

WEARIES OF FISHING IN LEGAL WATERS

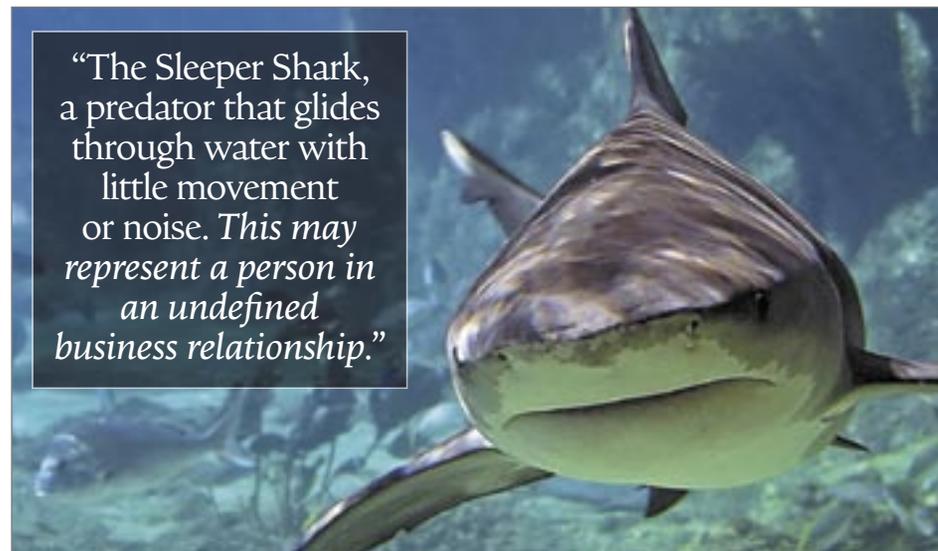
"A sole proprietorship is simple to establish and start up; partnerships and companies are a different kettle of fish. The following are some fish you should avoid."

BY MOIRA WALLACE BA, MA, LLB

I teach a seminar for BizSmartz (run through Ontario Works) regarding legal considerations for starting a business. One of the main questions asked is the best structure for a business: sole proprietorship, partnership or corporation? This depends on a number of factors, including the type of business, number of parties involved, profitability and associated risk factors. A sole proprietorship is simple to establish and start up; partnerships and companies are a different kettle of fish. The following are some fish you should avoid.

The Ghost Catfish, a fish without scales or body pigment. This resembles a company incorporated through one of the online, do-it-yourself incorporators. Rather than consulting a lawyer, a client completed the forms online and ended up with a numbered company with no class of shares, no rights, privileges or restrictions attached to those shares, and no restrictions on the issuance or transfer of the shares or any other provisions. Like the Ghost Catfish, she has a company without structure or colouring, which gives her no ability to sell shares, issue dividends for tax saving purposes or to prevent shares from liens. To fix it, she needs to file Articles of Amendment; additional costs she would not have incurred had she hired a lawyer.

The Sleeper Shark, a predator that glides through water with little movement or noise. This may repre-



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sent a person in an undefined business relationship. Consider the case of partners, who open a business together. They invest the same amount of money, equally contribute their time and draw the same income over the first few years. Things are going well, they get accolades in the newspaper, customers love them and the business flourishes. One manages the day-to-day affairs and customers, while the other deals with behind-the-scenes particulars, account-

ing and other paperwork. One day, an argument develops between the two and the next, one partner is locked out of the business. The Sleeper Shark, who quietly dealt with the particulars, had incorporated the business as a sole shareholder, leaving the unwitting partner without any right or entitlement to the business she developed with him. The attack occurred without warning and when least expected, after quiet movement to prepare the shark with a

great exit plan when things went awry.

The Labyrinth Fish has a lung-like labyrinth organ, which allows it to breathe air and live out of water for short periods if the fish stays moist. This fish resembles a client-drafted shareholder's agreement meant to deal with an intricate shareholders' structure. Instead of paying for shares, shareholders were to contribute their time, knowledge and sometimes personal monetary investment for day-to-day operations in exchange for shares in the company. No methodology was drafted for valuing and tracking their contributions, the shares or payout if they left the company waters. The company operated with shareholders contributing a complexity of things allowing it to breathe like a fish out of water. But ultimately when some became disenchanted after seeing no monetary return for their personal investment, the company structure did not survive.

The moral of these fish stories? Know the waters in which you intend to conduct your business. If you don't know them or the type of fish you will be dealing with, be sure to have an angler or experienced lawyer to guide you through the process. **BL**

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SALES MOVES WITH JEFFREY GITOMER

Want some more? All you have to do is up-sell!

"How consistent are you in asking for more business?"



BY JEFFREY GITOMER

Walking through Seattle's Pike Place Market (where the inspiration for the book FISH! came from, and also the location of the original Starbucks), I couldn't resist the Queen Anne cherries. Huge and just picked.

"Give me a half a pound," I said with positive anticipation of eating them as I walked around. The young woman running the fruit stand obliged, and weighed them.

Then she showed me the inside of the paper sack, 25% full of cherries. "Are you sure that's enough?" Startled at her question, I smiled and said, "Make it a pound!"

She smiled, complied, and showed me the now half-full bag. Her eyes were locked between my eyes and the bag. She kept jiggling the bag looking at it, showing it to me, and looking right at me.

I knew what was coming, and was thinking about my answer when she asked again, "Are you sure that's enough?"

"Make it a pound and a half," I said as I smiled. "How about an even two pounds, and a few extra on the house?" she shot back without taking a breath between my answer and her offer.

"Deal!" I said.

She put the two pounds in one bag, and my lagniappe in a separate bag so I could see (and eat) my "extra."

I loved the exchange. I love being sold. And I loved the way she up-sold me. "Are you sure that's enough?" Simple, yet powerful. I walked away smiling and eating.

After about ten minutes, I couldn't stand it anymore. I HAD to go back to the cherry stand and find out more. I waited for one customer to pay, and then I anxiously said, "I couldn't help but ask about your line 'Are you sure that's enough?' It's a very powerful up-line. How often do you ask it to customers?"

"I ask every customer, every time." WOW!

It was a GREAT line delivered by a shrewd saleswoman at a hole-in-the-wall fruit cart. Low overhead, high profit, fueled by up-sell. Great product. Simple to sell. Followed by a second sales process to sell more.

The up-sell—or should I say the science of the up-sell—is all-important as relates to volume and profit. Especially in these times. Business is down, but not the cherry business. No one told her the economy is in the crapper, or she just ignored it.

Think about the emotional appeal that this woman gave me to entice me to take more money out of my pocket. Brilliant.

Nice story, huh? Now it gets ugly.

Your sales are down. You still have customers

buying from you, but not as many, and not as much. In these times especially, after you have completed a sale, you have to ask yourself these two words: "What else?" And after you discover what else, you have to figure out the emotional appeal that will add on to your sale.

Here are the hard questions:

- What percentage of customers buy 100% of your existing product line?
- What are you asking of your customers AFTER you have completed the sale?
- What are your strategies to maximize the size (dollar amount) of your sales?
- What is your emotional appeal for more or greater sales?
- How consistent are you in asking for more business?
- What are your opportunities? Or should I say LOST or MISSED opportunities?
- What could you change about your presentation that will begin to show what other great items your customer might consider?

Answer those, and you're on your way to creating up-sell opportunities!

I'm lucky. In 1974, my dad, the late, great Max Gitomer, taught me the secret of up-selling. He said, "Son, when their wallet's open—empty it." Simple wisdom is often the most powerful.

"Are you sure that's enough?" has created a whole new thought process for me, and I hope it spurs a few ideas for you.

Besides the fish market, and the cherry stand, there are a hundred other small businesses at Pike Place Market. One peach seller was attracting customers with unusual signs. If you wanna see my photographs of the signs, go to www.gitomer.com and enter the word PEACHES in the GitBit box. **BL**

Jeffrey Gitomer is the author of *The Sales Bible*, *Customer Satisfaction is Worthless*, *Customer Loyalty is Priceless*, *The Little Red Book of Selling*, *The Little Red Book of Sales Answers*, *The Little Black Book of Connections*, *The Little Gold Book of YES! Attitude*, *The Little Green Book of Getting Your Way*, *The Little Platinum Book of Cha-Ching*, *The Little Teal Book of Trust*, *The Little Book of Leadership*, and *Social BOOM!* His website, www.gitomer.com, will lead you to more information about training and seminars, or you can email him personally at salesman@gitomer.com. © 2011 All Rights Reserved—Don't even think about reproducing this document without written permission from Jeffrey H. Gitomer and Buy Gitomer, Inc. • 704.333.1112