

When in Doubt, Read the Directions

It is Christ-mas time and those of you with small children will be putting together toys, bikes, and doll houses. Those of you with grown kids have already gone through this exciting time of life, and I am certain you have learned the lesson that my Dad constantly reiterated to me: "When in doubt, read the directions!" My Dad always sounded kind of "Holier than thou" when he said this to me. My Mom on the other hand, tells a story of my Dad putting together one of my first bicycles at 1 a.m. after having an adult beverage or two. It seems Dad came by his "When in doubt, read the directions" through the school of hard knocks. (Yes, I finally did get to ride the bike).

However, what happens if you have something that doesn't come with directions, like a child or a locksmith shop? Anyone that

has been around for a few decades realizes that raising a child in this day and age is not like raising a child in the 1950's. First of all, in the 1950's in Harlingen, Texas there was only one station and nobody really had a TV set. There were phone lines, but no such thing as the Internet. These days you have to monitor what your children watch on TV, and don't even get me started about the stuff on the Internet.

Likewise, as a locksmith shop owner, you too should have a set of instructions. A business plan or even just a set of goals is a great starting point.

I really like the saying "If you do what you have always done, then you will get what you have always gotten." So let's do something different this year. Let's begin with the end in mind and see where we would like to be this time next year. I'm not talking about a set of "New Year's Resolutions" that you are going to break on January 4th. No, I'm talking about a road map that is going to get you where you want

to go. Something you can refer back to, and check where you are on the road, and where your next stop is going to be.

Step 1: Let's say you want to increase your overall business by 20% this next year. First off, do you turn business away right now? What kind of business is it? Do you have the right people in place with the proper training to achieve a 20% increase when the business does come? If you do, then great. If not, then you need to think about hiring a locksmith, or a locksmith apprentice that you can train and grow into your business.

Step 2: Let's say that an increase in sales at 20% is equal to \$60,000 in added sales. This may be easy to achieve by just not turning down any business. But you may not be so lucky. You may have to look at your advertising budget. If you sold \$300,000 this year, and you spent \$9000 in yellow page advertising, then you may want to increase your advertising to \$11,000 to stay at a 3% advertising percentage of sales. Now your decision is where to spend the extra \$2000 that you are budgeting into your projected sales.

A. Possible places are an ad under the heading of "Safes" or "Keys" in your yellow pages.

B. Pay per click advertising on your website is another very good consideration especially if you are looking for national accounts. Most nationwide service companies don't have your local yellow pages.

C. AM radio can have very good results in small to medium size markets, but can become cost prohibitive in very large metro markets. As a matter fact, we did a test market in a city with the population of 300,000 on a morning drive time. We spent \$1000 a month for three months during October, November, and Decem-

ber. As a result, we watched safe sales of the local locksmith triple! The service side of the business also jumped through the roof. (However, due to poor book keeping by the locksmith from the previous year, we don't know how much it really jumped.)

Step 3: Another thing to consider is raising your percentage of advertising budget up 2% as a percentage of your sales. Such as your overall sales last year were \$300,000 and you spent \$9,000 on advertising, that would mean you spent roughly 3% of your sales on advertising. But let's say you want to jump your advertising to 5% of your last year sales. That would mean increasing your advertising budget to \$15,000. To some of you this may seem like a lot, but it is an average of what almost all retail franchises spend across the country.

Once you have your advertising budget set, you can then have intelligent conversations with the reps that come by and want to talk about advertising. Also once it's spent, and some rep from "Door Hanger R Us" comes by and tries to sell you on his way of doing things, you shoot straight and say I have already allocated my budget for advertising for the year. If you would like to be considered next year please contact me in July or whenever you sit down and come up with your budget.

A good thought to remember is that each one of these dollars is like an employee. You need to tell them what to do and they need to be getting you the results you want. If not, then they will slip out the back door and you won't know what happened to them.

Which brings me to another thought, keep good books. Your books are a big part of your road map to learning how to adjust your business

for growth. If you are pocketing cash from a cash call and not recording it, then you will not know to what benefit your advertising is doing for you. I would also like to start a 12 step program like AA for those of you that do this. I believe that 90% of small businesses do this to some extent and the other 10% lie about it. (Just kidding... sort of).

I will go into other areas of a business plan and be a little more in depth in areas on future articles. But for now I want you to be getting the vision that a road map/business plan is an essential set of instructions that you are going to sit down and write to yourself. This will be a reference that I suggest you stick on your wall in your office, mirror at home, or it can even be in your truck.

We all get busy and overwhelmed with work and sometimes the work pulls us through the day. But when you get that lull in business, as my Dad would say, "When in doubt, go back and read the directions."

My family's locksmith shop provided me with a wealth of knowledge that I draw on when teaching marketing practices. One such learning experience was when they purchased safes but did not sell many. They only sold 1 the first year. They only had 1 floor safe, 1 office safe, and 2 antiques that had been in the shop for decades. They decided to try a new marketing approach and brought in a number of safes and stocked them to the ceilings, as they only had an 800 sq. ft. store and only allocated 100 square feet for the showroom. That year the safe sales went through the roof.

I have since managed to educate locksmiths across the country on how to improve their business the way my family did. They took the sales

of the shop from \$300,000 to \$800,000 in a county of 80,000 in just 4 years, and you can too. I have seen many locksmith shops across the country, some extremely successful, and some that need improvement. I always test our marketing ideas with a local locksmith shop before I use them in practice, or when teaching, and before I share them with the industry at large. So if I'm telling you something is a good idea, I have the results to prove it. By having a plan, utilizing a few simple ideas, implementing them and sticking with the program, while also keeping good records, I am confident that you can also increase your profit margin and provide financial security and independence for you, your family and business.