

# What is your most valuable business asset?

By  
Ted Lanzaro, CPA

If you were to ask this question of several business owners, you could bet that you would get a number of different answers. Some would say their employees, others would mention their computers or machinery, or perhaps their inventory. They would all be wrong! The most valuable asset in your business is your customers.

The typical business spends a lot of money on attracting new customers. It is imperative that you protect the investment you make in your customers. This requires that you have a system for gathering and storing customer information. The data you gather becomes your customer list and is the key to maximizing the lifetime value of your customer.

The lifetime value of your customer is simply what it sounds like. It represents the total amount of money this customer will give you over the lifetime of their buying relationship with your business. A business owner who does not make the investment to gather the necessary customer information to create this list simply cannot maximize the total return on the investment they made in obtaining this client.

Direct marketing guru Dan Kennedy, author of the No BS Marketing Letter, often refers to his loyal customers as “his herd”. Kennedy “fences in his herd” by using his customer list and various types of media to keep in constant contact with his customers. His theory is that a customer who is not “touched” often by the business with some type of contact is ripe to be seduced by your competitors. Business owners who allow this to happen are essentially destroying the asset they spent so much money on and worked so hard to build. This causes the business to lose revenue resulting in a decrease in your bottom line profits and in the market value of the business.

There are several methods by which to “touch” your customers. Some of the most popular and inexpensive are:

- 1. Direct mail** – A cost effective way to generate new sales by existing customers by sending them offers, coupons, and information on new products. Make sure that the customer opens the letter by placing your offer or some enticing headline on the face of the mailing envelope. This should get your letter opened and increase your response rate.
- 2. Fax Blast** – Another cost effective way to alert your existing customers that you have new products, are offering discounts on existing products or to explain the benefits of current products. Make sure you have permission to do this as laws in various states prohibit unsolicited marketing faxing.

3. **E-Mail Blast** – The most cost effective way to send your client information about what your business can offer them. Make sure to use an enticing headline to get them to open the email and read it.
4. **Thank You cards** – When was the last time someone sent you a thank-you note for a purchase you made? Business owners who do this make themselves stand out from the crowd and generate excellent word of mouth advertising from their clients.
5. **Follow up phone call** – Again, this is something that almost nobody does after a sale to a customer. By taking the time to phone and inquire as to how everything is going with the purchased item, you are displaying that special touch that says to your customers that you really do appreciate the business they give you. This is a guaranteed technique to get your customers bragging to their friends about your business.
6. **Newsletter** – providing timely information to your customers about the state of your industry, upcoming sales and events, and educating your customers as to all of your products or services will definitely help you to increase the amount of purchases they make with your business.
7. **Special Occasion Cards** – whether it's a birthday, an anniversary or a holiday, mailing a greeting card to your clients and making sure it gets there before the event is a sure way to generate customer loyalty. Remember, people are loyal to those people who treat them special. A business owner I know sends Seasons Greetings Cards out right before Thanksgiving week to his customers. His logic? His cards get noticed because they are not mixed in the tens or hundreds of other cards that generally arrive later in the year.

How many times should you “touch” your customer with one of these methods? The answer is as often as you can.

While there is no set rule to the number of times you should contact your customers over the course of a year, a good rule of thumb would be at least once a month. A business owner who wants to do this well would not be hurt by doing this 25 to 30 times a year.

A final thought on this subject. In many businesses, the 80/20 rule applies. That is, there are a group of customers, about 20%, who generate about 80% of your sales. These people are your “A” customers. These are the people who pay your mortgage, allow you to take nice vacations, and send your kids to college. So treat them that way! Spend a little money to make sure they get a gift basket on the holidays, a restaurant gift certificate to their favorite restaurant, tickets to a ball game or the theatre. Too many business owners cheap out when it comes to this stuff and then pay the price when the customer takes their business elsewhere. Remember, the number one reason customers

stop buying from you is because they don't feel appreciated. If you can make your customer feel appreciated by systematically using various methods to stay in contact with them and treat them right, you will be maintaining the most valuable asset of your business properly. This ensures that you will ultimately get the highest return on investment from your marketing dollars that you can via years of profitability and a high sales price when you decide to sell and retire.

*Ted Lanzaro, CPA "The Millionaire Tax Advisor" owns and operates Lanzaro CPA, LLC, a tax strategy, accounting and business advisory firm with offices in Shelton, CT. The firm concentrates on providing advisory services, education and products design to promote business development, tax savings and wealth creation. He can be reached by phone at 203-924-5760 or via email at [Ted@lanzarocpa.com](mailto:Ted@lanzarocpa.com). You can subscribe to "The Millionaire Tax Advisor" Newsletter at [www.millionairetaxadvisor.com](http://www.millionairetaxadvisor.com). You can also get a copy of Ted's special report "10 Proven, Totally Legal and Effective Tax Strategies That Will Put Thousands In Your Pocket Every Year" at his website [www.lanzarocpa.com](http://www.lanzarocpa.com)*

**You should consult a tax professional prior to implementing any of the tax planning strategies to make sure it fits your specific situation.**