

Should You Focus on Recurring Income?

James Schramko with a business news update.

Check out the latest book by Steven Pressfield. You may know him from Do the Work and The War of Art. He has put out a new book called [Turning Pro](#) and it's about going from amateur to pro. It's a little bit confusing, it's a little bit arty but it does get the message across and there's the occasional swear word in it. But if you're really frustrated and you have a lot of resistance and you want to get through to the next stage of your business, check out Turning Pro.

Here's one of the tips that has helped me generate wealth more than just about anything else.

That is focus on recurring income. It's no secret that a lot of my business revolves around recurring income where things are sold once but then the customer stays on and on and on. Such as services and information products that are set up in the form of memberships. So with your business, have a look at what things are consumable, what things people need again and again.

Even if you're a photography studio you should be having a repeat purchase program for people who came in last year to come back this year to get updated portfolios. If you're a service station then you should be able to have customers come back over and over and over again purchasing fuel. So just think about all the things in your business where people should be reordering and setup and automated sequence for that to occur automatically.

And if you don't have anything like this then, find businesses that do, who your customers are already dealing with or should be dealing with. And setup a referral commission to get that recurring commission. See this is how I really start to leverage my business. Is I went from one time sales to repeat purchases and even though I didn't have my own in the beginning, I affiliated with someone else's and later on I replaced them with my own. And that has turned out to be a good move.

When you're setting up tests, make sure you start testing broad.

Try two really different things and just test one thing so whether it's video vs. a text on a sales page, whether its direct response vs. telephone calls for follow up. Try two very different things and see which one instantly has a better result and start refining that with your next test. Each time you setup a test one will be the control, the winner, and the other will be your test against the winner and you try to knock out the winner and get a new winner. When you get a new winner that becomes the control, and you setup another test. If you always be testing in your business, then you'll be profiting.

Here's something to consider when you're creating sales letters or follow-ups for your customers or for a websites or a point of sale.

Have two paths. One path is for prospects, people who are not ready to buy yet, where you need to educate them and follow them up and build the relationship. And the other path is for the person ready to buy right now. Try not to talk pass the sale with someone ready to buy right now, if you put obstacles in front of them and try and over educate them, you can just create objections and problems. So put two paths, one for the prospect and one for the person ready to buy right now and make it easy for them to buy right now.

Here's my test to see if I should be doing something or not.



I just say to myself, would Richard Branson be doing this? If you're sitting there, attaching paper clips or doing something that anyone else could do who you could pay less than what you could earn with your time, you should be making sure that someone else does it. Richard Branson's been on record saying that he doesn't, has never cooked or done a load of washing. So if you want to know should you be doing something, just think would Richard Branson be doing this? Would the President of the United States be doing this? I don't think so. So the high level people do high level activities with their time.

Here's a way to avoid becoming somebody's banker or an unwilling investor in their business.

Get paid up front. You hear it too often where you get a situation where a customer won't pay and then they start to quibble the work and then suddenly, now you've become a partner in their business. And then if their business isn't going well then they can't pay you and suddenly that's your fault for some reason. I don't think so. What you need to do is get paid up front therefore you will have no bad debt in your business and you'll be cash flow positive.

Get paid up front but by all means pay your supplies in arrears if you can because now you have a cash flow timing advantage. And the real secret to businesses is cash flow. So get the money in first before you have to spend it and you won't have to borrow and you'll be in a

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positive cash situation and you have a strong solid business without having to be desperate, without having to compromise, without having to take unnecessary risks. If you have to win work by doing credit, have a look at your offer and have a look at other ways you can structure things to get paid first.

If you were wanting to apply for [SilverCircle](#) but you haven't done it, then you need to do it now because I'm about to close off access for the next three to four months.

Here's the formula for getting [wealthy](#).

Create more value for more people. That's it. How can you do that in your business this week?

I'm James Schramko, I'll catch up with you next week.

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