Million Dollar Fast Track

Episode #52

Listen to the podcast or read the show notes on lisalarter.com/shetalksbusiness

Lisa Larter (00:01):
Welcome to, She Talks Business. If you're an entrepreneur, business owner or aspiring mogul, chances are you want to learn more about marketing and mastering and monetizing your business. She Talks Business is where you'll learn all of that and more. My name is Lisa Larter and I'm an entrepreneur, high school dropout, wiener dog enthusiast and your host. Let's get started.

Lisa Larter (00:24):
Hello, hello, hello. And welcome to episode number 52 of She Talks Business. I can't believe it. 52. Huge, huge, huge milestone. Today, we are going to talk about what I am calling the million dollar fast track. I have five things that I want to share with you that can help you reach your seven- and eight-figure business faster if you embody these principles and everything you do. But before we do that, there's a couple of things that I want to share.

Lisa Larter (00:55):
One, you may hear puppy noises in the background, and if you have not seen pictures of my new puppy, Faith, you should go and follow me on Instagram so you can see her because she is pretty darn cute.

Lisa Larter (01:07):
And secondly, wasn't that conversation with Emily Countryman so awesome last week. I love the simple step-by-step approach that Emily took to building her business. I love that she is an example of beginning without really seeing the end in mind. And I also love that she started out wanting to help people and by staying true to her core of wanting to help people, she was able to build such a successful business.

Lisa Larter (01:37):
I look forward to having more conversations with women who have done this, seven- and eight-figure businesses. And these women are from all different walks of life. They are all different types of businesses. So, you'll be surprised. This is not just all online coaches that I'm interviewing. Believe it or not there are women out there that have businesses that are not online only and women out there that are doing amazing, innovative and creative things and I can't wait to share their stories with you and their best practices for how they've built their business.

Lisa Larter (02:11):
All right. So now let's talk a little bit about this million dollar fast track. I have five principles that I want to share with you that I think if you keep these five things top of mind, as you build your business, it makes it a lot easier to reach that million dollar mark.

Lisa Larter (02:30):
And so here you go. Principle number one, think recurring revenue. Don't think transactional, think recurring, repeatable revenue strategies. I remember a time when I flew to an event and I was all fired up and motivated about building my seven-figure business way back then. And I mapped out a plan on the plane on the way home.

Lisa Larter (03:00):
And what I basically did was a step-up plan, where there was an upfront investment to do strategy work with me, followed by a monthly recurring retainer plan to do services for clients, same kind of approach with my private coaching and advisory programs.

Lisa Larter (03:18):
While some people pay upfront and in advance, most people pay monthly. And when people are paying you a monthly recurring revenue, it helps you to create stability and repeatability when it comes to revenue in your business. You only need $83,333 a month to reach a million dollars a year.

Lisa Larter (03:43):

So if you know what your average sale is, let's just say that your average sale is, I don't know, $2,000 a month or $3,000 a month. If you take that $83,333 and you divide it by, let's say 2,500 for the sake of math, that means you need 33 customers. 33 people that are investing $2,500 a month.

Lisa Larter (04:09):
But if you took that 83,333 and you divided it by $5,000 a month instead, then you only need 16 customers. Whether you are in a service-based industry or even a retail industry, anytime you create a repeat buying pattern and you focus on the long-term value of that customer, you really are committed to retaining your customers. You can start to build a base that you are growing off of.

Lisa Larter (04:42):
So even let's look at retail. One of the women that I'm going to talk to has a retail product care company. And when I look at her products, I think it's brilliant because one of them is an organic natural toothpaste. Well guess what? We all buy toothpaste every month. So if she does a really good job in her business, then her customers are going to buy toothpaste month, after month, after month, year, after year, after year.

Lisa Larter (05:10):
So think about the ways that you can get your customers to repeat spend so that you can build a recurring revenue model. It is so much easier to scale your business when you have recurring revenue than it is when you are looking to get new transactions and new customers every month. One and done buyers make it really hard for you to grow and maintain a successful business long term, because always looking for new buyers instead of looking for ways to add value for your existing buyers.

Lisa Larter (05:49):
All right, principle number two, think lifetime value. What if you looked at your lifetime value of your customer instead of looking at the monthly value of your customer. So I have customers that are six- and seven-figure customers because they have done business with us for so long that if I look at the lifetime value of those customers, you can see that they are worth significantly more to the business than what the initial investment the first sale was.

Lisa Larter (06:32):
So don't look at a customer through the lens of a transaction, look at a customer through the lens of lifetime value. But then look through the lens and ask yourself, what are you doing as a business owner to increase the lifetime value of your buyer? I have coaching clients that have coached with me for a decade. I have social media implementation clients that have coached with me for a decade.

Lisa Larter (07:02):
I have coaching clients that have worked with me for five, six years. This is not unusual in my business. It's very normal. One of the reasons that this is normal in my business is because one of the things that our team focuses on, on a regular basis, and you can do this too, is retention of our base. We're not just looking to attract new buyers, of course, we want new customers. Every business needs new customers, because eventually you are going to churn customers for whatever reason, but you also want to look at the retention of that existing base.

Lisa Larter (07:41):
And I can tell you sometimes your mind will play tricks on you, because let's say you have this customer and they only pay a hundred dollars a month for something. Well, a hundred dollars a month, isn't very much money. So you can look at a problem through the lens of, "Oh, it's only a hundred dollars a month." But if the average lifetime value of that customer is five years, then that's actually a $6,000 problem. Because a hundred dollars times, 12 times five is six grand. So don't underestimate the long-term value and how that long term value can step and help you grow your business.

Lisa Larter (08:22):
Go map out your customer base and look at how long they've been with you. Go figure out what is the average lifetime value of some of your best customers and then ask yourself, how can I attract more customers like this and what can I do to retain them even longer.

Lisa Larter (08:42):

Number three, map out a pipeline so that you can actually see the average length of time a client stays, and this will help you to estimate your annual sales. So let's just say that you are at, I don't know, $800,000 in sales. Instead of looking at the upcoming year and thinking, "Oh, I need to generate a million dollars in sales," Look at what you already have locked in.

Lisa Larter (09:09):
If you have an existing base of customers with repeat recurring revenue, then start plotting out what that annualized revenue looks like if you were to retain them all year. There is a good possibility that maybe you only need a couple of new customers to bridge the gap between 800 and a million.

Lisa Larter (09:32):
Maybe you can offer new and exciting ways for your existing customers to do more business with you to bridge that gap. But too often, we look at it like we are starting at zero in January, we don't look at the long-term value or the runway of revenue that we've already created through those customers that are already in our pipeline. So if you know what the lifetime value of your customer is, if you know what the predictability is of how many months on average they will spend with you, you can also start to anticipate when you need to start to do more work to generate more leads in your business.

Lisa Larter (10:15):
You don't try to generate leads when you need a buyer. That's not how marketing works. You try to generate leads months if not years, before you need a buyer, because marketing takes time to work. I just had a conversation with a colleague of mine today and she said to me, "I did so much marketing in 2020. And it was so frustrating because I really wasn't seeing any ROI from the marketing that I did." And she said, "Then all of a sudden in 2021, my business took off and people started talking to me about the things that they heard me say and do in 2020."

Lisa Larter (10:48):
Don't underestimate the lead time that you need in your marketing in order to attract new business and don't underestimate how long you can depend on your existing customers to stay. Data is your friend, go look at the numbers and calculate the averages and make predictions around what you should be able to rely on in your business.

Lisa Larter (11:14):
Now, I know it's not a perfect science, but it's better than throwing a dart at the wall. I get that there are times when things like COVID throw businesses into a tailspin, but there are also ways that you can futureproof your business, even through the way that you set up contracts and the way that you interact with your clients in order to get them to do business with you longer. So just look at things a little bit differently on your way to hitting that seven- or eight-figure mark in your business.

Lisa Larter (11:44):
All right. So tip number one was think recurring revenue, tip number two was think lifetime value, tip number three was map out a predictable pipeline and tip number four is focus on your big rocks. So I run a program called the Strategy Lab, it's on my website. It's for entrepreneurs who are invested in growing their business. My promise to people in the Strategy Lab is I'm going to give you tips and tools to try to help you increase your business by a hundred thousand dollars a year. And one of the things that I come back to over and over and over and over again inside the Strategy Lab is what I call the rock pebble sand metaphor.

Lisa Larter (12:27):
So you may have heard me talk about this on the podcast before, but if you have a mason jar and you have big rocks and you have pebbles and you have sand, if you start by putting the sand in the Mason jar, and then you put the pebbles in, guess what, it's really hard to get the big rocks in. But if you do the opposite, if you put the big rocks in the jar and then you put the pebbles in, and then you put the sand in, guess what, you got room left over for beer. Too many business owners focused on the low hanging fruit.

Lisa Larter (12:57):
They focus on the least expensive item that they have to sell because they don't think that they can sell a higher priced item. They don't focus on the big rocks as a way to grow their business. Let me tell you, $20,000 sales add up faster than two dollar sales. When you look at wanting to do a million dollars in your business, if you divide that million dollars by 10,000, a thousand, a

hundred, $10 or a dollar, you will get the number of transactions that you need to reach that number.

Lisa Larter (13:31):
The bigger the rock, the easier it is to reach your sales goals. But I am not telling you that you should just dramatically increase your prices and charge ridiculous rates. You also have to provide the value that goes along with a higher priced offer. But if you are insecure, when it comes to selling and all you do is focus on the lowest priced items that you have because you have this belief that you have to start people with the lowest price point, it's going to be really hard for you to reach seven or eight figures in your business because you haven't built the muscle of being able to transfer belief on a bigger rock item.

Lisa Larter (14:15):
And you're spending way too much energy on the wrong thing. If you spent the same amount of energy on a higher priced offer inside of your business, you would grow your business faster. If you don't know how to do this, go check out the Strategy Lab, it's at lisalarter.com. I think it's lisalarter.com/thelab, if not it's under products, we'll put the link in the show notes, but this is something that is so easy for people to do. And so many people miss out on doing this and they miss out on doing this because of their own inner game around money. They're not comfortable charging what they're worth. They're not comfortable pricing for a profit. They're not comfortable articulating the value. And so they play small. And when you play small, you get small results. So if you really want to ramp up your sales, you need to focus on your big rocks.

Lisa Larter (15:10):
All right, my last tip, principle, strategy, whatever you want to call it is know your numbers. All of this is rooted in understanding the numbers in your business. If you don't understand recurring revenue and you don't have products and programs that create that for you, if you don't understand what the lifetime value means, if you don't have a way of calculating the number of months someone continues to do business with you, if you don't know how to map out a predictable pipeline so that you can see what your revenue is probably going to look like this year if everything stays status quo, if you're not comfortable with pricing things in your business, if you don't know how

to pull things apart and look at the data, then growing your business is going to be really hard.

Lisa Larter (16:02):
And it's better for you to learn about the numbers when you've got a really small business than to try to learn when you have a really big business. When you try to learn, when you have a big business, guess what happens, your mistakes cost a lot more money.

Lisa Larter (16:19):
So find somebody who can help you to really understand and interpret the numbers in your business and what they mean and what small things you can do to have a big impact. I looked at my financials from last year and my goal is to increase my sales by 10% and reduce my cost by five. If I increase my sales by 10% and I reduce my cost by five, guess what, I more than double my profit margins. That's the kind of thinking that you need to be able to do as a business owner, especially as you scale your business.

Lisa Larter (16:54):
Because when you scale your business, you need more help. You cannot do all things yourself but throwing money at problems is not the solution in business. You need to be able to diagnose the problem and throw the right amount of resources at the problem in order to preserve the profitability of your business. And you cannot do this if you don't know your numbers. I heard somebody talk about a book. I have not read this book. I think it's called *From Start-Up to Grown-Up*.

Lisa Larter (17:25):
I want to end this today by saying, if you really are serious about building wealth for your family, if you're really serious about building a larger company so that you can employ more people and you can make a bigger difference and have a greater impact in the world, then you've got to start understanding the financial aspects of what it means to run a business.

Lisa Larter (17:46):

And you've got to start doing the inside work of being okay charging more for the products and services that you offer if you're not charging enough right now. And you know you're not charging enough if there's no profit left at the end of the year. So we're almost at tax season. A lot of people are looking at the brutal truth of how their business performed last year. Take a hard look at those numbers and ask yourself, what do you need to do differently in order to change your results for next year?

Lisa Larter (18:17):
All right, thanks for listening. If you have questions for me about running a seven or eight figure company, please reach out to me on Instagram, private message me. I'd be happy to use some of your questions with some of our guests over the next little while. And yeah, some of you sent me an email about the first episode that I did for this season.

Lisa Larter (18:43):
Ashlee said it was her favorite one. Vanessa said it was on fire. I just want to say thanks to you guys. I always love hearing from you and it always makes me feel good when you share with me that these podcasts are adding value for you. So thank you so much for listening and I will talk to you again next week. Bye for now.

Lisa Larter (19:04):
Thank you for joining me for this episode of She Talks Business. If you enjoyed the show, you know the drill, leave us a review, tell someone about it and join the conversation on social media. Thanks for listening and until next time remember, done is always better than perfect.

Lisa Larter is a Business Strategist, Digital Marketing Expert, Author and Speaker.

The Lisa Larter Group helps their clients to formulate marketing strategies that support their business goals and objectives. Lisa provides consulting & advisory services, and implementation services including: social media & content management, book marketing, and website design.

lisalarter.com