



**CLOSE
THE GAP**

DAY 4 **WORKBOOK**

DAY 4

Brain Money

Dollars in the Data

Hey, welcome back! Today, we're going to get really nerdy with the numbers. Don't worry if you're not a math person; I promise this will be enlightening and even a bit exciting. The truth is, the dollars are in the data. High-achieving business owners have a strong grasp on their numbers, not just their business metrics but also their local market demographics.

To illustrate, I once worked with a guy in Northern Michigan. He was dominant in his market, pulling in around \$600,000 annually as a window cleaner in a vacation town. The town had a small population that fluctuated seasonally, making it tough for him to break the seven-figure mark. His options were either to diversify his services or expand to other cities, each adding complexity and challenges.

The key takeaway is understanding your market's potential. Let's figure out your company's maximum annual revenue using a formula that private equity firms use to estimate a business's growth potential.

1. **Total Population:** Start by finding the total population of all the ZIP codes you service. You can get this information from the United States Census Bureau ([census.gov](https://www.census.gov)).
2. **Home Ownership Percentage:** Determine what percentage of that population owns a home.
3. **Income Over \$100K:** Find out what percentage of homeowners make over \$100,000 annually.

For example, if your market has 100,000 people, 50,000 of whom own homes, and 20% of those homeowners make over \$100K a year, you have 10,000 eligible buying units. If your average annual customer value is \$3,600, then:

$$\text{Max Business Size} = 10,000 \times 10\% \times 3,600 = \$3.6 \text{ million}$$

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This calculation helps you understand your growth potential and ensures you're not wasting marketing dollars if you're already near your market's saturation point.

Resources to Help:

- **Statistical Atlas**
- **Data Census Gov**

Think about how empowering it is to really understand the limits of your market. It's like having a roadmap for your business growth. You know exactly how much potential there is, and you can make informed decisions about expanding services or entering new markets. This is insider information that can give you a significant edge over your competitors who might still be guessing or making uninformed decisions.

Attribution and Follow-up

Let's shift gears to understanding your active versus inactive customers. Knowing how many customers have paid you money within the last 18 months is crucial. This distinction helps you focus your efforts on those who are likely to bring in revenue.

Active Customers: Customers who have paid you within the last 18 months. Inactive Customers: Those who haven't paid in over 18 months, essentially cold prospects.

Next, you need an attribution system. This is a method to track where each customer comes from. It's vital to know what marketing efforts are driving results.

Imagine this scenario: Someone receives a postcard from you and then Googles your company to contact you. When your team asks where they heard about you, they say Google. If you don't dig deeper, you might wrongly attribute this lead solely to Google, missing out on the postcard's impact.

Here's a better approach:

1. Train your team to ask detailed questions about how customers found you.
2. Record calls and review them to ensure the correct source is identified.
3. Use scripts to dig deeper if a customer says they found you on Google.

Example Script: "Hey, by the way, we're a small family business, and it's really important for us to understand where our customers come from. Did you get a postcard or see one of our trucks and then Google us? Or did you just search for maid service in Tampa, Florida?"

Having a robust attribution system feels like a cheat code once you accumulate good data. It empowers you to make informed decisions about your marketing strategy, ensuring you invest in the channels that truly move the needle.

A robust follow-up system is a money-making machine. Here are two types of email sequences to consider:

1. **Seinfeld Sequence:** Named after the TV show about nothing, these emails keep in touch with your customers consistently without pushing a sale. It's about staying top of mind and nurturing the relationship.

Example: "Hi there! Just a quick note to say we appreciate you. Here's a tip for keeping your windows sparkling clean between our visits. Have a great day!"

2. **Soap Opera Sequence:** These are intense, short-term email campaigns designed for specific promotions. They involve multiple touches over a few days to create urgency and drive action.

Example: Day 1: "Don't miss out on our Spring Cleaning Special! Book now and save 20%." Day 2: "Only a few spots left! Our Spring Cleaning Special is ending soon." Day 3: "Last chance to save 20%! Book your spring cleaning today."

By implementing these sequences, you maximize your marketing efforts and avoid leaving money on the table.

Attribution and Follow-up

One critical lesson from coaching over 1,000 business owners is that advice should be situational. Your marketing war plan needs to fit your unique circumstances. Here are some factors to consider:

1. **Risk Tolerance:** How comfortable are you with taking risks? Your marketing plan should align with your comfort level.
2. **Personal Financial Needs:** Know your personal burn rate—how much money you need monthly to cover your expenses without increasing your lifestyle.
3. **Runway:** Calculate how many months of personal expenses you can cover with your current savings. This helps determine how aggressively you can invest in marketing.

For example, let's say your personal burn rate is \$5,000 a month, and you have \$20,000 in savings. This gives you a runway of four months. If your business has \$10,000, you need to be cautious about high-risk marketing strategies. Instead, focus on cost-effective, labor-intensive methods to grow your business.

Debt and Marketing: Avoid using debt to experiment with marketing. Use disposable capital for marketing experiments. Only scale proven strategies with debt or significant investment.

Understanding your unique situation helps you create a realistic and effective marketing war plan. It reduces stress and aligns your efforts with your current reality.

Reflection Questions

To wrap up, here are some reflection questions to consider:

1. Have you calculated your market's maximum business size?
2. Do you have a clear distinction between active and inactive customers?
3. Is your attribution system robust and reliable?
4. How effective is your follow-up system? Are you using Seinfeld and Soap Opera sequences?
5. Have you assessed your risk tolerance and personal financial needs?

By diving into these questions and understanding the data behind your business, you're setting the stage for sustainable growth and success. Use this newfound knowledge to refine your strategies and take your business to the next level.