

Sell Vs. Buy

A VALUABLE LESSON FROM THE STOCK MARKET

By Jason Weldon

Running a business is just like the stock market. Every day people invest in new stocks or sell ones they already own and they ultimately end up with more money, less money or the same amount they started with. The stock market can be quite a brutal place to play in, as many of us know. And while it is a vehicle that can be used for diversification of your investments, you still are not in control of your money. Ultimately, someone else is running the company that you just bought stock in.

For me, investing in myself is the first and best option for my money. And if that is going to be the case, I like to look at my company as if I was consistently buying and selling stock. This requires a few rules and a lot of discipline.

One of the rules I always follow in the stock market is this: I need to identify what I want to buy, then I need to know when to sell it (if I choose to) and then I need to know what I am going to do with the funds when I sell it. I think this is a tool, among many others, that can help you grow your business.

Let's look at something our company just went through as an example. We were looking at moving into offering a photobooth. But we really didn't know much about it and didn't know if it was something we wanted to get into. But we identified it as an opportunity, and we reviewed all our options, just like we would for a stock. What would our ROI be? What would our B/E point be? What does the future look like for continued bookings? Is there a customer base for the service? All these questions would show us what booth to buy, or if we even wanted to pursue the opportunity. Once we had what we thought was the right information, we were able to pull the trigger.

But we also had to weigh out other options as well. We obviously had set aside

money for this purchase. But what if another option, say something like new lighting, hiring another sales person or a different marketing plan, would have been a better decision and be a better investment? The same research had to be done on all the options that we were looking to do before we made that final decision.

This is pretty much what any investor of any stock would do as well. It all seems obvious. However, the next two steps are the ones that people DON'T practice that can get them all sidetracked.

When we first start to offer a new service, or buy a new stock, we always have high hopes. But what happens when it doesn't work out? What happens if it makes a ton of money? Or what happens when the money it makes isn't worth the time invested? Or what happens when it loses money?! Well, this is when you have to decide to make a decision. Very few of us actually make a decision. We just keep holding on to something hoping that it might bounce back, or don't realize it is draining our time or. We just kind of get lost and do nothing.

If it is making money, then great. Let it keep making money. You could even buy more of that product so you could service more clients, but be prepared that one day it won't and you have to know when to stop doing it (or sell it off as you would a stock). That day may be 20 years from now! But you still need to be aware. If it is losing money, you have to know when to dump it after a certain period of time. But when you sell it off or stop doing it, what are you going to get into next that will be your next money maker.

Before we went ahead and purchased our photobooth, we had been contracting a third party company to do it for us. This was our way of testing the waters and making sure it was something that was going to work. Well, it worked. And we pulled the trigger on getting our own booth. And we put into play all the things I talked about above. We knew exactly how we were going to market it, how much it could potentially bring in revenue-wise and when we would most likely need to purchase another one. We don't anticipate selling this stock for

a quite a while.

Everything you do in your business can be done in this cycle. From marketing plans to hiring people to offering a new service. You need to be able to identify the best options. Choose the option that fits you the best. Then watch it. See what happens and make adjustments. Ultimately, either keep the new option or getting rid of it. And then find the next option and repeat the cycle.

We especially do this with a lot of our marketing campaigns. We realize we can't use every single marketing tactic that exists. We can only put our time and energy into a few that we think are going to work. Some do and some don't. If it doesn't, you have to fight the natural tendency to keep trying to make it work.

For instance, let me show you what I mean about something that doesn't work for us: schools. We devoted one person to acquiring more schools for us. We spent months and months putting together great marketing plans, calling, mailing and emailing all the schools in our area. To our disappointment, the effort being put in just wasn't worth the results we were getting. We needed to stop focusing on schools and put those efforts into something else. Well, that something else

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is going to be the photobooth; and we have already seen a return on that investment of time and money that is going to be way greater than anything we saw from trying to get schools. In this sense, we sold the stock in schools, took the loss, but reinvested what we had left into something else and are going to realize a gain that is much friendlier to our bottom line.

Each month we review what we are doing from a marketing point of view. We give our campaigns a set amount of time. If they work, we keep them. If they don't, we move on. But the key is to make sure we fill that campaign with another campaign before we stop doing it. When you use this strategy, you will always be ready to move on to something that might work better! **MB**

Jason Weldon is a wedding business consultant who specializes in small to medium-sized companies that want to grow their business. His objective is to help guide people through organizing their thoughts and laying the groundwork for a better, more successful start up. He currently lives in Philadelphia and is also the president of Synergetic Sound and Lighting, Inc. and DJ and A/V company.

