensive, five day, $20,000 one.

FRAN: Wait a minute. George Culp paid $20,000 to come to a training program? That's phenomenal. The value must be there or they wouldn't spend that kind of money.

JAY: I had 1,000 people that came to that program. It was a wonderful program. Anyhow, George came looking for a breakthrough. He had a lumber mill, and the lumber mill had a real problem. Because of weight considerations, there was only a very limited geography they could sell to. If I gave you lumber for free, but my lumber came from New York, it would cost you more to get it shipped here, even if there was no cost for the lumber, than it would to buy it from a local mill.

So George had a very small, limited area he could market to, and he had about 90% - *90%* - distribution in his target area. He came to me looking for a breakthrough. How could he add more revenue? How could he find more profit in a business that was pretty much matured and saturated?

I found him a breakthrough, a $1.5 million breakthrough.

FRAN: No! Tell me how.

JAY: Yeah, it was pretty interesting. I systematically had George identify and examine all the processes he had developed in the lumber mill business. What they did better than other lumber mills around the country, and around the world. And what I found out was that he did a number of things better, but he did one thing incredibly better. He had perfected, developed and refined a system of what's called "Kiln Drying." This is the process of taking the trees, you turn them into boards - the boards are green when they're wet. You put them in a kiln, which is a big room with heat and temperature control, and the lumber goes through very slow, and in a period of a certain number of minutes or hours, it is turned into high-grade boards that are used in the manufacturing community.

Depending upon the way it is dried, and the precision - and the preciseness - of heat, and lack of humidity, that raw timber can end up being AA grade, A grade, B grade, or reject. The difference between reject and AA is millions and millions and millions of dollars for the lumber mill.

Well George developed and created a system of kiln drying that did three interesting things. Number one, produced the highest possible incidence of AA grading, number two, the lowest incidence of rejects, scrap, or seconds, meaning undesired board; and he was able to do it with the lowest level of energy consumption of any lumber mill in the area. All totaled, between the increased quality of board feet he produced, the lowered level of rejects he created and the reduction of energy, he saved something like $3 million for his own lumber mill.

When he presented those facts to me, that he reduced his costs by approximately $500,000; he improved the value, or the premium he could get for his product by another million dollars and he eliminated waste, which is an improvement in cost, by the difference. There was $3 million dollars total. For his small lumber mill. I said, "George, how many other lumber mills are there in the country, or in the world?" He said, "A lot." I said, "How many would like to save $3 million more - or less?" He said, "A lot." I said, "Why don't you teach your system to them, and you could teach it to them, either for a fee, or for a percentage of the savings, you could sell it to them, you could lease it to them, you could rent it to them…"

That was the beginning of an idea. And from that idea George progressed. The first thing he did was a school. He sold out the school for $3,000 per attendant. People like Warehouser came - all kinds of mills came. He taught them his system.

I said, "George, you can save somebody $3 million, and you're only charging $3,000? Too low." He went back to the drawing board. He raised it to $8,000 - filled it again. Came back, and I said, "Well if you keep filling it, it means you're charging too little." So he finally got it to $25,000, added a little bit of bells and whistles, where he goes on site, and the last one he did, he filled up.

So far he's added $1.5 million worth of net profit, and every year he does one, and every year he makes about $500,000 as a profit center. I've convinced him to now look at other processes that he's never identified that he does better than his competitors, turn those into systems he can license, rent, lease, sell… And his target is to make $5 million a year just by recycling systems he's created for his own application to other companies and other mills outside his marketing area that are not competitors, that can't hurt him at all.

In other words, what does it matter if you're 500, or 5,000 miles away if I teach you my secrets? You're not a competitor of mine. You never will be - you can't be, unless you can figure out how to put helium in the board and ship it.

FRAN: Amazing. Amazing.

JAY: That's one system. So I have a philosophy that within your company, you almost always do something in either the manufacturing, the operating, the selling, or all three of those areas better than your generic competitors. Better than everyone else in your industry, not just your direct competition, but people unrelated.

Maybe you're a distributor, and you've figured out a way to manage inventory with lower capital outlay, or to manage it with less people, or manage it with less loss, or breakage. Well, there's probably 1,000, 10,000, or 100,000 other distribution companies in this country and around the world who would pay through the nose to learn how to do that.

I had a car wash once, for example, that had developed a system for selling customers the hot wax additive - the bonus? They got something like three times more people to take it than the normal car wash. And when I heard that, I said, "Why don't you sell that process - the selling mechanism. What you say and how you do it to every other car wash in the country?"

They never thought about that. They did it, and they started making more money every month from the licensing of their sales technique for increasing hot waxes in a car wash than they did from their whole car wash.

FRAN: Sure, because they were limited. They could only have so many cars come through the car wash.

JAY: I've done this with hundreds of companies. Almost every company has some aspect, some process, some way of doing things, some system they've created for their own internal use that they've never recognized is superior.

A lot of companies who are really good marketers will create an ad, for example. They'll run it for a year, and it'll be great. They'll succeed, and then it'll wear out. And it'll just basically…they'll file it away. I've gotten companies to take their old ads and license them to people outside their competitive area and make millions of dollars reselling their ads, or selling systems.

There's just a spectrum of different ways people have developed for selling, supplying, distributing, managing, producing things more effectively, efficiently, productively, cost-effectively, or profitably. I teach people how to turn that into a profit center, and get streams of income forever from even your competitors - more so than you make from your own business.

But that's one non-traditional approach.

Can I give you another one, Fran?

FRAN: Sure, please.

JAY: I don't think we've ever talked about this. I had a really interesting success with a company that manufactured a product called "Icy-Hot". It's an analgesic balm. A glop of gelatinous goop, like Ben-Gay or Mentholatum. You rub it on your joints or your arms, and it treats arthritis, bursitis pain, muscle strain, etc. And the company desperately wanted to grow, but they had no marketing budget. They had no advertising budget. They had no sales budget. They had no money!

FRAN: Most of us don't! I want to advertise, but I don't have any money to advertise!

JAY: Most people get stymied, or they get stopped here. We didn't. We decided, well if we don't have money, let's not pay for advertising. Let's pay for customers. Let's pay for results, instead of advertising. We made a mind shift - a paradigm shift. It's what you'd say, stepping outside the box.

I said, "Let's look at what we know about customers." And most people never look at this. I said, "What do you know about your customers? What is their buying pattern? In other words, what are the, what I call, the marginal net worth, or the lifetime buying dynamics? By that I mean, if you bring 100 new customers in, worst case, how much will they spend initially on whatever they buy? And then, how many more times a year, and then how many subsequent years will they keep re-buying from you? And all totaled, when it all settles, what's it worth? No one ever looks at that. But until you look at that, you don't really know what, or how much you can afford to spend in the first place to bring that first customer or sale in the door.

Well we looked at it, and we found, to our fascination that every time we brought 100 customers in, something like 70 of them bought from us six more times a year <u>for life</u>, Fran - or until somebody came up with a cure for arthritis or bursitis, or until they died, literally.

So we saw - the product sold for $3. It cost us approximately $.45 to manufacture and ship out. It didn't have a lot of chemical cost in it. It was a very fine product, but it just didn't cost a lot. We got the idea of going to radio stations, television stations, newspapers, magazines - all kinds of advertising media, and not paying for advertising, but instead saying, "If you want to sell this product for $3, you can keep 100%."
No one had ever done that! They thought we were crazy!

FRAN: Now wait a minute - do that again. You went to radio stations, and you went to newspapers, and - one more time.

JAY: And TV stations, and we said, "The product sells for $3. If you'll sell it for us, keep 100% of the $3. Just send us the name right away so we can ship the product out, and make sure the customer gets the satisfaction and the relief they want." And they thought we were crazy, but we knew every time we spent or invested - remember. The real cost was $.45. Every time we spent $.45 on 100 people, 70% of those people would come back and buy six jars a year at $3 for life. So every $.45 investment we made returned, whatever - 70% of $18 a year for life.

And we made millions of dollars. And in a mere 18 months that $20,000 a year business was doing $13 million. We didn't pay a dime for advertising, we paid only for results, although in spite of that we got something like $18 million worth of free advertising the first year we did it that we never paid for. We accidentally forced retail distribution.
We started off being a mail order company, and we had so much free advertising that drug stores, grocery stores, wholesale chains, begged us to let them distribute it through retail. It got so big in retail that GD Searle, the pharmaceutical company that used to be in Chicago bought the company for tens of millions of dollars, all because we didn't have a dime to advertise, so we decided we weren't going to be thwarted. We were not going to pay for advertising. We would pay for results.

So we said, "What do we know about the buying patterns of our customers?" And when we realized that every time we invested $.45 we got a return of approximately $18 a year for life - $18 that was about 80% pure profit - we realized that even if we didn't have the money, all we had to do was finance the first purchases and everything else would work itself out, and it did.

FRAN: There's so many brilliant notions in that, but the first one is, you didn't let lack of funds keep you from being successful.

JAY: No, it motivated us to look at what's possible, not what's impossible.

FRAN: I love this. Because most of our listeners out there - they don't have a lot of funds. They're not Coca-Cola Company. They're not Home Depot. They cannot go and advertise, and so often we say, "Oh, my goodness, I don't have the funds, the money to really market my product like I can." But you did not let that stop you.

JAY: Well in fact, I'll tell you another twist on it. I'll tell you how we tripled another company's business in a handful of months with the same basic philosophy, but applied to a whole different kind of industry. Well I just told you about the mail order patent medicine business. Now how about the fluid transmission business, you know what that is?

FRAN: No, tell me. I don't know.

JAY: Fluid transmission is PVC pipe - big plastic pipes you'll see in manufacturing and agriculture that carried fluid. Well, a company came to me that sold fluid transmission products in California, and they were desperate for a breakthrough. But they didn't have much money either, and they also didn't manage the sales force worth a darn.

I said, "First of all, what do you know about the buying patterns of your customers?" This is a standard Jay Abraham question and everyone who listens to this tape - what do you know about the buying patterns of your customer?

They didn't know anything! So I said, "Go back to your office. Analyze it. Come back when you're ready." A week and a half later they came back, and they said, "Well, this was fascinating." And I said, "Well, what did you discover?"

(I'm not going to tell you about gross sales, because that's not important. We're talking about profit.) They said that every time they got a new customer, worst case - not best, but worst case, worst-worst-worst thing happened, they made $200 on the first sale. Of the $200, they paid their sales people 10%, so the sales man or woman got $20 of the $200 - the house, meaning this company, got $180.

Worst case, every time they got a new customer, that customer would buy five more times a year. And worst case, it would be $200 profit again. So worst case, they'd get $1,000 worth of profit in the first year for every new customer they brought in. Also worst case, they analyzed that the average new customer stayed, at very least - not most, at very least - three years.

So what they knew was, the first time any new customer bought - not best case, because sometimes they'd get $10,000 of profit, but worst case, $200. Worst case, not best, every new customer would buy five times a year for $200, so it was worth $1,000 a year, and worst case, they would stay three years. So every new customer they got in the door was worth $3,000.
The salesman or woman was making 10% of profit - $20 on that first $200 profit sale. I said, "The problem's simple. I can give you a breakthrough in about two or three months, but it'll take me two minutes." And they said, "Well, what do you mean?"

And I said, "All you've got to do is this: Go to your sales force, and make a deal with them. And the deal will look like this: As long as the sales force will maintain their sales production levels from their existing customer bases - meaning if they've been averaging $40,000 a sales person a month from their existing customers - as long as it doesn't drop below that level, give them 100% of the profit on every new customer they bring in.

They got up in arms. They said, "Well, we can't do that! We can't give away $180 on a $200 sale!" And I said, "You're looking at it wrong. Every time you invest - not give away - $180, you are ten times more motivating that sales person to bring that new customer in, and that $180 investment is going to accrue for you 90% of the $2800 in additional profit you never would have had." Does that make sense?

FRAN: It makes sense from this standpoint, too, because they're not losing money. What they're doing is giving the profits on their first customer, if I'm clear here, to the sales person. So they're breaking even?

JAY: But they're motivating that sales person - right. The salesperson is ten times more motivated to bring a new customer in. In three month's time, their business more than tripled.

And I've done this over and over again! It will apply to everyone listening, because everyone has buying patterns that exist with their customer or client. And when they realize what those patterns are, then and only then can they really know what they can afford to invest - not spend, but invest, in either advertising, or sales commissions, or promotions, or other items you add to the sale.

It really amazes me, Fran - almost no company has a real correlation. They'll say, "Well, we've got a 3% of sale budget," or "We've got a $20,000 a month advertising allowance," or "We'll pay our salespeople 3% commission." And I'll say, "Well, what's that based on?" And they'll look at me like "What do you mean?" And I'll say, "Well, maybe you should be paying them 10% on the first sale and 2% on the second. Maybe you should be throwing $400 worth of other items the first time to get a customer and not making a *dime,* because you'll get 20 times more customers. And those customers buy five more times a year from you forever, and you're going to make $10 million more on the back side." But no one looks at it that way.

FRAN: You don't have to go to Harvard to get an MBA to get this. This is common sense. This is thinking of your business logically.

One last thing I want to ask you, because I've heard you talk about this before, and I think it's so right on, and it's one of the more powerful things that you do and expand on. And that is, there's not just one way to sell a market a product, is there? You look at multiple ways - and you've touched on it a little bit - but multiple ways of distribution, of selling, and you have a name for it.

JAY: You're touching on three very, very close to my heart issues. One is you're talking about the diving board and the Parthenon, and you're talking about, basically, borrowing success practices from other fields.
I'm very lucky. I've been involved in 400 unrelated industries, and whenever I look at a business… if I looked at ABC Industry, the dental industry, the manufacturing industry, the distribution industry - almost everybody competing in it did things the very same way. Some were better, some were worse, but the selling systems, the approach - they were all the same. There was no innovation.

And that's the way most people in most single industries all function. You learn to generate sales. You learn to create customers. You learn to resell them by following, or modeling, or observing, or being taught the approach, the mindset that your competitors, the people you either tried to emulate, learn from, or work for did. But it's in no way, shape or form necessarily the best, the most effective, the most powerful. Oftentimes, it's far harder, and far less productive, and far more expensive, but it's what you learned. It's all your industry knows.

It was a no-brainer. Although it probably cost you dearly.

So that spawned my philosophy that almost everybody has built their business on what I call the Diving Board. There's one primary customer-generating process, procedure, or approach that is almost the whole dependency of the business is predicated on it. And the business base - all the revenue, the foundation of the business, which is what I look at as the Diving Board, is being supported on one, very delicate pole.

A Diving Board is not the most efficient way to operate your business. I try to get all my clients to think in terms of the Parthenon. Think in terms of the Greek structure, the Parthenon, with all the pillars. There are, as I said earlier in this discussion, there are probably 200 better options I could give you if I had time today for growing customers, for increasing the size of the order, for improving the number of times a customer buys from you. If you find the five or six in each category that work better, more effectively, more productively, more profitably, with less downside risk, with less people, with less time or effort, and you put three or four or five together at work, two really wonderful things happen.

Number one, you hedge your company from danger. No one can ever compromise the source of your revenue base, because it's so broad and solid.

Number two, you move yourself from working on the arithmetic of your business to working on the geometry, and when you work on the geometry, that's when you grow your profits and your sales exponentially.

I think I told you earlier, or maybe I didn't - it costs a company the same amount of time, and the same amount of effort if they send out a sales force to call on people, whether that sales force closes one out of 20 people called on or closes all 20 people.

Running a full-page ad costs the same $10,000, $20,000 whether it pulls 10 customers or 110. It costs you the same effort whether your customer buys $100 initially or $200. Getting a new customer costs you the same effort whether that customer buys once and never returns, or whether he or she buys once a month, or once a week for life.

My focus - my *fixation* is I refuse to allow people in business or professional practice to settle for anything less than the fullest yield, the fullest profit, the fullest productivity, the fullest result that their efforts, their time, their commitment to their business and their customer or client base entitles them to.

FRAN: All right, let me see if I can narrow this down to where I can take an idea and go with it. If I've got a product or service, there are multiple ways to market and sell that product.

JAY: Yes, and different approaches or different methods can access different markets. For example, let's say you have a field sales force, and it cost you $200 a call to go call on a perspective customer. Well, you can't justify calling on companies that are too small. But you could if you added either a telephone-selling department, or if you added a direct mail selling department, or if you made strategic alliances with all kinds of other companies who have salespeople calling on those firms anyhow.
So people must find the most strategic combination of methods to give them what I call the optimum - the maximum result possible for the effort and the commitment.

FRAN: Or the most efficient.

JAY: Yes and each person's situation is unique, and so you've got to find the best combination for you. And your best approach may not be the same as mine. We may not want to do something, even though it's more efficient because you don't want to manage sales people. Look to find the perfect combination for what you want.

FRAN: To find that out you've got to go try things. But you've got to try things in some systematic way, with some testing so you don't bet the farm on each one.

JAY: Absolutely, Fran. You are capable, as is anyone else listening to this conversation capable, of become a selling, a customer-building, a business growth, and a marketing genius, just by understanding how to pre-test suppositions, pre-test ideas and applications before you have to commit major time, effort, or money or people to them. Find the best producing ones. Concentrate on those. Put those in your stable, and basically you hitch those horses to your business or your practice, and you end up lapping the field - not just once, but over and over again.

FRAN: Jay, what you're talking about here is dynamic change. Now, you're talking about me changing how I do things, but that's OK, isn't it? Because if I don't change how I'm

doing things, then I'm going to stagnate, am I not? I'm just going to idle there, and I'm not going to have this dynamic growth and I'm not going to be energized like you're telling me I can be. Is that right?

JAY: It is right Fran, but almost something even more important happens. When you become a continuous generator of great ideas…when you become a continuous innovator…when you get connected at the deep levels you can't help but get connected, when you follow a system, with your customers, with your team members, with your vendors, the whole process, the game of business changes - and you're the one making the rules.

The reason people today are so tired is because society, and the system, and competition is trying to relegate us all to being a commodity. And from my vantage-point, you're the one that owns the business. You're the one who decided to go into professional practice. You're the one that's got to spend the rest of your life, and have spent this much of your life… You *owe* it to yourself to get every ounce of fulfillment, achievement, prosperity, impact, and innovation out of every day you spend, every dollar you invest, every person you contact…
This approach, this philosophy, this mindset - it regenerates you, Fran. It exhilarates you. It inspires you.

FRAN: Even if I'm 60 years old, or 70 years old? Can I learn these new things? Can I get that same satisfaction, even at my age?

JAY: Well, one of my proudest accomplishments is a man who founded one of the largest public accounting firms in America. It's in Chicago. And at age 65 when it was time for him to retire, he came to one of my $25,000 programs and immediately used the information to double the revenue he was receiving from his accounting practice in his last year before he retired, got excited and started 20 new enterprises. And he's having the time of his life.
I've had, believe it or not, I think 280, at last count, men and women over age 65 come to my live programs. We've had people start new careers. We've had a man that came who was in the health food business who quadrupled his business in his 68th year.

FRAN: Jay, so many of my friends out there in business feel stagnated. They feel like they're in a rut. They're working *hard*. I mean, they're working long hours, and they're working weekends. They don't have time for their families, and they want to have time for their families. They don't have time to take trips, to share with their friends, to have time for their friends. They work, work, work, work, and they don't seem to be going anywhere. Can this change?

JAY: Fran, I *know* it can change! All you have to do is be willing to embrace a small shift in the way you look at your business, your life, your relationship with your customers, and be willing to do some really neat things. Spend less time, less effort, less money, and have a lot more fun. If you're not willing to do that, I probably can't help you.

FRAN: Well let me tell you, Jay Abraham, I know that you can help these people that are our friends that are listening to us today and help me, because I have seen you help so many people in real terms of being able to grow their businesses, create more revenues, create more profits, and have a better life, and be in control of their life. I know that you can do that, and I thank you for sharing these moments with us.

JAY: Thanks a lot, Fran.