

core essentials

BEING PROFITABLE the earnings growth program™

“Go confidently in the direction
of your dreams, live the life
you have imagined.”

Henry David Thoreau

PROGRAM WORKBOOK

Version 2.0 – August 26th 2009

By John Watson

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accrue™
PERFORMANCE MARKETING
DESIGN BUILD GROW™

Being Profitable - the earnings growth program
August 26th 2009
By John Watson
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ABOUT THE AUTHOR



John Watson is the president of Accrue Performance Marketing Inc. founded in 2006. Prior to this he was vice president of strategy at Rare Method Interactive (TSX-V: RAM) and president of Advanced Information Marketing which he founded in 1998.

Most of John's experience has been helping to grow real estate developers, professional service firms, the travel industry, financial services firms, oilfield service firms, not for profit organizations, authors, artists and technology companies.

John plays the role of Director of Sales and Marketing for his clients, either as a consultant or as their coach, overseeing the entire sales and marketing program design, development, operation and optimization. John's approach is holistic, brand and customer centric, results oriented and data driven. John's focus is on brand development, direct sales, Internet and direct marketing, and sales lead generation.

John's focus is on helping entrepreneurs grow authentic and sustainable companies. To this end he authored Being Profitable™: the earnings growth program™. Being Profitable is a pre-marketing or market readiness program designed to prepare a company for marketing and sales-driven growth.

John's initial experiences in entrepreneurship were an expression of passion and determination. A constant barrage of challenges, extended time lines and expenses; most of which could have been avoided in retrospect. What he found missing was a suitable guide through the trenches. Committed to helping other entrepreneurs find a more direct route, John has set out to become this guide.

John has an honors Bachelor's degree in geography specializing in environmental science and a diploma in technology in remote sensing (satellite image processing), and geographical information systems. From 1993 to 1998 John launched and managed the Geomatics division of Komex International Ltd. a leading environmental engineering firm. John worked on and managed projects in Africa, South America, Europe and Northern Canada mostly for oil and gas, petrochemical, mining, government and telecommunications companies.

John is married with two children and lives in Calgary, Alberta.

ABOUT ACCRUE PERFORMANCE MARKETING INC

Accrue Performance Marketing is a private business development company, founded in June 2006 to lead entrepreneurs, innovators, inventors and artists to commercial success. Although in practice most of what we produce ends up on the Internet, our overall focus is to lead entrepreneurs through the process of designing, building, growing and optimizing their overall sales and marketing program.

At the core of our service model is Being Profitable™ the earnings growth program™. Being Profitable is a pre-marketing or market readiness program designed to prepare a company for marketing and sales-driven growth. We use this process throughout the Design Stage of the business to provide overall program direction, establishing performance goals and constraints.

The Build Stage is about building the infrastructure of the sales and marketing program. This would typically include a website, sometimes with e-commerce capabilities, an ad campaign, a sales management tool (CRM), e-mail marketing, and performance tracking capabilities.

The Growth Stage is where we lever what we have built and launch the sales and marketing program. Here is where the advertising, public relations, search marketing, and general promotions occur that drive people to your business to buy from you.

The Optimization Stage is where we use the performance data gathered to determine how well everything is working. Then we track down the weakest components for updates and more testing.

Accrue's objective is to partner with clients through this process. We are not into short-term projects. We establish long-term coaching and consulting relationships with our clients. We take our clients' commercial success as seriously as our own.

PRELUDE

When I turned 13, I was eager to get a real job and start saving money for a car. I thought it would help me get girls. My father was not keen on the idea. He said, "don't be in a hurry to start working, once you start you will never stop."

He said that work was going to consume the best years of my life. If I was going to work, I should select the work carefully and only do work that I loved. In that way, my work would never be work at all, it would just be a pursuit of passion. He said "If you could pull that off, you would have an enviable life."

I liked the idea of doing work that I loved. The problem was, I did not know what I loved and I certainly did not know how to pull off this fatherly advice.

My father loved electronics. He got started in the industry just as it was emerging and made a career of it fixing mini-computers for banks mostly, while working for Burroughs Corporation, Unisys today. As a boy that's all I ever saw my dad doing. He was either learning about electronics and computers or he was working on them. It truly was a work of passion for him. I see now how much his fatherly advice, his demonstration of passion, commitment and his desire for self-direction rubbed off on me.

Unfortunately, I received no formula for uncovering my passion or determining how to translate my interests into a sustainable enterprise. I had to figure that out for myself.

Something about this idea really stuck with me. As it turns out, 27 years later, I'm still driven by the goal my dad set out as the ideal. Funny, he never mentioned the magnitude of the challenge, only that the goal was worthy.

I've come to understand that this is not such an uncommon goal. I meet a lot of entrepreneurs who want to make their life's work, a work of passion. It seems quite common to want to do meaningful and enjoyable work for clients we relate to and care about. It's funny how many lawyers, engineers, accountants and dentists wake up one day after 15-20 years in the profession and realize they want to do something different and more meaningful to them personally.

Similarly, many innovators and inventors get an idea that inspires them. They become passionate about an idea whose time has come. The passion builds until a company is launched and they are hooked.

Another common scenario is the cliché starving artist living their passion but failing commercially. Then there are the thousands of examples of professionals striking out on their own and putting out a shingle. Maybe we were all influenced by the proverbial American Dream – Life, Liberty and the Pursuit of Happiness. I know I bought into the idea as a kid, and I guess I still do.

The problem is, most of us did not get a business degree. We never took entrepreneurship studies, marketing, sales or even accounting in school. We took law, science, engineering, art, music, history or geography, or a trade. But despite our education, we have the dream none-the-less.

For many of us, it is the opportunity for self-determination that drives us into business. The problem is, most of us really do lack business training and the learning curve is steep. The scale of effort and investment required to start and grow a company is huge and energetically draining.

However, as entrepreneurs we persevere and make it work. We invest the time and effort, figure a few things out and the company survives. We push some more and the company grows until we reach the limits of our creativity, charisma or stamina. At this point we often turn to sales and marketing to reach a bigger audience that will take us to the next level. The problem is, our company is likely not ready for marketing. We often keep our company alive through sheer force of will, not profitability or good fundamentals.

The most common points where we need to stop and address the fundamentals of our business are:

- When we are just starting a new company,
- When we are launching a new product,
- When we start to sell or market through others,
- When we want to take our company to the next level,
- When we want our marketing to work better, or
- When we are shifting our marketing onto the internet.

It is during these transitions when we are most vulnerable. We know we need to grow, and we know we need to invest to do so. We also know we need help, but we often lack the experience and judgment to evaluate the help we get.

It is during these transitions that we tend to think, “I don’t know anything about marketing, nor do I want to.” Then we abdicate our leadership and accountability for results to our consultants, hoping they will just do it for us. Try to think at any point in your life where abdication of ac-

countability actually worked out for you and consider that now you are going to abdicate a very costly, very high risk aspect of your business. I'm not saying that this approach cannot work, I'm just suggesting that it most often does not work. The decision to abdicate sales and marketing to others is often a very costly mistake. As one entrepreneur to another, these transitions are critical points where abdication is likely not your best option.

The Being Profitable program is designed to turn you into the leader of your marketing program, not the marketer who does all the work. You will still need a team to help you execute, but you will not be abdicating responsibility for this critical and high-risk aspect of your business.

I do not pretend that this program is for everyone, it clearly is not. This program is designed for a very specific target audience.

Our Target Audience:

- You are an entrepreneur,
- You have something unique or special that you are trying to bring to market,
- Your company is a means of expressing yourself in some way,
- Some portion of your business has you selling directly to your audience and you are not selling entirely through retail distribution,
- You are committed to your business for the long-term,
- You are willing to invest in yourself and your business when appropriate,
- You are committed to growing your business assertively,
- You are prepared to invest a considerable amount of time and effort into your growth process,
- You are determined enough to stick with it, even when you are challenged with questions you struggle to answer and with tasks you hate doing.

If you do not connect with all or the majority of these statements, this program is not for you.

The issues for most people are the last 5 points, the points that relate to commitment. This is not a business book that tells you what to do. This is a coaching program designed to get you to do all the core work and planning that you would typically avoid doing.

The Being Profitable program is essentially a market readiness program for companies that do not fit the typical government or venture capital program requirements.

To fit into their model, you need to represent a very high growth potential company with a 3-5 year payout horizon. You need to represent a 10 – 20x return on investment or have the potential to create a lot of local jobs or taxes. If you are not a technology company, it is difficult to get the attention of government or venture capital financed programs. Since you are deemed a low return opportunity, there is little incentive to support your growth and development.

Investors in early stage companies, government departments and venture capital firms are looking for high returns on their investment to compensate them for the high risk they are taking on. Given these criteria, most companies simply are not good investments and as a result, they are not well supported.

If a company is deemed a good opportunity, with great prospects for growth, the support community can rally behind them. The community can bring a much higher level of expertise and rigor to the company's development. This support dramatically increases a company's chances of success and mitigates much of the investor's risk.

Why is this information important if we are not eligible for support?

- If we are the sole or majority investors in our business, and
- it represents our passion or our life's work,
- it represents our source of monthly cash flow, and
- a large part of our retirement income;

Why then are we not applying the same degree of rigor to the process as any other diligent investor? Don't we have a lot more to lose than an investor? They are just risking money. We are investing our money, our time, our health and relationships, and our egos.

If we are taking on all this additional risk, don't you think we should behave a bit more like investors? Meaning, we need to do what we can to maximize our chances of success and control our risk.

The **Being Profitable** program is designed to get us thinking dispassionately about our work of passion.

I know that when I finally decided to become an entrepreneur and focus on what I cared about the most, I decided to treat my business as a high-risk investment. My business, my staff and the clients we serve are just too important to me to fool around with, and make easily preventable mistakes. I decided that I would step-up to the challenge and be who I needed to be to make my company a success; and for me to realize powerful self-expression and sustainable earnings growth. I invite you to do the same.

We are called to be architects of the future, not its victims.

R. Buckminster Fuller



INTRODUCTION

It has been my experience, that many entrepreneurs have horror stories of disappointing and costly experiences with marketing companies and sales people. They hire these people to help them grow their company, but all too often the results are poor to catastrophic. The success stories of effective collaborations seem few and far between. Often these same marketing companies have similar complaints of small businesses; with no plan, small budgets and unrealistic expectations. The results are far too predictable with hard feelings, lost investments and disappointment on both sides.

Sales and marketing are more complicated and more foreign ways-of-thinking than most people realize. The concepts and activities are completely opposite to our typical view of the world. In sales and marketing, we need to focus on a customer's experience or a benefit that we bring to them, commonly referred to as "what's in it for me?". This way of thinking is in sharp contrast to the more typical way of being – which is to focus on ourselves, to communicate who we are, and what we do. We need to learn and embrace this customer-focused way of thinking in order for sales and marketing to work for us.

Likewise for marketing firms who, while expert at crafting powerful first impressions and engaging experiences, are often not expert at profit generation. There are marketing firms that go beyond design to deliver financial results, but the problem is finding them.

This program will prepare you, the business owner, to engage sales and marketing help effectively. To do this, you are going to retain ownership over your sales and marketing process. I did not say you were going to do the work, only retain ownership of the process. Essentially, you need to provide clear direction and retain accountability for the results. This will enable your team to understand the creative challenge, the business constraints and your requirements for sustainable growth.

PROGRAM FORMAT

This program is generative and intensive. This means that you will be generating all the answers yourself, and with your business coach. This program assumes that you are accountable for the results you generate. We provide the process, the guidance, and the encouragement, while you provide the committed effort, ideas and will power necessary to get results.

This work will be fun in the same way that hiking all day to get to the top of a mountain, to take in an amazing view, is fun. It's all about how you look at the experience. This program requires effort to complete and you will generate value commensurate with the effort you invest.

I encourage you to create a lot of value from this experience; we'll do our best to keep you on track and having fun.

You need to complete the program in the following manner.

You meet with your business coach in person, on the phone, or through a web meeting. Your coach will introduce you to the one or two modules you will be working on. They will lead you through the module(s) and make sure you understand their objectives, and that you feel clear about how to complete the work.

Then, depending on how aggressive your time line is, you work on completing the exercises within one to three weeks. We find that one to two weeks is ideal if you can keep up the pace.

Once you complete your assignments, you will meet with your coach to review your work. During the first portion of your session, your coach's job will be to constructively criticize and refine your work. Your coach will first be looking for ambiguity and conflicting ideas and intentions. Next, your coach will be looking to simplify what you say. Your coach will help you transform your language into key phrases that anyone can understand and find immediately relevant. The second portion of your session is typically used to prepare you to complete the next module.

This process repeats itself until you have completed the program and feel clear and confident about how to proceed. Historically, people take between 8 weeks to 12 months to complete this process, with 3-4 months being about average.

EXPECTED DELIVERABLES

Your participation in this program will result in the following:

- You will know who you are, whom you serve, what problem you solve and why clients will want to buy from you
- You will expand what you think is possible for your business and life
- You will be clear on the experience you wish to create for clients
- You will prepare an offer that clients can readily buy
- You will describe your business in language clients find relevant
- You will be confident that your business and marketing plan are worthy of investment or that they are not



CLARITY

“A clear vision,
backed by definite
plans, gives you a
tremendous feeling
of confidence and
personal power.”

Brian Tracy

INTRODUCTION

Powerful self-expression is the goal behind this collection of modules.

I define powerful self-expression as the state when our intended target audience finds the intention of our business and our supporting marketing messages relevant, meaningful, desirable and preferable to other competitive messages.

There are few companies that pull this off on an international scale. A few good examples are:

Apple Computers™

Disney

Harley Davidson™

Starbucks™

Oprah

These companies have a loyal following and now charge a premium for their offerings. A common thread is that they all strike an emotional or experiential cord with their clients. Clients appreciate the experiences that these companies foster. These shared experiences become the brands that we buy into as consumers.

We may not be planning to be the next Apple Computer or Oprah, but we can develop a meaningful brand by crafting the experiences that we create for our clients.

The challenge for most of us is that we don't know our own intentions well enough for anyone else to buy into them. When we are unclear ourselves, we can occur to others as insecure, ambiguous, inconsistent, conflicted and most likely irrelevant.

The challenge for us is first to know ourselves well enough, that we commit to our own values and intentions. We need to know ourselves in specific concrete and actionable terms. Once we know what we are about and start behaving consistent with our values, we become leaders. As leaders, our challenge is to translate our intentions into powerful messaging that people can connect with and enroll themselves in. This earned relevance and emotional connection is the engine that drives growth.

As entrepreneurs, enrolling people in our business is a core function. We need to enroll ourselves in our own business over and over again as we deal with our fears and doubts. We must enroll our spouse, business partners, investors, staff, consultants, suppliers, reporters, and clients in our business everyday. Enrolling people in what we are up to is marketing. Ultimately, our mastery of the enrollment process is what enables our growth and development. It is our ability to enroll people that ultimately gives power to our self-expression.

Knowing oneself and developing clarity of intention is our first step.



STRATEGY

“Unless commitment is made, there are only promises and hopes... but no plans.”

Peter Ferdinand Drucker

INTRODUCTION

Realizing sustainable earnings growth is the goal of this section.

Sustainable earnings growth means you set out to grow earnings in a manner that is sustainable. Sustainable means you can keep doing it without bearing continuous losses. Seems reasonable enough, right?

The problem is that more often than not, marketing is viewed more as an expense, than as an investment. Marketing dollars are often spent out of profits, rather than invested to generate profit.

In my experience, many small businesses struggle with the acquisition of new customers. We spend a disproportionate amount of money on marketing, and we often lose money on every new sale. This means the profits we earn from existing clients are eroded to subsidize our costly new customer acquisitions. While we can accept these losses on new marketing initiatives for testing purposes, we struggle with accepting this as our long-term plan.

I've found that simply setting a "profitable first sale" objective can have a significant impact on a campaign's performance. This is the case, mostly because setting this intention focuses our attention on the goal. You have to ask yourself, how are you going to pull this off? Then you work away at achieving the goal. This may sound obvious, but in my experience the focus is often not on profits and sustainability.

To quote from Stephen Covey "start with the end in mind".

This next series of modules focuses on determining how you are going to consistently secure new clients at a profit, and in so doing, make your earnings growth sustainable.