



**CLOSE
THE GAP**

DAY 2 WORKBOOK

DAY 2

Profit Bonanza

Introduction

Hey, my friends! Welcome back. Today, we're diving into some essential concepts that will transform how you manage revenue and profit in your business. We'll start with understanding revenue credit and revenue shortages. So, let's get started!

Revenue Credit and Revenue Shortages

Remember the goal-based gap concept we talked about last time? It's a way of looking at goal setting within a service company that's super useful. Now, let's apply this mindset to a typical Monday.

Imagine it's Monday and you know, because you're a diligent student, that you need to get seven brand new customers this week. By the end of the day, you've already achieved this goal. Amazing, right? What happens next? You're ahead of pace, and this gives you a revenue credit.

Revenue Credit

Being ahead of pace means you're on track or even above your target for the week. This is a fantastic position to be in! But what do you do with this extra time? You don't just sit back and relax; you use this time to strengthen your business.

- **Build Systems:** Take this time to work on your business systems. Maybe there's a new software you've been meaning to try or a process that needs refining.

- **Leadership and Team Building:** Focus on developing your team. Are there training sessions that could benefit your staff?
- **Organize and Plan:** Clean up your financials, plan for upcoming marketing campaigns, or design new promotional materials.

Think of this time as an opportunity to improve your business infrastructure, knowing you're already on track for your goals.

Revenue Shortage

Now, let's flip the scenario. It's Tuesday, and you have no new customers yet. You're still generating revenue from existing customers, but you haven't acquired any new ones. This is a revenue shortage. Here's how to handle it:

1. **Track Your Progress:** Every Monday, reset your goals and track your progress throughout the week. Keep a close eye on how many new customers you're acquiring each day.
2. **Identify the Gap:** If you're falling behind, identify how many customers you need to meet your weekly target.
3. **Take Action:** Focus all your energy on closing this gap. What marketing strategies can you implement immediately? Maybe it's time for an outbound call campaign or a social media blitz.



Key Takeaway: Always know your goal, your gap, and what you're going to do about it. This mindset keeps you focused and proactive.

Let's get practical. Say it's mid-week, and you're behind on your customer acquisition. What do you do? You focus intensely on closing the gap. Imagine you have a goal to hit \$10,000 in revenue this week, but by Wednesday, you're \$3,500 short. You need to kick your marketing into high gear. Here's a simple framework:

- **Outbound Call Campaign:** Reach out to past customers.
- **Social Media Engagement:** Go live, share stories, post updates.
- **Direct Sales:** Knock on doors, make cold calls, send emails.
- **Promotional Offers:** Offer discounts or special deals to entice new customers.

The main point is to always keep pushing. Whether you're ahead of pace or behind, knowing exactly where you stand and what actions you need to take is crucial.

Plomo o Plata (Lead or Silver)

Now, I want to share a powerful story from a marketing conference. This story really illustrates our potential when our backs are against the wall. Imagine a cartel in a small town giving the sheriff two choices: take the silver (cooperate) or take the lead (face consequences). It's a stark choice, and while it's an extreme example, it highlights a crucial point.

Silver or Lead Mindset

If you had no other choice but to close the gap, could you do it? Imagine if your family's safety depended on it. Could you find those extra customers? The answer is always yes. We often underestimate our capabilities. When pushed to the brink, we can achieve remarkable things.

Silver or Lead Mindset

1. Identify a challenging goal.
2. Imagine there's no other choice but to achieve it.
3. List the steps you'd take if success were the only option.
4. Implement these steps in your business strategy.

This mindset shift is crucial. Understand that you are capable of more than you realize. When you push yourself, you develop a growth mindset, and this confidence compounds over time, leading to greater and greater achievements.

Low Hanging Fruit

Before creating your marketing war plan, focus on the low hanging fruit in your business. These are opportunities that can increase your revenue with minimal cost and effort.

Referrals

Referrals are gold. Are you maximizing them? Maybe you're not even asking for referrals, or if you are, it's just once. My company asked for referrals six times in a very structured and choreographed way. Here's how you can implement a robust referral system:

- **Scripted Requests:** Develop a script that your team can use to ask for referrals.
- **Multiple Touchpoints:** Ask for referrals at various stages of the customer journey. When you first engage, during the service, and after completion.
- **Incentives:** Offer discounts or benefits for successful referrals.



Reviews

Reviews are critical in today's world. They influence buying decisions and enhance your credibility. Here's how to boost your review collection:

- **Systematic Follow-Up:** After every job, follow up with customers and ask for a review. Use email, text messages, or even phone calls.
- **Make It Easy:** Provide direct links to your review pages on Google, Facebook, etc.
- **Automate:** Use software to automate the review request process.

Google Optimization

Your Google My Business profile is your online storefront. Make sure it's fully optimized:

- **Complete Information:** Ensure all fields are filled out accurately – address, phone number, business hours.
- **Regular Updates:** Upload new photos, update your business description, and add posts.
- **Engagement:** Respond to reviews, both positive and negative, to show you care about your customers.

Average Ticket

Increasing your average ticket can significantly boost your revenue. Here's how:

- **Upselling:** Offer complementary services or products.
- **Cross-Selling:** Suggest related services that can enhance the primary service.
- **Bundling:** Create packages that offer more value at a slightly higher price.

Close Rate

Improving your close rate means converting more leads into customers. Here are some tips:

- **Sales Training:** Invest in training for your sales team.
- **Follow-Up:** Ensure you have a strong follow-up system in place.
- **Objection Handling:** Prepare responses to common objections and incorporate them into your sales scripts.

Frequency

Encourage your customers to buy more frequently. This could be through regular maintenance services, seasonal promotions, or loyalty programs.



Exercise: Identify Low Hanging Fruit

1. List potential improvements in referrals, reviews, Google optimization, average ticket, close rate, and frequency.
2. Develop a plan to implement these improvements.
3. Track the impact on your revenue.

Making vs. Keeping Money

There's a significant difference between making money and keeping money. Many flashy businesses with high revenues often struggle with low profits. The key is to focus on profitability.

Revenue is for Vanity, Profit is for Sanity

You might have heard this phrase before, but it's worth repeating: Revenue is for vanity, and profit is for sanity. Your goal should be to optimize for profit, not just revenue. Here's why:

Imagine you have a small company that makes \$100,000 a month with a 20% profit margin. If you raise your prices by 20%, your revenue would jump to \$120,000. But here's the magic: your profit margin doesn't just increase by 20%, it can potentially double.



Key Points

- **Higher Profits:** With more profit, you can reinvest in your business, pay your staff better, and out-market your competitors.
- **Dan Kennedy's Wisdom:** "Whoever can spend the most to acquire a customer, wins." Higher profits give you the flexibility to invest more in customer acquisition.

Exercise: Calculate CAC, CPL, and CR

1. Customer Acquisition Cost (CAC): Determine your maximum CAC.
2. Cost Per Lead (CPL): Calculate how much you spend to acquire a lead across different marketing channels.
3. Close Rate (CR): Track your close rate to see how many leads convert to customers.

Understanding these metrics will help you refine your marketing strategies and improve your profitability.

Reflection Questions

Reflection is a powerful tool for learning and growth. Take some time to reflect on the concepts we've covered today.

1. How do you manage being ahead or behind pace in your business?
2. What low hanging fruit can you implement to increase your revenue?
3. How can you optimize for profit rather than just revenue?
4. What steps can you take to improve your CAC, CPL, and CR?

By understanding and applying these concepts, you'll not only grow your revenue but also your profit. Use these exercises and reflections to refine your strategies and enhance your business success. Remember, the goal is to build a business that's not just making money but keeping it, ensuring long-term sustainability and growth.