

## **Seven Steps to Better Business**

Maximizing business potential often means slowing down for a moment and evaluating how well you understand your company, your product, your business environment and your strategies. Most often we are so wound up in the execution of our business that we don't take the necessary time to evaluate the very foundations upon which our business is based. This article is about seven steps you should take to assess your understanding - so that you can rest on its validation or make the changes that are required.

Tudog often requires our clients to engage in some soul searching and reflect on the 7 elements of their business this article details. We have found that through the process some discovery occurs that provides an answer to one of the many questions that puzzle and plague decision makers.

The 7 steps to better business are:

### **1, Know Your Product**

Can you capture the core value of your product in one sentence? The idea is not brevity, but rather discovering whether or not you truly recognize what makes your product distinctive, useful, valuable, and desirable. By doing this successfully you come to understand which components of your product are most critical to your success.

### **2. Know Your Customer**

You can't know what your customer wants or will buy until you understand not only who your customer is and what their needs are, but also why they would buy your product. Knowing your customer will also help you zoom in on what features your product needs, making sure you don't produce something that is too narrow in focus (for a large enough audience to support your sales goals), or too broad in scope that it is too feature rich and too expensive.

### **3. Know Your Market**

You need to know your market not only in the sense of who the players are, where the competition is going, where the demand lies and what the market dynamics are, but also in terms of market size and trends. You need to make sure that you are not entering a market that is without customers, or without a critical enough mass to provide you with profitability and the ever crucial return on investment. You need to know your market and know that you will be able to pull out of it significantly more than you are investing to enter into it.

### **4. Know Your Costs**

The old joke about losing a quarter on every item you sell and trying to make it up in volume is really not all that funny. You need to know your costs – all your costs. You need to understand that marketing expenses, and production costs, and cost of delivering service and support, and administrative support, and R&D, and travel and all these other seemingly insignificant costs add up to one hell of a bill at the end of each month. You need to make sure your costs are in line with what your earning expectations are (below your earnings is preferred). Knowing your costs will make you

evaluate your efficiencies, your cost structure, your return on investment, and your pricing.

## **5. Know Your Sales Channels**

Knowing your sales channels forces you to focus on who sells your product, which, insofar as they are your sources of revenue, is crucial to your success. Knowing your sales channels allows you to gain insight into a wide variety of important matters, such as product features, price, branding issues (packaging and look), support required and more. In some instances varying sales channels could place different demands on your product. For example, in retail there are discount stores like WalMart and Discount Clubs like Sam's Club. Even though the two are operated by the same parent company they may have different demands on packaging, quantity, pricing, and even features. Knowing your sales channels will help you anticipate their needs and make the appropriate adjustments. It will also help you analyze the value of each channel and the business sense in engaging them.

## **6. Know Your Pricing**

Pricing is a complicated and sensitive matter. Including in pricing policies are a variety of factors, some of which are cost considerations, others customer perception, and yet others market positioning. You need to understand your prices and how they compare to competitors. You also need to understand how your pricing is influencing customer perception of your product and the value proposition you are presenting. Knowing your pricing allows you to willfully determine your place in the market and better control how customers view your product and the value it delivers.

## **7. Know Your Finances**

The purpose of every business is to show a profit. You need to know your path to profitability and what steps need to be taken in order to reach it. Profitability is certainly a function of revenues, combined with control over costs. Knowing your finances allows you to gain better control over costs as you push forward in pursuing sales.

These seven steps bring you closer to better business. All of them are certainly points that would seem obvious, and most company executives are certain that they know all of the seven aspects of the business we have highlighted. We would respectfully submit that while you may be familiar with each aspect, you do not know them as well as you could – or should. Take a little time to get acquainted. Better business is only a little knowledge away.