

# WPR WEALTH PLANNING RESOURCES

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## **Benchmarking and Measuring Success**

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Two key factors in the growth of a business especially architecture and design business is to benchmark your results and measure success. The factors will help build term value of your firm. Some of the key points.

- Track revenue to new or returning clients or markets
- Measure and evaluate client retention
- Measure sales activity and effectiveness
- Identify critical industry metrics
- Define and measure success



### **Track revenue to new or returning clients or markets**

Your clients represent the ultimate source of strength and success for your firm. Without them, you have no business. Do you have an accurate understanding of your client base and how each client supports your firm so that your strategic decisions support the future growth of your firm? We have a number of ideas on how you can collect and use the information you need.

### **Measure and evaluate client retention**

Most owners of architectural firms believe that returning or repeat clients require less expense, fewer resources and less effort to generate revenue. Similarly, third party buyers seeking an acquisition consistently attribute higher value to an architectural firm that demonstrates healthy client retention than to one that does not. Does your firm systematically track, document and report current client retention data?

We find that many owners focus more on sales to new clients (and perhaps on retaining and servicing existing clients) than they do on making existing clients a major source of new revenue for new services, tools, products, etc. At one time most car dealerships made money selling and servicing the cars they sold. Yet today, many dealerships make more profit from financing the acquisition of, or leasing, those vehicles to existing customer revenue sources that did not exist years ago.

Does your firm offer services that not all of your clients use or aren't even aware of? Could you provide a new service, tool or product that existing clients would purchase because it is compatible with a service, tool or product that they already buy from you?

### **Measure sales activity and effectiveness**

Whether your firm's sales activities are geared to retaining a small number of clients or to building a robust client base, your role as the owner is to:

- Set the unique goals and objectives for the results of sales activities
- Communicate those goals
- Make resources available to facilitate achievement of the goals
- Hold people accountable when sales activity is insufficient or unsuccessful

Do the sales goals you have set contribute to building your firm's value?

### **Identify critical industry metrics**

Let's look outside the firm for a moment to see how it stacks up against its competitors. Every industry has its own unique rules of thumb for performance expectations. If your firm out-performs industry norms, it is much more likely to develop higher value or command a higher purchase price from a buyer. Using industry metrics gives you a set of benchmarks to compare your firm's performance to other firms with similar products, services and clients.

### **Define and measure success**

Driving your firm toward a higher value requires a constant focus on critical elements of success. A clear path to success with specific action steps and benchmarks dramatically increases your ability to achieve your goals for growing your firm's value. And that's what owning and running your firm is all about: building its value so that you can live the post-business life of your dreams. If you'd like to discuss any of our ideas—or yours—about building value, please give us a call. We are anxious to help you to reach your ultimate goal: leaving your firm in style.

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