

WORK

Increase Productivity and Profits

FEWER

HOURS

ActionCOACH[®]
BUSINESS COACHING

Work Fewer Hours, Increase Productivity and Profits

Learn how to work less and make more in four easy steps.

Those who have the time to pursue their passions and dreams experience what life truly has to offer. John D. Rockefeller, Sr. was a man who possessed incredible amounts of money, but he once remarked, "I know of nothing more despicable and pathetic than a man who devotes all the hours of the waking day to the making of money for money's sake."

In other words, knowing how to spend time is a skill more valuable than knowing how to make, manage, invest, and spend money. Entrepreneurs who want to be truly successful have to devote themselves not only to the accumulation of financial assets, but also to the mastery of their precious and irreplaceable time.

Those who know how to manage, budget, and save time – rather than letting it manage them – will always find it easier to make extra cash. Ironically enough, many people are so busy earning a living that they do not have time to really make a significant amount of money. Instead, they settle for an hourly or monthly wage. Entire careers are spent helping enrich our bosses and employers. But while employees may succeed in their particular roles, they often fail to live a full and rewarding life that enables one to enjoy time with family, friends, hobbies, and dreams.



Rising Above the Limitations of the Salaried Worker Mindset

Not all business people have the perspective, philosophy, and ambition needed to work less while making just as much – or much more – money. An entrepreneurial spirit is required, and that will manifest to different degrees according to the individual.

The neophyte in the entrepreneurial hierarchy is essentially an entrepreneur still trapped in the body and mindset of an hourly wage employee. Conversely, the most advanced embodiment of entrepreneurship is that of an imaginative investor and creative explorer of all of life's grand possibilities.

In between these two extremes lies the bulging "middle class" of business owners. The good news is, anybody can rise above mediocrity to achieve their full potential. In just four easy steps, anyone can be empowered to set higher goals and attain the ability to make more money in less time.

Let us first examine the five basic levels of entrepreneurship:

1) The Entrepreneurial Employee

These individuals like to work within a framework of familiarity and security. They are primarily interested in financial subsistence, as opposed to more profitable moneymaking ventures that might require new experiences beyond an established comfort zone. They make excellent and outstanding employees for a while, but eventually they become bored and restless. Although they regard striking out on their own as an attractive proposition, they often fail. This is because they are risk-averse, conforming, and inclined to please others rather than acting for themselves or accepting dynamic leadership roles.

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*“The difference
between response
and reaction
generally boils
down to deliberate
preparation, prior
planning, and
intentional action.”*

2) The Self-employed Entrepreneur

These are the do-it-yourself entrepreneurs who are glad to be freed from the authority of a boss. But in many cases, they have so much drive for autonomy and self-reliance that they lack the skills of managerial teambuilding, executive leadership, and administrative delegation. These shortcomings mean that they have a tendency to work long hours alone, assume complete responsibility for every detail of the business, and avoid learning new methods or taking valuable help from others.

3) The Managerial Entrepreneur

These entrepreneurs tend to focus on growing their organizations in a systematic way, regardless of whether or not the growth makes good business sense. They often expand when it is not necessary, ignoring bottom line profits. They will often mismanage small, flexible companies into cumbersome and encumbered ones by expanding bureaucracy and overhead too much.

4) The Entrepreneurial Owner/Investor

These are entrepreneurs focused not just on creating businesses, but also on marketing and selling them as owners and investors. They concentrate not on sales of products and services, but on sales of whole companies, and they often succeed by franchising their companies. They understand that business ownership is only one short phase of their strategy. Selling companies for profit is their main focus, so they primarily view their businesses as investment vehicles that are meant to be bought and sold, not held for life.

5) The Visionary Entrepreneur

The entrepreneur who rises to the level of enjoying many passive-income profit centers can dedicate as much time as he or she wants to personal pursuits. Those in this tier will typically view their work as an endeavor that involves turning dreams into reality. They devote themselves to thinking of how to make great ideas come true. With practically unlimited resources at their disposal, they are able to do things others can barely imagine.

Each one of us is able to place ourselves within these five categories of entrepreneurship. We are also in a perfect position to advance higher up the ladder of entrepreneurial evolution. Doing so requires four simple steps, and by following these steps, it is possible to work at least 10 fewer hours per week without sacrificing productivity or profits.

Step One: To Gain Extra Hours, Fire Extraneous Customers

Learning how to chop 10 hours off of a typical workweek without sacrificing any income takes time, but it is not as difficult as most people think. The first rule of any time management system is to make the most out of the time you are allotted. This means that your initial task is to eliminate unnecessary and/or redundant labor. We need to preserve the time we have, because it is the one resource you can never get

back. Time is money, and as the saying goes, “The thief to be most wary of is the one who steals your time.”

This brings us to the rather controversial first step: eliminating customers who are a waste of time and energy. Think of them as being shoplifters who specialize in stealing our valuable time. We need to either get rid of them or transform them into paying customers who proactively feed the bottom line.

While this approach will sound shocking to many entrepreneurs, it is a practical and essential step in the growth process. Some clients simply aren’t worth your time. They don’t pay their invoices on time, they never stop complaining about trivial details, and they tie up all of the employees and managers in your business. Dealing with them costs precious hours and money while offering nothing in return. It is a smart business policy to “fire” them and instead focus on customers who deserve your attention: people who respond with loyalty and profitable transactions.

Sometimes “getting rid of customers” involves deleting dead-end leads from the client database. Other times, it may mean sending selected clients down the road to a more appropriate business that matches their price demands. But in many cases, it means that the business has to re-examine its own internal products and services. Rather than directly eliminating customers, an entrepreneur may need to instead eliminate the magnets that are attracting those unwanted customers.

For example, companies frequently offer too many discounts, freebies, or products that are not related to the core business model. Instead, concentrate on the services and products that produce profits, and jettison the dead weight of product and services that don’t contribute their share to the bottom line. Spin those lines off as stand-alone businesses and sell them to another entrepreneur, or upgrade to premium versions that offer higher profit margins.

Profit is both the ultimate end goal and the most important barometer of success. Strong, lean companies are not financially anemic; they are streamlined for making more money with less time and effort in any economic climate.

Step Two: Double the Conversion Rates of Transactions

Money is a fabulous timesaver. Those who know how to make money more efficiently can leverage it in a way that lets you enjoy all that life has to offer.

The key to increasing profits is to convert unprofitable interactions into profitable ones. That is a foolproof formula for saving more hours each day without compromising productivity or earnings.

Maximizing profits is not as difficult as most so-called business gurus make it sound, but neither is it a quick and easy process. Nobody is going to leap to the top without hard work and dedication. Fortunately, anyone who is focused on making positive progress can accomplish that goal - whether your business is newly established or an institution in its community, there is always a chance to do better.

Remember this: the road may be long, but those with a faster stride arrive at the desired destination much sooner. Most people crawl toward retirement; innovative entrepreneurs sprint there in record time. It does not have to take years to make the money needed to free up an extra 10 hours a week. Invest in a mutual fund or pension plan, and it may take decades to get enough of a nest egg to semi-retire and spend time with your loved ones. Increasing profits in a business can be done in a matter of days or weeks. With more money coming in at a faster rate, it is possible to take time off to enjoy life now, rather than years down the road.

To prepare for a profit-boosting initiative, start by gathering accounting and sales data. This will help you get a clearer picture of where profits are coming from, how many contacts are made with customers each month, and how many customers make actual purchases. An easy way to harvest such information is by using software connected to point-of-sale terminals or cash registers. Next, launch a marketing and advertising push in order to generate new customer leads, encourage existing customers to buy more, and to promote the most profitable products or services in the inventory. Part of this effort should involve a new way of looking at the business model - most entrepreneurs see the future of their companies in terms of products and services that fill a particular market need or niche.

Find the right merchandise, and the customers will come. Build the best resort, and it will be booked a year in advance. Invent a better mousetrap, and you'll make millions. This is not the only tactic to make money, though - another way to view the marketplace of opportunity is to reverse the point of view. Instead of looking for the ideal items to buy, invest in purchasing the loyalty of the perfect customer. Rather than chasing market share, chase "wallet share" - or more profitable customer-based transactions. No matter what a business sells, it is ultimately the customers - and how many times they spend money - that generate the profits. Invest in attracting and retaining good customers, and the rest will take care of itself automatically. Instead of reinventing the wheel, find out who is buying wheels and make them your steady customers. Then sell them a premium wheel with a wider profit margin. Finally, ask clients to bring in their friends so that you can sell them a set of wheels.

Once an expanding customer base is established, use incentives such as superior customer service, in-house financing, exclusive product lines, and preferential customer perks to inspire clients to double their number of monthly transactions. Up-sell customers to premium products. Cross-sell them to accessories or add-on features. Even down-sell to them by offering a more economical version of the product they can't yet afford, so that they don't take their business to a competitor. At the same time, continually make a choreographed effort to generate fresh leads for potential new customers.

Now let's examine an example based on our goal of wanting to work 10 fewer hours a week without sacrificing productivity or profits:

- For the purpose of our example, we will assume that the business is open 40 hours per week, or approximately 160 hours per month.

- To gain 10 hours per week - or take 10 hours off without losing money – it is necessary to reap 40 hours' worth of extra profits per month (10 hours a week times 4 weeks = 40 hours).
- In other words, 40 hours of profits per month is the financial equivalent of 40 extra hours of work per month, or 10 extra hours of work each week in a typical 4-week month.
- One week is 25 percent of a 4-week month. So to gain 10 hours per week worth of profits, it is therefore necessary to increase conversion rates – in other words, sales and profits – by a mere 25 percent.

Any business can cut its hours of operation by 10 hours a week without sacrificing productivity or compromising profits, as long as it increases its conversion rate by just 25 percent. Do it by attracting more customers, by making an extra quarter of profit margin on each dollar in sales, or by lowering overhead by 25 percent. Alternatively, you can get rid of bad customers who are wasting 25 percent of employee time; cut out discount coupons and unnecessary giveaways, and institute in-house financing to capture extra sales and interest rate revenues. There are numerous ways to gain that extra 25 percent – and to free up an extra 10 hours per week by focusing on profits.

Apply enough effort and energy to the task, and it is possible to double profits in a single month. By doing so, an entrepreneur can afford to take an entire week off each and every month.

Step Three: Run Businesses on Auto-Pilot

At this point, a business owner has a few particularly enivable options available to them. One possibility is to close down the business for 10 hours each week, take time off, and settle for making the same amount of money per month that was generated before they boosted weekly profits by 25 percent.

Another alternative, however, is for the clever entrepreneur to leverage that newfound success for progressive changes and forward momentum. He or she will maintain the same hours of operation, capture the extra 25 percent in profits, and then wisely reinvest those profits in greater timesaving initiatives.

By working smarter – not harder – through organized systems, cutting edge technology, innovative advertising, and dynamic employee training, the entrepreneur can prepare to put the business into the hands of capable others – which is the next step toward personal freedom. If somebody else is running the store – without any loss of productivity – it is possible for the owner to literally play golf all day and sleep without phone call interruptions all night and still make the same amount of income.

This is the radical concept of working on one's business without working in the business. The skillful and resourceful entrepreneur rises to a level of ownership that allows for continued improvements in profitability, but does not require that the owner assume day-to-day responsibilities and on-site oversight.

Legendary business leaders like Henry Ford made money by systemizing production. Bill Gates became the richest man in America not by making computer software, but by inventing a system for selling software around the world without having to be physically involved in each of the transactions. The wealthy owners of NASCAR teams don't drive the cars - they arrange a business model that perpetuates itself with the help of others, while they make leadership decisions from a distance. Great coaches don't quarterback; they stand on the sidelines and make astute observations and effective changes in overall strategy.

Captains of 747 jetliners put the aircraft in motion and then switch to automatic pilot. This allows them to take a nap or do crossword puzzles while the plane safely flies all by itself. Superior business systems allow entrepreneurs to do the same thing with their companies.

Those who keep practicing and refining that approach while applying that kind of formula will soon retire from the business entirely. With a steady stream of monthly income to live off of, they are free to invest in new ventures, spend time on hobbies and vacations, and fulfill lifelong dreams.

Step Four: Activate the Passive Mode of Making Money

Most people live a paycheck-to-paycheck existence, using this month's income to pay off last month's bills. Even people who have six-figure incomes still frequently follow this hand-to-mouth model of household economics. They make more money, but they spend it all on new things before they have a chance to save any of it. They'll go back to work to pay for those new things, and the cycle will repeat itself. It's crucial to remember that a paycheck – no matter how big it is – does not represent wealth or riches. Those who think that more pay equates to financial freedom are misguided.

Real success and wealth is only realized by those whose money works for them to generate passive income. When investments and businesses are generating positive cash flow and net profits, they add to one's bank account constantly and continually. An entrepreneur with passive income makes money without even getting out of bed, and is rewarded with riches even while asleep.

Most people work an entire lifetime to accumulate enough assets and savings to generate meaningful passive income. Many work a lifetime and still don't achieve it, so they are never truly free to retire and do whatever they please. Those who are lucky enough to reach their goal typically do so at age 65 or older, and by that time much of their life has already passed them by. Worse, they have less energy to passionately pursue their dreams.

Acquisition of assets is the main goal of most people, who hope that by gathering enough material assets, they will eventually be able to put those things to work to produce passive income. They buy real estate and wait for it to appreciate in value, or they run businesses and hope to continue growing them for life. They contribute to pension plans and retirement accounts, and sock away stocks and bonds.

But in order to streamline the process and take a fast track to wealth, people need to focus first and foremost on passive income. Profits and cash are the drivers of such

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earnings. Without them, nobody has enough free time to expand profit centers by opening new businesses, selling them for a profit, and then launching into other investments. The key to early retirement or rapid wealth is to build passive income throughout life, rather than trying to simply accumulate a portfolio of assets. If passive income is there, then the potential to acquire assets is made possible. but remember - just having assets isn't enough to generate sufficient passive income.

Too many entrepreneurs put the cart in front of the donkey and then wonder why they are standing still or losing ground. Those who succeed in the short term do so by generating passive income that constantly works to produce wealth, whether the entrepreneur is at the office, on vacation, or sound asleep. To be truly rich, one needs passive income, solid material assets, and paper assets such as royalties, franchise fees, and shares in profitable businesses. All of these things start with strategies that generate passive profits.

Putting it All Together: Time and Money with More of Both to Spare

With a strong base of wealth that regenerates itself automatically without their input, an entrepreneur has plenty of money and oodles of free time. Their new and exciting challenge becomes one of creativity, imagination, and individual vision. Because time and money afford one the ability to make dreams come true, the advanced entrepreneur is a person who spends time dreaming up new ideas and watching them come to fruition.

Enjoying one's ideal lifestyle becomes a fulltime occupation, thanks to the fact that it is possible to easily work 10 fewer hours each week without giving up productivity or income. If you repeat the formula, you'll reap 20 free hours a week. Double that, and soon the nine-to-five schedule of most workers becomes transformed into 40 liberated hours of free time each week.

Following the four steps outlined above enables one to quickly reach full-time retirement with plenty of money for a pleasurable and rewarding lifestyle spent with family and friends.