THE ACQUISITION PLAYBOOK

10 PROVEN POST-ACQUISITION STRATEGIES TO INCREASE REVENUE 10% OR MORE

BY ANDREW GAZDECKI

INTRODUCTION

Hi there,

I'm Andrew Gazdecki, founder, mentor, and serial entrepreneur.

Thank you for downloading my ebook. I've spent my life building and selling profitable businesses and what follows is a summary of that experience, distilled into ten short chapters that I hope you'll find useful.

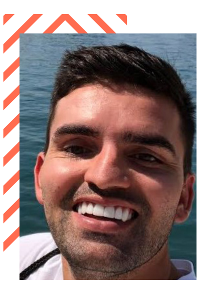
Acquiring your first business is a thrilling accomplishment. You took a calculated risk on a business in which you saw the green shoots of potential. But what happens next? How will you multiply the return on your investment without spending more money?

Your first thought might be growth. Increasing revenue should, in theory, return a profit faster. But it's also an easy way to burn cash. You'll struggle to squeeze revenue from a business with high market penetration, for example, without also spending a fortune on marketing.

Fortunately, growth isn't the only option available to you. In this ebook, you'll learn ten alternative means of boosting revenue that require little to no investment from you. I've estimated a saving of around 10% from these strategies alone, but it could be much higher.

What follows might also help you identify acquisition opportunities or even boost revenue of a business you've been running for years. None of it is especially groundbreaking, but I wish I'd read something like this earlier in my career – who knows how much I could've saved.

Whether you're buying your first or fifth business, this ebook will help you find success post-acquisition. And if you find yourself inspired after reading these modest chapters, head over to MicroAcquire where your next business is waiting for you.



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CHAPTER 1:

How to raise prices to boost the revenue of a newly-acquired business

Yes, let's start with the obvious one.

When the dust has settled and you're running your new business, you want a return on your investment as quickly as possible.

One of the most obvious (but perhaps trickiest) strategies is to raise prices. That way, you earn more from your current customers without the marketing expenditure of finding new ones. But there are caveats, of course.

If you raise prices without research, testing, and communication, you risk frightening away even your most loyal customers. Let's face it: no-one likes paying more (unless, of course, they perceive some added value).

No business can afford to fix prices forever and those that try don't last. Customers, too, understand that nothing stays the same price forever.

The trick, then, is as much about creating the right perception as it is deciding on the magnitude of the change. Find out what customers are willing to pay, frame a price rise from their perspective, and they'll understand your decision and stick around.

Raising prices is a three-body problem

If you want to raise prices while retaining your best customers, you must integrate three elements into your strategy:

Research

Testing

Communication

While somewhat interdependent, you can also think of them as the chronological stages of deploying a new pricing strategy, safely.

STEP #1

Defining what's fair (research)

The value of your newly-acquired business should be plain to you. But is this value reflected in its pricing plan? How much do your competitors charge? Do all your customers pay the same? When were prices raised last? What new features and improvements have launched since? Are there any enhancements in the pipeline?

Many companies use a cost-plus pricing model that's been around since the dawn of commerce. Others simply charge the same as their competitors (or a bit less, depending on their goals). The problem with both of these strategies is that they ignore your most sustainable source of revenue: customers.

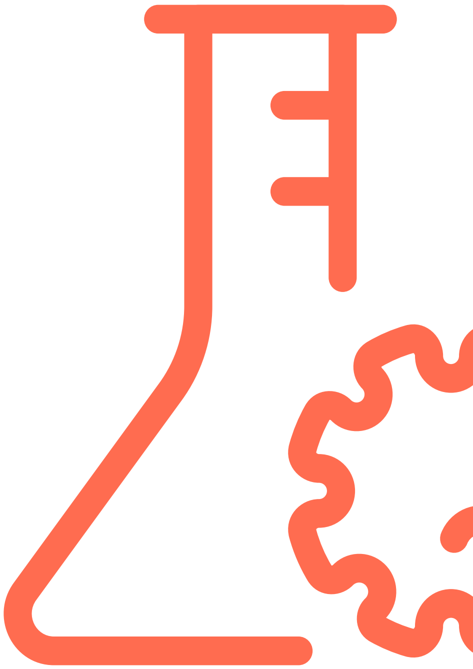
You want to move away from what your customers currently pay to what they're willing to pay for your product, otherwise knows as value-based pricing. Only around 40% of SaaS businesses use value-based pricing, so it's statistically likely your newly-acquired business is losing money through another pricing model.

Fair pricing is charging what the customer is willing to pay. But which customer? Not all have the same need for your product, so before you start gathering data, you must first identify who your high-value customers are – your ideal customers, the people for which your company adds the most value. Your best customers perceive the most value in what you do so their opinion on pricing is gold.

An analysis of your customers might also reveal alternative pricing tactics, such as a tiered or package model where some customers pay less, some stay the same, while your power users pay more.

STEP #2

Refining your pricing model (testing)



Once you know what your best customers are willing to pay, test alternative pricing models. To understand the effect on your business as a whole, the test should be on a sample that represents your existing customer base. This will indicate your churn rate and also give you insight into whether your LCV (Lifetime Customer Value) will improve or deteriorate.

Let's assume you picked 10% of your existing customers, tested the new pricing model, and gathered feedback. Your next step is to evaluate that feedback and then refine your pricing strategy and test again. You continue to test, evaluate, and refine with other samples until you're confident the changes won't cause a mass exodus of your best customers and that you'll continue to acquire them at the same or better rate. There's no perfect pricing model – just the one that works.

This is also a good point to think about communication. Customers don't care about your revenue goals – all they want is value for money. How will you achieve this while still raising prices? The easiest way is to introduce an improved product or service while also offering compromises for existing customers. Otherwise, you'll have to rely on effective communication alone, which we'll discuss now.

STEP #3

Give customers the news (communication)

Your customers' first reaction is going to be bad. Your job is damage limitation. If you know your customers well, you'll know how to communicate in concepts and language that mean something to them. You need to get inside their minds and persuasively sell the change as one that benefits them, either through an immediate upgrade, better service, or to support other improvements over time. You won't please everyone, but that's not the goal. Your goal here is to convince your best and most loyal customers to stay.

Depending on your revised pricing plan, the changes might affect people in different ways. Focus on those whom the changes affect most, or if they affect everyone equally, focus on the key customer personas identified in step two. Upgrades help sell price rises, but they're not always available. Honesty, however, is worth a fortune. If you're raising prices without a commensurate change in what you sell, consider a candid message. While customers don't care about the financial goals of your business, they do appreciate honesty as it's a rare commodity these days. You'll win more people over with a candid explanation than a tall tale to justify the changes.

You might also consider compensation for certain customers. For example, fixed pricing until they upgrade, a temporary discount, a staggered price rise over time, or any other mechanism that works for you. This will keep the most demanding customers from fleeing or causing a scene on social media. You might consider these compensations an "incentive" to accept the changes even if they don't agree with them. In time, when the shock has worn off, they'll quit grumbling and might even stay in return.

Whatever you do, communicate pricing changes early. Give customers plenty of time to think about the changes, ask questions, seek alternatives, and so on. They'll respect you for it and might stay in return for your consideration of their priorities. You might also retain customers who'd normally have left but for their lack of motivation. People can be lazy about things that happen in the future whereas immediacy springs action, so avoid pushing people too early to accept what might be considered bad news.

Raising prices is never easy, and pricing itself is a complex, often misunderstood concept. If you've run businesses before, this shouldn't be your first pricing review, and it certainly shouldn't be your last. Once you accept that pricing is as important as feature development or hiring the best people, you gain a new tool in your revenue-generating arsenal, and you'll quickly realize that ROI on your recently acquired business.

CHAPTER 2:

How to raise revenue of a newly acquired business with conversion rate optimization (CRO)

Conversion rate optimization (CRO) is a marketing strategy that can increase sales up to 500%. Unlike paid acquisition, CRO costs little. Despite what the digi-marketers might tell you, it's an in-house job and you can go as deep as your time and talent can spare. Around 68% of small businesses lack a formal CRO strategy, which means, statistically, you could make some quick revenue wins with a few simple changes.

So what is conversion rate optimization?

CRO is a fancy title for improving your sales technique. Your "conversion rate" is simply the number of people who buy from you expressed as a percentage of those to whom you sell. CRO, therefore, is all about improving that rate.

There is good CRO and bad CRO the same way there are good and bad salespeople. Few businesses, however, take CRO as seriously as they do their sales teams. Some might not do any CRO at all. Your recently acquired business might be in either camp. What do you do with a bad salesperson? You replace or retrain them. And it's the same with CRO.

Your CRO efforts should lead prospects from the wilderness of the market to the cozy hearth of your business. A thousand things can go wrong on that journey and CRO is about removing obstacles in their path while also luring them forwards, making each step easy and irresistible. CRO, therefore, blends UX design with copywriting and customer psychology. It's much more than making a big, shiny "BUY NOW!" button, as you're about to learn.

What is good CRO?

Good CRO is any action you take that increases the percentage of customers that do what you want them to do. You can do this in many ways. For example, you might want to:

1. Simplify or shorten the customer journey.
2. Personalize the customer journey (personalized CTAs boost conversions 42%).
3. Make your product or service easier to find (SEO, social media, and so on).
4. Share what other customers think about your product or service (reviews and testimonials).
5. Incentivize the desired action.
6. Use time or quantity-limited offers.
7. Focus on key buyer personas.
8. Remind customers to complete desired actions (the "abandoned cart" method).
9. Speed up your website (page load times under 3s can increase conversions 300%).
10. Use a single CTA (call-to-action) in landing pages and emails.

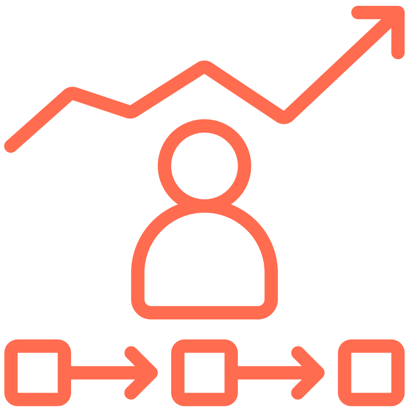
The above is by no means exhaustive. However, great CRO is when your customer journey is built around your specific set of customers, those who've already bought from you, and prospects who've quit before buying.

An example CRO strategy to boost revenue

Let's assume you've acquired a business that's done little to no CRO in the past. Such a business will give you the best ROI and is statistically the type you've acquired (you might even have bought knowing the weakness so you could exploit it!). How might a CRO strategy help boost revenue?

#1

Analyze the journey from start to finish



Find out where your traffic is coming from and then follow the customer journey from start to finish. You might've already done this before you bought your business, but now it's time to get stuck into the detail. For example:

- How do customers find you?
- How many stages in your customer journey?
- How long does it take to complete the desired action (start to finish)? (Time it)
- How persuasive and engaging are you? (Think copy, UX, design)
- At what point do people give up before completing the desired action?
- Which pages convert most and why?
- Where on the website do prospects spend most of their time?

Tools like Google Analytics and HotJar help analyze traffic as well as provide heatmaps of customer clicks and activity. These help to build a bigger picture of what's going on, but you also need to speak to your customers and listen to their feedback.

#2

Ask people for feedback

Data is a powerful ally in CRO. While website analytics will tell you what's happening, they're not very good at explaining why. The other half of CRO is speaking to people and asking for their feedback.

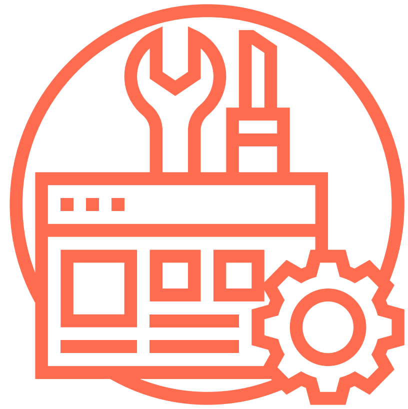
You can do this in any number of ways but the best way is to talk to them. Pick up the phone and ask questions. Invite your best customers into a focus group. People are usually honored to be involved in the development of your product or service – and you could even sweeten the deal with a discount or reward.

Questionnaires, surveys, and feedback forms are okay, but not as revealing as a conversation. That said, they beat no feedback at all. What you're after here is context that enriches the data you've already gathered. In which case, testimonials and reviews can also reveal valuable insights into the customer journey – hunt every last one down to identify common pain points.

Talk to your employees, too. You probably know far less about the customer experience than your front-line staff – especially as you've only recently acquired the business. Speak to them and find out what the biggest customer complaints are.

#3

Fix, test, and refine



You should now have a good idea of what works and what doesn't. But hold on – you can't launch full throttle into your CRO overhaul. You must do this in stages. You don't know anything for certain yet. Your data has simply pointed you in the right direction. It's time to test changes, gather feedback, and then refine your customer journey over time.

A/B testing is one of the most common CRO deployment techniques. You form a data-led hypothesis and test changes with a sample of customers. For example, you might test a form with fewer fields or a longer landing page. You then roll out the statistically significant winner to everyone. You might even choose to refine further through additional testing. Traffic analytics, session recordings, and heatmaps will also indicate the efficacy of your CRO strategy.

Successful CRO is easy to measure. With testing, it's hard to go wrong. As the owner of a newly acquired business, you're likely eyeing growth as key to your ROI. You might find, therefore, CRO an effective strategy to boost revenue. Selling is fundamental to every business. Learning to sell well (CRO), however, is a critical component of the serial entrepreneur's skill-set.

CHAPTER 3:

How to negotiate a better affiliate deal to boost revenue post-acquisition

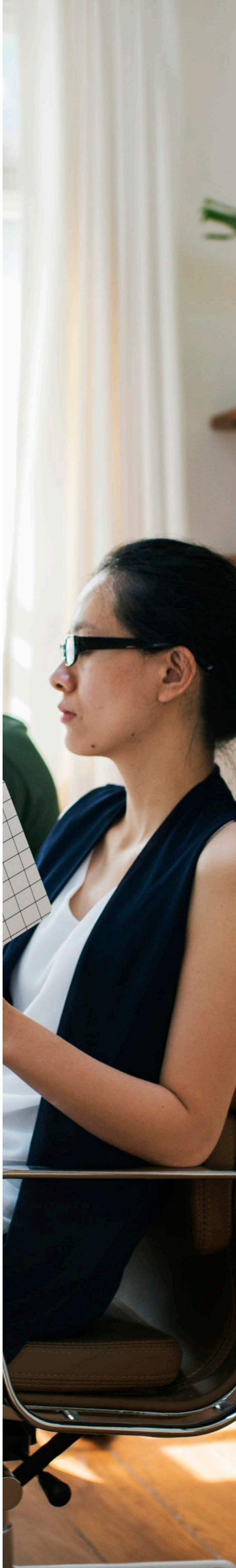
Affiliates help spread the word about your business. They're a gateway to new and lucrative markets, where everyone is a warm lead. That said, affiliates know their worth and are shrewd negotiators. Commissions are their bread and butter, an industry worth $5.6bn in the US, so expect some tough talk.

However, an affiliate is only worth the value it adds to your business. If you're not paying for the right outcomes, those commissions become lost revenue. It's therefore important to review any affiliate programs included in your newly-acquired business to ensure you're getting value for money. If not, it's time to renegotiate.

What are affiliates and why use them?

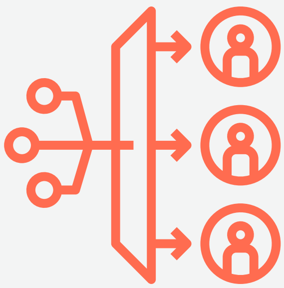
An affiliate is someone (or a business) with an audience who charges brands a commission for advertising to their audience. It could be a blogger, YouTuber, influencer, or even the union-esque affiliate network – a consortium of businesses or influencers to which you can pitch affiliate deals in return for a subscription fee. The affiliate is the voice through which your brand speaks, and might include the affiliate:

1. Blogging about your product or service.
2. Reviewing your product or service.
3. Creating video tutorials or testimonials.
4. Talking about you on a podcast or live-stream.
5. Promoting you on their social media channels.
6. Advertising you on their website.
7. Including you in an email campaign.



Affiliates are cheaper than paid acquisition and guarantee an agreed outcome. As a trusted authority, the affiliate adds legitimacy to your proposition, making it an easier sell. Once someone completes a desired action, such as signing up, buying something, or just visiting your website, you pay the affiliate a commission.

What does a good affiliate plan look like?



A bad affiliate plan is easy to spot: you pay more for less. A good affiliate plan, however, isn't quite the reverse. For example, if your business is relatively new, it might be better to grow awareness of your brand before the hard sell otherwise you risk overwhelming your prospects. In general, however, a good affiliate agreement looks like this:

- **Lower customer acquisition cost (CAC)** than Google Ads, Facebook Ads, and other variable-result advertising channels.
- **Higher conversion rate for the desired action,** whether that's new traffic to your website, signups, sales, or some other marketing metric.
- **You share the same industry.** If you sell accounting software, there's perhaps less point doing deals with a beauty blogger, for example.
- **The affiliate produces high-quality content.** The affiliate communicates your brand and should uphold the same quality standards as you do in your own marketing.
- **Affiliate is collaborative.** You know your business better than anyone, so the affiliate should work with you on creatives to convey the right message
- **Your values and goals overlap.** Your affiliate should believe in and understand what you do. If they're only in it for the money they may missell or misrepresent you.

Re-negotiating an affiliate partnership

If you've just acquired a business that works with affiliates, it's time to review these partnerships and whether they're working for both of you. Notice I said both of you. The better incentivized the affiliate is, the harder they'll promote your business, which in turn leads to better results.

There are many roads to success and you might find increasing commissions boosts revenue. But before jumping to conclusions, gather data to support your hypotheses. Start with the numbers: how much do you pay your affiliates and how much revenue do they generate in return?

If the numbers are good, could they be better? If they're bad, why and how can you improve them? These questions form part of the next phase of research: What are your affiliates doing to promote you? Have you helped or hindered their success?

If the return on investment is good but volume is low, it's worth asking, "Hey, anything we could do to help you earn more commissions?"

Some quick fixes might include:

- Updating affiliates with the latest pricing and promotions.
- Correcting mistakes or misunderstandings in their content.
- Producing new design assets for them to use.
- Creating banners and advertising copy for their website.

- Writing a guest post or ghostwriting affiliate content.
- Offering to be a guest on their videos or podcasts.
- Giving them exclusive access to special offers.

But if the affiliate still isn't returning value for money, you could walk away from the partnership. This isn't ideal as it means negotiating a new deal with someone you've yet to build a relationship with. Instead, try to find some common ground, explain it's about helping them earn more as much as it is about boosting revenue.

Some quick fixes might include:

- **Where things are going wrong in the partnership.** Don't just list your grievances but suggest solutions that work for both of you.
- **Consider alternative commission structures.** If they're getting $20 for a signup but sales are low, consider splitting it into $10 for a signup and $10 if the person buys
- **Incentivize volume.** If sales are the goal, consider multipliers when they hit certain numbers.
- **Share the burden.** If the affiliate has to work harder for the same reward, offer to prepare outlines, templates, or content for them.
- **Review what you have in common.** Many affiliate partnerships go sour because the company doesn't work to maintain the relationship. It's useful to remind affiliates why you teamed up in the first place – think of your common goal.

Affiliates and influencers can throw their weight around a little and might've taken advantage of your business's previous owner. On the other hand, they might simply have lacked support, felt undervalued, or been misled in some way. What's important is that you review existing partnerships carefully and find common ground where you can. Do that and negotiations will be easier and revenue growth will follow.

CHAPTER 4:

How to raise revenue with profitable paid acquisition

Accenture reports that a "lack of benchmarking media performance and media spend" is one of the five biggest areas of corporate overspend. In other words, businesses waste money on marketing campaigns and lack insight into their performance. It's easy to be seduced by slick ad agencies and viral media campaigns – but if it's not producing sustainable growth, what's the point?

Today's marketer is part data-scientist, part salesperson. That's not to say digital marketing has changed selling, but you have more tools at your disposal to make quantifying your efforts easy. The more you know of what works, the less you waste on what doesn't, which betters your results. And better results lead to better revenue, so let's take a look at how to ensure your paid acquisition efforts are worth it.

What is paid acquisition?

Paid acquisition is anything you do to acquire customers that costs you money. For example:

- Social media advertising (Google, Facebook, Amazon, and so on).
- Press and TV advertising
- Pay per click advertising
- Display ads (site banners, billboards, and so on)
- Paid search

Affiliate deals also fall under the banner of paid acquisition, but as you only pay if you get a sale, it's easier to avoid overspend.

How to recognize profitable paid acquisition

The success of paid acquisition depends on two metrics:

01 **Lifetime Value of Customer (LTV)**

This measures a customer's total worth to your business over time. Generally, this is customer profit minus the cost of acquiring and retaining the customer.

02 **Customer Acquisition Cost (CAC)**

The CAC measures how much it costs to acquire a new customer. In other words, the amount you spend on paid acquisition.

A positive LTV means you're making money, a negative LTV means you're losing money. The CAC is the likely culprit behind a negative or low LTV. However, there are costs to retain customers and this might be another area in which to investigate (but outside of the scope of this blog).

How to improve a negative or flagging LTV

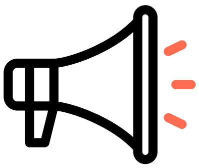
If you want to improve your LTV, which ultimately boosts revenue, you need to reduce the CAC. A high CAC could be symptomatic of one or a number of issues. The questions you need to ask are:

- Are you selling to the right people?
- Are you selling on the right channels?
- Are you selling using the right medium?
- Are you being persuasive?
- Are you being timely?
- Are you incentivizing action?
- Are you and your offers credible?
- Are you testing and optimizing?

It's all about understanding who your ideal customers are and then using the best means to reach them with an offer they can't refuse. First, identify where your existing customers came from and understand why they bought from you. You then know what messaging to replicate and whom to target.

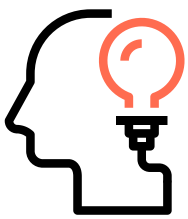
For example, your ideal customers – those for whom you add the most value – should serve as a "lookalike" audience for Facebook ads. You're then advertising to the people who would benefit from your product or service. Google ads, for example, should include keywords relevant to your customers' needs. The SERP will then display your ads as solutions or answers to their queries.

You must also think in terms of the customer journey. Are you selling to people who know you? Are they aware of the problem your business solves? Hubspot defines the customer journey as three stages and you should customize your ads to each stage.



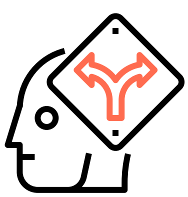
1 Awareness

The customer has a problem to solve but doesn't understand it yet. They're doing research to understand their problem better. You should therefore focus ads on the problem itself, contextualizing it, exploring how it impacts customers' lives, and so on. This helps the customer understand the nature of their problem and you as a possible solution.



2 Consideration

The customer understands their problem and is considering solutions. They're still researching, so you should focus on why your solution outshines others, focusing on the ease, speed, price, or efficacy of your product or service. If you sell software on a subscription model, you might focus on the affordability over owning a full license.



3 Decision

The customer has decided on the best solution. They're now comparing vendors before their final decision. Now is the time to focus on why the customer should choose your business. You might quote Trustpilot reviews, press coverage, or include a compilation of customer testimonials.

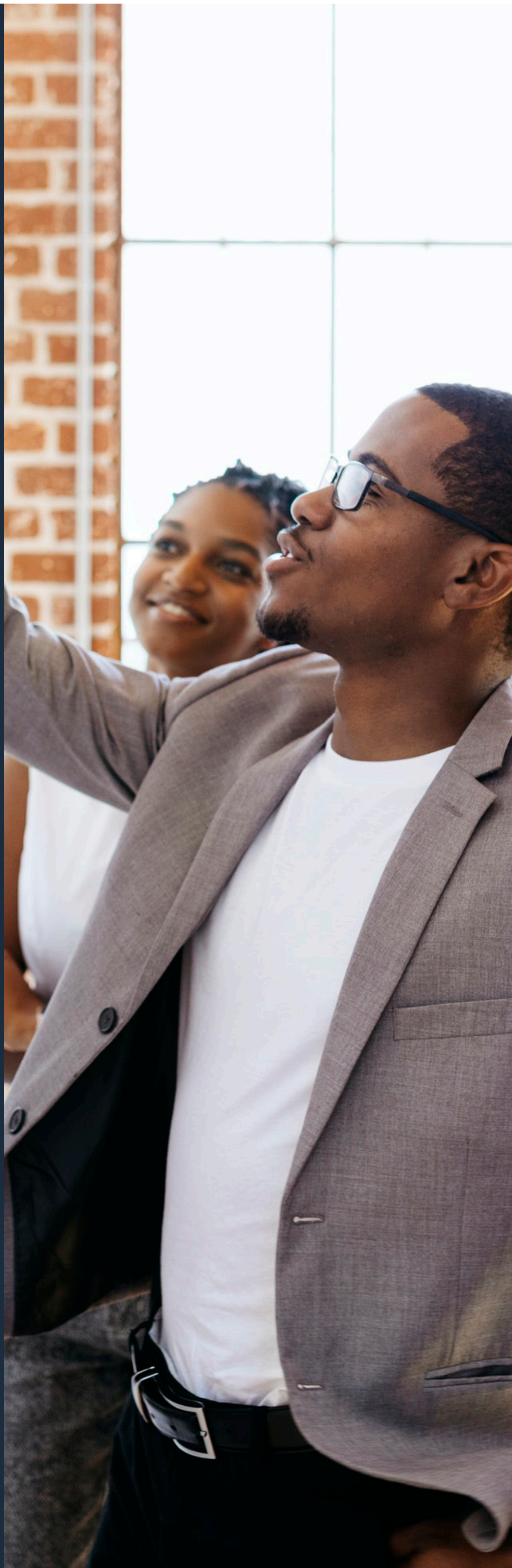
Paid acquisition works best when you know your audience and how to sell to them. Once you understand the basics of this set-up, turning a negative or flagging LTC into a positive one is a matter of testing and refinement until you hit your target.

A strategy for profitable paid acquisition

If your budget is swirling down the drain due to paid acquisition, the first thing you should do is turn off the tap. There's no point wasting money even if growth slows. With budgets on hold, identify where things are going wrong. Then, with an evidence-led hypothesis behind you, formulate a staggered reentry plan

Increase budget in test-led increments. If you've plugged the leaky hole in your acquisition strategy, you'll stack profits. Add a little more budget and keep your eye on revenue levels until you're back at full budget but with a commensurate boost in revenue and profit. If your CAC creeps up again, dial back budget until you've fixed the issue.

You should already know who your customers are (your buyer personas) and where they are (on Facebook? On SERPs?). You should also know how your product improves their lives. At the intersection of these two points lies a paid acquisition plan that catalyzes growth. Do the work outlined above and you'll find it.



CHAPTER 5:

From freemium to premium: How to boost revenue by monetizing free services

Whoever said there's no such thing as a free lunch clearly hadn't been working in SaaS. Do some research and you'll find at least 75% of SaaS companies offer a free trial. And why not? It incentivizes signups and is ideal for emerging companies still finding their feet. But while freemium models have worked for the likes of Zapier, MailChimp, and HubSpot, giving too much away can sap revenue as expenses rise to cater to those swiping free deals.

Take your recently acquired business, for example. Does it operate a freemium model? And if so, are you converting free customers to paid? If not, you might be wasting time, money, and resources on customers who'll never spend a cent. In which case, switching from freemium to premium might save your business from spiraling into obscurity. Or at the very least, boost revenue.

That said, people dislike change, especially when it hits their pockets. You might not go from freemium to premium in a single stroke. You might even retain a free tier. However, you need to make the premium option the best option. In other words, make your paid plan so irresistible that people make the switch.

Analyze your proposition – where's the value?

Going from free to paid is a judgment on value. Since value is relative, you must first understand whom your product or service benefits most. These customers will perceive the most value in what you do, and it's to these customers you must charge a premium.

If your recently-acquired business has a tiered pricing plan that includes a free option, review your paying customers and draw up some buyer personas. Who are they? What do they do? How do you help them? What are their favorite features? Why did they pick you over competitors? Surveys, market research, and competitor analysis will also help build a picture of where you add value.

Once you've identified where your core value lies, anything less is fair game for a free trial or even a free subscription (provided you acquire enough paying customers to compensate for the additional drain on resources). It's simple: remove what your ideal customers love on the free plan. This should tip those on the fence into signing up without sacrificing value to those who'll never pay.

A side note on monetization

Don't waste your time trying to sign-up everyone. You have to think of pricing holistically. Market to the prospects most likely to buy a paid plan. The free tier then becomes an incentive to get them on board. However, this only works if:

a. You've correctly identified who's most likely to benefit from your product.

b. You're selling through channels and mediums qualified leads use.

c. You've priced and designed your paid plan correctly.

Otherwise, you run the risk of overspending on marketing and ending up with more free customers than paid, which drops you back to square one.

How to avoid customer pushback

If you downgrade or remove a free plan, some customers will walk. This isn't as bad as it sounds. Most of your best customers will be on a paid plan since they're your power users. Even if your service has been exclusively free so far, those that love it will be willing to pay a fair price for it. Filtering out low-value customers also helps you focus on customers that matter, which to many, justifies a fee.

Communication is critical. People tend to equate price with quality, so improvements can make a price increase easier to swallow. Regardless, frame the changes honestly and from the customers' perspective. Use everything you know about your customers to convey a message that's confident, empathetic, and positive. Do plenty of research in advance to ensure you're charging what customers are willing to pay (often referred to as WTP).

You might also consider testing the switch with a small sample of customers. This helps catch issues early, and might indicate the need for grandfather discounting or other compensations (which have their own disadvantages). Whatever you decide, even if testing goes well, give your customers plenty of time to accept the changes so they can find alternatives if necessary.

Going from free to paid needn't be as frightening as it sounds. You don't need a free version, but it helps to incentivize people early on in the buyer's journey. You might also consider a free trial that gives people a taste of the true power of your offering. Once you've established who benefits from your service and where your value lies, a fair and competitive price will boost revenue without scaring away customers.

CHAPTER 6:

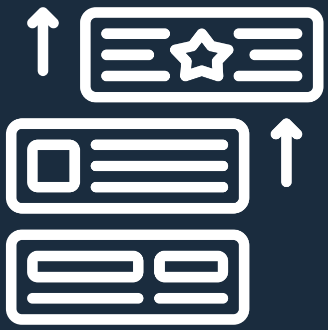
How to reduce customer acquisition costs with SEO

SEO (search engine optimization) helps drive organic traffic to your website. If you attract the right people, you can convert that traffic into paying customers without shelling out a fortune on ads. If you've recently acquired a business that has never taken SEO seriously, you're potentially sitting on a gold mine.

However, rising to the top of SERPs (search engine results pages) is a challenge when you have thousands of other businesses competing for the same spot. To beat them and stand a chance of reducing your acquisition costs, you need to understand your target market and the search engines themselves. Only then can you devise a strategy that turns you into a customer magnet.

But first – what is SEO, really?

SEO is ostensibly about optimizing your digital presence so it appears at or near the top of SERPs. In reality, it's about understanding your customers' problems and then presenting yourself as the best possible solution to those problems. It's not about wildly stuffing keywords on your website or blog, but becoming an authority on topics your customers care about.



"Google ranking systems are designed to ... sort through hundreds of billions of webpages in our Search index to find the most relevant, useful results in a fraction of a second, and present them in a way that helps you find what you're looking for."

How Search algorithms work, Google,
https://www.google.com/search/howsearchworks/algorithms/

Google handles over 75% of web traffic and its search algorithm is designed to give users the best possible experience. If SEO were just about publication volume or keyword density, the internet's biggest search engine would fail – the algorithm would be too easy to game, leaving users exposed to unscrupulous businesses, scammers, and worse.

So, how do you do SEO well?

An SEO strategy that reduces CAC

A good SEO strategy is one that attracts traffic that converts, reducing your customer acquisition costs and boosting revenue. The good news is that SEO is cheap. You don't need an expert and you don't need expensive software, just a clear strategy you can track and refine as time goes on. Everything else – keyword tools and the like – are mostly free.

It would be beyond the scope of this blog to list all the things you might do to optimize your digital presence for Google Search. Google has already done this for you and better than I ever could. Instead, let's think about your SEO strategy a little more broadly. If you've never undertaken SEO, it might all seem a bit overwhelming, so let's think of SEO in two ways: passive and active.

Passive SEO is following Google's instructions above. This mainly involves creating a site map, writing meta descriptions, page titles, and so on, and ensuring Google can compile data from your website. Think of it as creating the conditions for customers to find you.

Active SEO is ongoing work you do to stay relevant, meaningful, and helpful to your customers. The better you fulfill the need behind customers' search queries, the better you'll rank. As a result, active SEO changes with news, buyer behavior, competitor activity, and market trends. Let's take a close look at how this works.

#1

Learn what your customers care about

To increase your chances of ranking highly on Google, you must understand what your target customers care about. In my previous business, Bizness Apps, we interviewed our customers, surveyed them, researched the market, read reviews and testimonials until we could think and talk like our customers. With that inside knowledge, we knew how to present ourselves as the best solution to our customers' problems and in their language, too.

This also colors keyword research. You can match certain keywords to common frustrations, pain points, or problems and then rewrite your existing copy to springboard to the top of search results.

#2

Become an authority

It's not enough to simply write about what you do. Think of all the tangential and associated issues your customers face. At Bizness Apps, we created mobile apps for small businesses and we produced content on every conceivable topic related to mobile marketing. You could say we wrote the book on it. The result was we were consistently in the top five results on Google whenever anyone asked a question related to mobile marketing.

When you add value by solving problems or giving advice in your field, your prospects come to respect you as an authority. So, too, will press and other entities that might link back to your site and increase its authority, which in turn, drives more traffic to you. And the more you help people, the likelier they are to buy from you.

#3

Create, share, and distribute

Active SEO is playing the long game. It can take 4-6 months before Google recognizes your work and you start clawing your way to the top. The trick here is to keep the momentum going. Create content to a strict schedule that spans different mediums and channels. Pitch guest posts to press, partners, and other publishing platforms. Appear on podcasts or start your own. Network and grow, harness social media to push your SEO agenda, and never pass up an opportunity to talk, write, or stream about your business.

SEO and content marketing are two sides of the same coin. SEO helps get you in front of your customers but then your need to deliver on your promises. The internet is saturated with dull, repackaged dross that no-one wants. Don't add to that pile. Instead, think of SEO as part of a customer-centric business model where you help customers be more successful. The greater your digital presence, the higher its authority, and the more valuable you are, the less you need to spend on acquisition. Instead, your customers will come to you.

CHAPTER 7:

How to boost revenue by becoming tax efficient

> ***"Tis impossible to be sure of any thing but Death and Taxes."***

Christopher Bullock, The Cobler of Preston (1716)

Tax leaves a bitter taste in one's mouth, and yet – excepting a few locations – it's inescapable. You'd think with over a century of practice, we'd be used to it by now, but the rules of taxation are complex and change often, which can leave you feeling overwhelmed and disadvantaged. Pay too little or too much tax and you lose out in the long-term through lost revenue. Learn to play the taxation game effectively, however, and you could save a fortune.

If you've recently acquired a new business, you likely established its tax affairs were in order before you signed the purchase agreement. However, paying what's owed and doing so on time doesn't add up to a tax-efficient business. The previous owner might already have wasted thousands of dollars in unnecessary taxes. To earn a return on your investment, one of your first acts should be ensuring you're tax efficient.

Hire a certified accountant

Don't expect much help from the IRS when you're navigating tax law. A cynic might argue the sheer complexity of state taxation works to their advantage, but regardless, you'll need professional help to navigate your way out of the corporate tax maze.

Hire a certified accountant who specializes in tax law for the states in which you operate and your particular business field. You'll want someone who knows how much you need to pay, how often, and when. Yes, you'll have to fork out a fee and there will, of course, be admin to do, but assuming you've hired the right person, you'll find they very quickly pay for themselves. They'll even file your returns, too.

Reinvest all profit into the business

Instead of handing over tax revenue to the IRS, use it to finance the expansion of your recently-acquired business. Reinvest your profits and you get double the benefit: one, you reduce your tax liability, and two, you increase revenue and profits. After 6-12 months, you can spend less on growth having scaled the business to the point where that return of investment is all but certain.

Optimize your bookkeeping process

Your bookkeeping can make or break you, tax-wise. As a historical record of all income and expenditure, it should be easy to use, available to everyone, and designed for tax efficiency. Your new business might use Quickbooks or something similar, and that's fine, just ensure you're comfortable with how it works and what it produces and that your teams are, too. Mistakes here cause headaches later on, so the more efficient your bookkeeping, the better your chances of being truly tax-efficient. It might also help to distribute company credit cards rather than relying on receipts since the transaction history is nicely compiled for you.

Deduct business expenses

Anything you buy that helps you run your business should be declared as an expense. It might be office furniture, computers, machinery, or anything else you bought during the tax year. If it has a business purpose, declare it as an expense and you could shave a few thousand dollars off your tax bill.

To maximize savings, create a system that logs and sorts all purchases so you don't have to sift through piles of receipts to find tax-deductible expenses. The same applies to travel expenses so long as the journey was for business. Like I wrote earlier, company credit cards are ideal for this scenario and you also don't need to rely solely on paper receipts (that easily get lost).

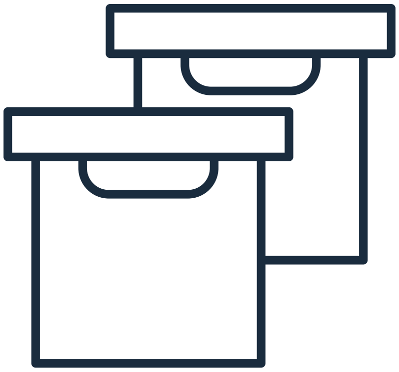
Offset health and retirement costs

If you're currently covered under a high-deductible health plan, you can save on tax by contributing to a Health Savings Account (HSA). Your contributions (up to $3,550) and interest earned in a HSA are tax-deductible, which reduces your overall tax liability. Retirement savings are deductible, too, with up to $57,000 in tax savings through a 401(k). Since you'll toil to make a profit on your newly-acquired business, it seems only fair to use these IRS tax breaks to secure a comfortable and healthy retirement.

Claim tax credits

If your recently acquired business is a startup with under $5,000,000 in sales receipts, you can claim the Credit for Increasing Research Activities (often called the R&D credit). This offsets up to $250,000 of payroll tax, which returns to your balance sheet. However, the company can't have generated taxable income in the five years prior to application. Nevertheless, it's invaluable for early-stage startups that have yet to or only recently generated taxable income. Ask your certified accountant about other tax credits, too.

Relocate the business



Yes, this might be extreme but can be effective in the right circumstances. Tax laws vary from state to state and you might have a case for paying tax under a friendlier location if, say, your servers or employees are based elsewhere. You might even consider moving you and your employees just for the tax break. This might be a simple matter if it's just you or you and a small team running the show. For bigger organizations or those that are spread over several locations, things get a little tricky, and you should consult with your accountant before loading up the moving van.

Taxes might be certain, but the amount due is not. US tax law can be a nightmare and it would be unwise to face it alone. Hire a professional to do the grunt work and include tax efficiency goals in your quarterly plan to boost your bottom line.

CHAPTER 8:

How to boost profits on a newly-acquired SaaS business with tax credits

Want to punch a hole in your annual tax bill?

Claim tax credits.

Tax credits can significantly reduce the amount of tax you owe to the US government, which fattens your bottom line.

And if you've just acquired a new SaaS business, the more tax efficient you are, the larger your return on investment.

But before I delve into tax credits, let's get one thing out of the way first.

Tax credits and deductions are not the same thing.

Deductions simply reduce the amount on which you're taxed, while credits offset your liability on a dollar-per-dollar basis.

I'll assume you already deduct everything you can, but probably not all relevant credits. They're a bit harder to claim, and you might not think you're eligible.

And I should also mention I'm not a tax accountant, but a serial entrepreneur who builds and sells businesses. I know enough to get you started, but you should hire a professional tax accountant to fully explore your tax liabilities.

With that out of the way, let's take a look at some key tax credits you should investigate for your newly-acquired SaaS startup...

The Research and Development (R&D) Credit

This is (potentially) the big one.

But it's also the scary one if you've never come across it before.

Allow me to take you through the basics.

The R&D tax credit is one of many general business tax credits and was first introduced, temporarily, in 1981, as a means to promote innovation, and has since been extended indefinitely to qualifying businesses.

So just how much is on the table and do you qualify?

How much you can claim will of course depend on your business, but it could be somewhere in the region of 10-20% of your qualified R&D expenses, which include wages, supply costs, IT leasing (such as servers), and research.

In the past, you could only claim once you were taxable, but that all changed with the Protecting Americans from Tax Hikes (PATH) Act which opened it up for startups.

If your gross receipts were less than $5 million in the previous tax year and you've had no gross receipts for any of the four previous taxable years, you could offset up to $1,250,000 of your federal payroll tax liability ($250,000 each year for a maximum of five years).

But what qualifies as R&D?

In the IRS's words, qualified research means research:

1

> *"With respect to which expenditures may be treated as expenses under section 174, (also known as the section 174 test)."*

This essentially stipulates your research must be in connection with your business, be experimental in nature, and with the goal to remove uncertainty in the development or improvement of a product.

2

> *"Which is undertaken for the purpose of discovering information which is technological in nature, (also known as the discovering technological information test)."*

In other words, you must prove your process of experimentation relies on principles of the physical or biological sciences, engineering, or computer science (the latter will be most relevant if you own a SaaS business).

3

> *"The application of which is intended to be useful in the development of a new or improved business component of the taxpayer (also known as the business component test)."*

A business component is "any product, process, computer software, technique, formula, or invention, which is to be held for sale, lease, license, or used in a trade or business of the taxpayer."

4

> *"Substantially all of the activities of which constitutes elements of a process of experimentation for a qualified purpose (also known as the process of experimentation test)."*

Finally, you must prove the elimination of uncertainty in the improvement of the business component was the result of an evaluative, experimental process involving different alternatives.

To qualify for the R&D credit, your activities must meet all four parts of the above test. While this might seem daunting at first, you'd be surprised how easily SaaS, which by its very nature is solving problems iteratively, qualifies for the credit.

The Foreign Tax Credit

SaaS businesses are usually global businesses.

You might have customers in Europe or Asia, or even operate satellite offices there.

Since the IRS taxes you on all income, no matter its source, you run the risk of double taxation if you're also taxed on a portion of that income in a foreign country.

The Foreign Tax credit, therefore, could help you save some serious cash.

However, it only applies to taxable income derived from overseas, and only if the tax is paid or accrued, and imposed on you. It doesn't apply to value-added taxes, for example.

Also, since foreign tax varies from country to country, you can only claim up to the limit of your US corporate tax rate (if the rate is higher in the foreign country, you could potentially claim back the difference).

The good news is if you want to claim more than the government allows in one year, you can carry it forwards up to 10 years or backward 1 year.

Other General Business Credits

Thankfully, the IRS has a multitude of other tax credits that could apply to your newly-acquired business. I won't list them all here, but here are a few examples:

01 **Work Opportunity Credit.**

You can apply for this if you hire people from certain social groups such as ex-felons, veterans, and other people who normally encounter problems getting hired.

02 **Retirement Plans Startup Costs Tax Credit.**

You can claim up to $5,000 per year for up to three years for the costs of setting up retirement accounts for your employees.

03 **Employer-Provided Child Care Facilities and Services Credit.**

You can claim 25% of your expenses for employee childcare (maximum $150,000).

Many of the general business credits favor smaller businesses or those creating opportunities for the economy (and its participants) that might not have existed otherwise.

As well as promoting innovation and fair access to jobs, the general business credits are a great way to reduce the costs of employee benefits. Everything from retirement plans to medicare costs have an associated credit so it's worth exploring everything with your accountant. Individually, the credits might be relatively small, but combined, they could knock a chunk off your tax bill.

Well, I'll sign off now before I suck you down a rabbit hole of US taxation law. If what you've read so far sounds deceptively simple, it probably is. As I said, I'm no tax accountant. However, if I'd at least known about these credits after acquiring my first business, I might've returned a profit much faster. Why pay Uncle Sam more than you have to? Find out which credits you're entitled to now and claim them.

CHAPTER 9:

Could a switch to remote working return a profit faster on a newly-acquired SaaS business?

Remote working has saved the skin of many businesses during the pandemic. While not everyone is a long-term fan (the CEO of Goldman Sachs called it an “aberration”, for example), plenty of big-name tech companies, including Facebook and Google, are offering it as a permanent benefit. The question is why.

The employee advantages are fairly obvious. No commute. No suits. Less stress. Fewer expenses (no train fares or parking fees). Freedom to live anywhere and to manage your own time. A better work-life balance. But what are the benefits to companies? And could switching all or some of your teams to remote working help you return a profit quicker on a newly-acquired business?

The answer is yes, but before I explain how, let’s address the productivity debate first. A recent study of over 800 employers by HR consulting firm Mercer confirmed productivity was the same or higher after shifting to remote work. In other words, you need a damn good excuse not to at least consider it – especially if you operate in the SaaS industry. With that out of the way, let’s explore the many reasons you could benefit from allowing your teams to work from home.

Bye, bye overheads

This is the obvious one. With fewer employees, you can rent a smaller office or get rid of it altogether. You also save on lighting, heating, electricity, insurance, internet, desks, chairs, coffee machines, water coolers, and any other kit with which you might’ve pimped out your workspace. Well-funded startups often turn the office into a kind of youth club with pool tables, beanbags, and juice bars. No matter how many toys you provide, however, it’s still just a workplace. Your employees would probably prefer to work from home.

You also save on employee benefits such as childcare, travel expenses, meals, and so on. Anything you’d normally provide for in a physical workspace you can pretty much write off once employees choose to stay at home.

Some Silicon Valley businesses such as Twitter and Facebook even plan to reduce salaries for employees who choose to work remotely outside of the Bay Area, where expenses are much lower. If your newly-acquired SaaS business factors the high cost of living into salaries, you could, within reason, negotiate a reduction for anyone who wants to work from home.

Attract and retain the best people

The option to work remotely has a substantial impact on the happiness of your employees. As I wrote in the introduction, flexible working gives your employees a host of benefits and reduces stress. If you're going up against another company for a prime candidate, a remote working option could seal the deal. What's more, your candidate pool extends beyond geographical boundaries – you could hire anyone, anywhere, which gives you a greater chance of finding the best person for the job.

Since not all companies are flexible on remote working, your employees are likely to stay with you if you offer this benefit. In a 2017 study by Owl Labs, companies offering remote working showed a 25% higher retention rate. That 25% is a huge saving on hiring expenses, such as job ads and on-boarding, plus there are macro benefits to having loyal folk who know you and the job well. Harmonious, motivated teams do perform better, after all, and with all the communication technology at our fingertips – Zoom, Slack, Teams, and so on – it's easier than ever to work together, apart.

Distributed teams make you more resilient

As I wrote at the start, remote working saved many businesses during regional and national lockdowns. Without it, the reduction in demand would have written them off for good. This points to a larger benefit of remote working: resilience. Businesses like gyms, restaurants, and bars, for example, are bound by their workspaces, so when something interrupts their business – a power cut, internet outage, flood, and so on – there's little they can do to keep things running at normal levels.

SaaS, on the other hand, doesn't have this limitation. Provided your servers are running, which I'm assuming aren't physical stacks inside your offices but cloud-based networks run by distributed services like AWS, you can work anywhere with a computer and an internet connection. Remote working, therefore, removes any single point of failure. Like AWS, your teams are distributed and the chances of an interruption event affecting all of them at the same time are low.

Caveats to the remote working utopia

If what you've read so far has convinced you to make the switch (or at least partially), there are some things you should keep in mind. First, while many people would love to work from home, few have really thought about what it means to do so long-term. Some remote workers report feelings of isolation, loneliness, disconnectedness, and so on. These negative emotions can destroy productivity. If you're going to go remote, ensure it's optional.

Give your employees a place where they can meet and socialize. It doesn't need to be an office, but maybe a local coffee shop or a co-working space that you rent. Organize regular meet-ups and company outings so everyone feels part of the team.

Also, remote working can blur the lines between home and work. While some people relish working to their own schedule and are happy to take short breaks, stretch, and eat regular meals, others are just plain workaholics. Without an office to enter and leave, the home becomes the office. Burn-out is prolific if your employees can't switch off. It's up to you to create the right remote-working culture. Be clear about what's expected from your employees. Limit out-of-hours Zoom calls and Slack messages. Check in with your teams from time to time to check on their mental health.

I'm sure you've experienced working from home. It can be a blessing when you're free of the distractions of the office, or a curse where you can't find a moment's peace between pets and kids. The good news is that it's not all or nothing. You might offer a day at home per week, maybe a week per month, or give your employees the option of full-time remote working. Whatever you decide, if you're looking to save costs on a newly-acquired business to reap the rewards of your investment, remote working could be the way to go.

CHAPTER 10:

How to profit on a new acquisition by automating workflows

You'd be surprised how many processes AI and computing can replace. I'm not just talking timesheets (though I'm also talking timesheets), but sales emails, discounting, commission calculations, expenses, and lots, lots more. Asking humans to handle these menial yet crucial tasks could cost your business up to 30% in lost revenue. That's right – we're not talking pocket change here – so it's in your interest to weed out these inefficient processes and automate them.

While workflow analysis isn't exactly fun, it's critical, especially if you've just acquired a new business. Inefficiencies often become fossilized and the previous owners might've been blind to better ways of doing things. This is, therefore, an opportunity to set things right and recover up to 30% of lost revenue without breaking a sweat. Your employees will likely thank you for it, too, since it lets them focus on their jobs.

Wait – I don't want to automate everything

I understand it can be hard to relinquish control to automation, especially if it impacts jobs or means embracing unfamiliar technology. However, your competitors might not have the same qualms. If you want to compete and return a profit on your investment, you need to use every time or cost-saving tool at your disposal. You don't have to automate everything, just enough to make your business efficient.

Just rethinking workflows means you're going to pinpoint redundancies, duplicates, errors, and so on. This alone could make your life, and those of your employees, ten times easier. Efficient businesses are lean and agile businesses. They allow employees to focus on what matters and less on what doesn't. If your sales teams spend all their time double-keying commission data, for example, that's less time spent finding and developing leads, less time selling your products or services. Break those chains and productivity soars.

Humans are fallible and prone to error when they're bored or disengaged. The more keying your employees do and the more systems you make them use, the greater this chance of error – and mistakes cost money. Research indicates that 88% of Excel spreadsheets contain errors. Now multiply that across all the systems your business uses. How much time do your teams waste correcting these errors?

Automating workflows reduces risk, losses, and keeps your teams happy and motivated (and doing what they signed up to do). It can also help you be more responsive to your customers. Importantly, it also gives you reliable, timely data you can use to make better decisions. Already, 59% of businesses use data analytics in decision-making, and if you refuse to automate, you risk leaner, meaner competition outpacing you.

Okay, I'm convinced. How does automation work?

It would be remiss of me to list every conceivable form of automation here. There's software out there that can handle virtually any task while integrating with your existing systems through APIs and other interfacing tools. Instead, let's focus on one example. In my experience, one of the toughest elements of scaling a business is maintaining the same level of service you had at the start. Without funding, without the coffers to build a large, multinational customer support team, you could fail your customers.

Delivering great customer experiences goes beyond UX to your responsiveness when things go wrong, when customers have questions, or they want a little extra help.

This is where automation really comes into its own through the use of intelligent chatbots. The great thing about chatbots is that they're becoming smarter with AI and intuitive programming tools, and more human and friendly. Rather than hiring more customer support staff, integrate a chatbot into your website or app and let it handle the more common questions.

According to a report from Juniper, chatbots are expected to save companies around $11 billion in annual costs. It also frees your customer support staff to focus on real problems – the things that need a human touch. After all, that's what you hired them for and they shouldn't be wasting their time on simple but incredibly common queries like, "How much does this cost?" and "How does this work?" or "What does this [insert feature] do?"

Where should I start?

Discovering where to automate starts with workflow analysis. I know, I know – it doesn't sound like fun. But with savings of up to 30% on the table you'd be a fool to ignore it. If you haven't done much workflow analysis before, it's relatively straightforward. You start with documenting workflows. How many steps are there? How many customer touchpoints? Which departments are involved? Which systems? And so on.

Your next step is to talk to the people who're involved at each step. The people doing the job. Their insight alone might be enough to generate automation ideas. For example, what complaints do they have? What do they spend most of their time and energy on and are those tasks valuable? Question everything. Automate the simple and simplify the complicated.

Once you've isolated the areas that need work, research the best automation solutions and deploy them. Measure the impact it has on the business and if necessary refine and redeploy. Follow this cycle until you and your teams are happy with the results. You probably won't save a fortune overnight, especially when you factor in the cost of automation, but I can almost guarantee the long-term benefits are worth it.