Mine your data to determine whom to target and where to place your emphasis for profitable growth.

Base your moves on facts

BY BRUCE WILSON

Most companies grow, but not all grow profitably because not everybody takes advantage of leads they get from referrals and elsewhere in the same way. While all companies process leads, they can become more profitable if they develop and use more fact-based decision making to build growth, in particular, profitable growth.

By "fact-based decision making," I'm referring to using data to make decisions. For instance, many companies get business through a combination of word-of-mouth, cold calling, advertising and joining organizations to network and develop business relationships that lead to new business. However, most companies do not have or use a database to track the source of their new business. They believe they know and will tell you that one or the other is the best source, but do they really?

Don't trust your gut

For instance, I own a company that gets its new business through referrals, direct mail, and advertising in a local money mailer. When I reflected back on the year, my feeling and that of my manager was that the money mailer, which we had tried for six months, produced a lot of small nuisance jobs or opportunities. We considered dropping the service.

We track all inbound calls and enter the information into a database, which we check periodically. Looking at the data, we found that the mailers actually produced jobs that were the same average size as both of our other sources. In fact, they produced work more consistently than the referral source. Our referral business was good but sporadic. The mailers produced work in each month at about the same sales level. This was valuable factual information in determining whether or not to continue to invest in this type of advertising.

Use the data wisely

We were able to change the promotion on the mailers to discourage the small jobs by stating a minimum size for the promotion to be valid. Since we implemented that change, we have increased the job size in that category, although there are fewer opportunities. There are also fewer wasted sales calls and our close ratio has improved.

This type of data leads to more profitable growth.

Another thing to track is individual job profitability. Track it by type of service; landscape maintenance, enhancement, landscape construction, irrigation, hardscape, etc., as well as by size and customer type. You can then mine that data to determine whom to target and where to place your emphasis for profitable growth.

You want to use factual data about your business that helps you to link your sales and operations so that you sell work, which you know for a fact that you can produce profitably.

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