

JAMES **SCHRAMKO**

How Installing an Operator can Make You Money

Optimize your business with the right operator and boost business profitability. James and VirtualDOO's Lloyd Thompson discuss how.



Lloyd Thompson

James: James Schramko here, welcome back to my podcast. This is episode 1053. Today, we're chatting with [Lloyd Thompson](#) from [VirtualDOO.com](#), who is an operational expert. Hello, Lloyd.

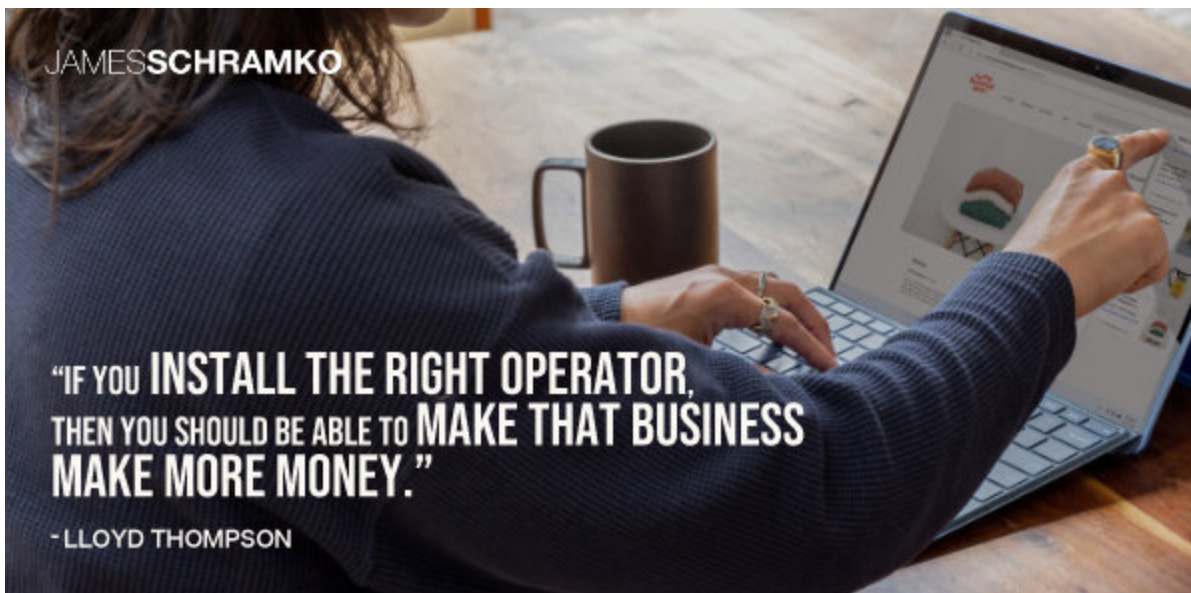
Lloyd: Hi, James.

James: Thank you for giving up lawn bowls, Christmas lawn bowls, for our conversation. Really appreciate that. It's a huge sacrifice, I guess, but all in the name of helping business operators get sorted out.

Now, interesting title today, how to install an operator can actually make you money. Because I'm sure when people come along to you, they actually think, I've got this hot mess, I need sorting out, I'm just like all over the place, I've got people everywhere, systems don't talk, I'm getting frustrated. I'm sure profit isn't the first thing on their mind. I think they're just looking for sanity or some kind of organizational help, right? Talk us through that.

The importance of operational efficiency in business

Lloyd: Yeah, that's right. People are normally coming to me not because they're thinking about making more money, they're thinking, I'm overwhelmed with tasks, I need more time. Help! I'm drowning here. And that's why they're reaching out. And so normally, our core focus is about how we get them more time, how we get their operations smooth, and how we make them more scalable with rhythms and feedback loops.



But if you install the right operator, then you should be able to make that business make more money. And so, what I wanted to talk about is an area that's getting talked about more. It's called revenue operations, or rev ops for short. And I might say this hasn't been the focus since the very beginning of my business. But as my business has grown, and I've picked up new talent along the way, then our skills and capabilities have also grown.

And so, this has become an evolving area of interest. And so, what this is really about is how your people, and processes, and tools, and data all come together so that you're not wasting opportunities. And so that you're actually using the data to find new ones. And it's really about how sales and marketing work together. And also, the folks like the account managers who are looking after the journey of the client all the way through.

James: You know, it kind of resonates with me. When I was running the motor dealership, the Mercedes-Benz dealership, my second last job, it was the biggest one that I was involved with. And I was the General Sales Manager at that point. And my closest ally/enemy was our CFO, you know, the Chief Financial Officer, he was full-on goldbrick accountant certified by every governing chartered accountant, all this sort of stuff.

But he was like the spreadsheet cruncher. He'd look at supply costs, he'd look at projections, and he'd have a look at ratios and market shares. And he'd work stuff out. And I'd be the sales and marketing expert looking at our deal flow and conversion rates there, and what our stock looked like, and what I thought was going to sell, and forward ordering the vehicles that were coming down the pipeline, etc.

Him and I together were formidable, we were able to turn that dealership around. I don't think sales and marketing people can do an effective job without the numbers and that accounty type, the operations-focused person giving them good information. And at the same time, operations people, a lot of them, kind of like themselves a bit of a sales and marketing person, if they're not entirely jealous of the big salaries that sales and marketing people get. There can often be friction.

And that's why I think I'm seeing a big, there's kind of a rise of fractional operations in the marketplace. Lately, I'm seeing new services pop up. I know we've been in the market for a while, Lloyd, as a partner of your business, VirtualDOO. And you know, at that founding point, you know, where it was invented, it was clear to me that this kind of business is very, very important in there.

And I'm actually really excited to see that you've gone from just organizing [people and systems](#) to saying, Hey, we'll pay for ourselves, we'll actually put profit back into your business. If you just pay a small amount per month, we will come in and allocate all your resources correctly, we'll tell you what you've got too much of, not enough of, where the breaks are happening, fixing stuff up.

Real-world applications and examples

And I've seen firsthand what you've been able to achieve over the years where you've helped people order better, where you've helped people move some roles to get some alignment, where you've reduced some internal conflicts that are happening. Well, I'm going to lean on for you, perhaps there's a few stories of what you've observed with your operators in the businesses. How can you sort of convince me that rev ops is happening?

Lloyd: All right. Well, I love to tell a story, James.

James: [laughs] I know you do. I'll just sit back.

Lloyd: But before I do that, I might just say that some of the stuff I'm going to talk about here, I've actually put into a checklist. So if you want to find out more about some of the stories that I'm going to talk about next, without having to sort of think, Oh, check, check, check all the way through these, I've actually got a checklist on my website. If you go to virtualdoo.com/checklist, then you can have a list of all of these gotchas and make sure you're not falling into these traps.

James: Oh, that's awesome. I'm going to check that out, Lloyd. So what have you got for us?

Lloyd: Yeah, so let's talk about people and processes. So we were working with a coaching business. And they did have a sales team, a marketing team, and a CRM, which a lot of people don't have even at quite a large scale. And so, the problem we saw here, and this is quite common, is that sales team and the marketing team, and as you mentioned earlier, not everyone's working together, they were using the same tool, they were using the same CRM, but they're not working together very well.

And as a result, someone chases after us a prospect for 60 days, until it's cold, frozen, it wasn't getting flipped back to marketing. And so, this is a huge cost, this is a huge opportunity cost, the cost to get one of those prospects is huge. That's a huge acquisition cost. So yeah, they should be flipping that back to marketing.

And so, the fix here is actually reasonably simple. They've already got the CRM. So we installed a process such that when the marketing team have got the prospect ready and warmed up, they're going to flip that over to sales. So that's the conversion ready, sales take care of it. And if the sales team haven't closed it within a certain amount of time, then that goes straight back to marketing to continue warming them up, thawing them out and getting them conversion ready again, simple process.

But this business hadn't been doing that, and they just couldn't see why that wasn't working for them. And inside six weeks of implementing this, they were getting double the deal flow. So this is the difference now, I think, with rev ops, is that some of the things that an operator has been doing that do affect the financials of the business have been hard to measure. But in this area, it's a bit more tangible, you can now see this in your business accounting.

James: Well, they might have been instinctive. You know, what you just shared there reminds me of one of my early jobs at General Motors Finance, it used to be called GMAC. And when someone stopped paying for their car payments, it was in the credit department for a while and then it would be handed over to a TCR, which was my job, originally, telephone collections representative. And it was my job to follow up people.

But if I couldn't do it within a certain time, then it went out to the field representative, and then it sort of got printed out into a card. The computer would automatically print it on that day. That would be handed to the field operations, and they would go out and visit the client, and they would either get a collection or make a repossession. And I actually moved from TCR into that field job.

And then if it didn't get handled by the field representative, eventually it would be farmed out to a third party agency to go and do it, a mercantile agent. So it just makes common sense, doesn't it, that you would have a handover from one phase to the other? But it was completely missing in this business.

The role of data and tools in operations

Lloyd: Yeah. And that reminds me when you're talking about tools, another story where so it sounds like where you were, there was pretty good tools hand over there. But now that reminds me of another story where we're working with a performance marketing business thing, Google ads, Facebook, media buying, and they're flying their team out to eight trade shows or conferences a year, and they'll go out, and they'll meet a load of people, collect a big stack of business cards, and you know, crewing up a lot of like, flight costs, hotels, expenses, all of the fees, but these business cards aren't making it into any system within a timely manner.

So this process is like, on the back of a napkin, you know? On the fly, you know, no process. And by the time these prospects have made its way back to the people that are going to deliver, it's frozen. And so, it seems pretty obvious what needs to be done here. But the CEO was reluctant. The spend is like, oh, you know, CRMs are expensive, how are we going to get all this going?

And so actually, the solution here was reasonably simple. Install a mobile CRM, so you can use it on your app. And when you're going to these conferences, you're capturing right there, like their name, and their title, and their business, and so forth. And right there and then, you can send out a follow-up meeting with a link to book into your calendar, and attribute any of those closed sales to the event that you met them at.

So because what was happening before, they're going to these eight conferences a year, they're not knowing if one conference is particularly profitable, or one's a complete waste of expenditure. So as a result of this, not only are they getting more deals, they're also finding out, well, which event was profitable.

And the result of this was, they ended up deciding to cancel two out of their eight events a year, because there was just no benefit of going to those events, they weren't closing any prospects, there was no business, and just doubling down on the six. And as a result of this, they had their best year ever, as a result. And part of that is because of savings spend as well.

James: Crazy, actually. One of my clients does the point of sale, iPad thing that collects the prospect's details and puts it straight into the CRM system. And then it manages the pipeline and can tell you which of the salespeople closes better. And I was actually able to share a lot of my experience from working at motor shows.

We used to collect on a piece of paper and a pen, if you believe, this is in the early 90s, mid 90s. And we would write the information down, and we were supposed to hand them into the stand manager, and then they would collate them all and then distribute them out to the dealers for the geographical area. But I would actually just keep mine.

And I would follow mine up the next morning. By the time the head office was able to collate, distribute them, send them back to the dealership, it was like 10 days or two weeks. And people, they wouldn't even remember visiting the motor show by then. It was crazy, like big corporation inefficiencies, insanity. So collecting the information and putting it to play.

Now follow through, when I went into the online space, when I go to an event, so for example, if I went to Traffic and Conversions, and I met you, Lloyd, for the first time ever, perhaps, I'd just say what's your email address, Lloyd? And I would actually send you an email from my phone, right there and then. I'd send you one of my free things or whatever, or just my details, or I'd add you on Facebook. And now I've tagged you.

And then in my email system, I would create a label, and I would put it TNC 2016. So I was able to tag the event to any subsequent sales, which helped for two reasons. One of them's not obvious. One, it would help me decide if I'm going to go back to that event or not.

The second one is because in Australia, you can actually, at the time, get assistance with a marketing grant to go overseas to get clients, and it was very helpful to be able to identify which clients were as a result of that grant, because then your agent was able to, especially in an audit scenario, say, Well, here's this client, was met at this event, and it was a really good paper trail.

But I mean, seems obvious to a marketer that we should track the source, but I bet you a lot of the administration people, and even to some extent, some sales teams or sales managers are not on top of this. And they don't have a granular way of saying what was a good expense or not. If you're signing up for the checkbook, you want to be able to say, is this worth it or not?

Lloyd: Yeah, so let's talk about data. I mean, it sounds like you implemented your own small CRM there.

James: A hundred percent. Yeah, it's exactly what it was. And it came from being a salesperson and a sales manager and understanding that I need to track it. You know, back in the dealership, we were running a Moneyball system, we had the Excel spreadsheet on a G Drive and every single person that walked into that showroom, the receptionist would write, lady in red jumper, man in black suit, and then who they spoke to, and we would follow them up every single morning in our briefing. Like, we were tracking the crap out of everything.

Lloyd: I think that sounds good, because it was like a central one source. But on the flip side, I've seen a case where we're working with a wholesale distribution business, like think, sending out shipments of materials to people. They had spreadsheets, thumb drives, laptops, all of these different lists, independent lists of clients and prospects that they're going to be sending their shipments to, and samples, but it's completely distributed, and the quality of it was low.

So I can imagine in your case, you would have had the discipline, knowing you, to make sure that everything in there was watertight, the details are up to date. But in this case, it was like, there's some stuff in there that's not up to date. It's incomplete. Because it's all on different people's machines, there's no consistency to it.



And so, as a result, people looking in it, they're not identifying the low-hanging fruit, there's no KPIs or reporting for the team, because it's not in a central place. And the CEO had been reluctant to spend in this area and get a CRM. He's like, Ah, we'll do it next year when we've got more size. And I get that, but it's like, if you can't measure, how can you know that you improve? Like, if you've got no consistency to measure everything that's going on, then you can't.

And so, in this case, eventually, yes, they did get it all into a common format in a CRM, which meant they could then identify the low-hanging fruit and go after those. And also, having it all in one place means that we can put in the measurements and the KPIs and start holding people accountable and seeing, which are the best performers in the team and who's not performing? And also, we can then allocate who gets what lead. So that was a huge change for that business. And it more than paid for itself very, very quickly.

James: Have you ever seen a scenario where all salespeople convert equally?

Lloyd: No.

James: No, me neither. [laughs] It's vastly different from the top performer to the lowest performer. Especially when you have larger teams. I had 21 salespeople, and the worst performer might not even make a sale in a month, and the best performer might sell 18 or 20 cars. And then a lot of people will be somewhere in the middle, like you know, eight to 11.

But when you think about it, imagine someone being 20 times better, or twice as good. You need those people on the ones that matter. And you want to find out what they're doing. If you don't know which one it is, I mean, that's crazy.

The impact of fractional operations

Lloyd: Well, I want to talk about a more positive story now, and this one's hot off the press, actually. A client was just talking to us just the other day about a good experience they had. So they're also a performance marketing business, and they were - this is a classic marketing term - crushing it with the ads that they're doing for someone.

And their client came back to them and just started a conversation with them and said, Hey, you know, this is great, you know, we're seeing real value here. What else can you do for us? Can you take over our email campaign? So that conversion happened by accident. And even though that's a win, that's actually a scenario that you don't want that to happen by accident, you need a system there.

So now let's open their eyes like, Ah, ah, okay, we need to put a system in for this. So in the CRM, when we hit 90 days, if the performance is strong, that's a trigger for a conversation. So okay, would you like us to help you with anything else? But that's just one example of some other ways that you can learn from the data in your CRM, and there's a whole load of things.

So for example, if you were to lose a sale, why? So you can store that reason in the system. Was it the price, was it too much? Or if you had a customer that had been with you a while and then they left, why, why did they leave? Was it underperformance? Because if it was, you want to flip and fix that and fast.

Or was it, they've decided to in-house it? Okay, well, that's interesting. Why did they in-house it? Is it because they reached a certain size of business? Okay, well, maybe we can change who our target audience is. So we're not going for that type of business anymore. So putting these in just allows you to have these feedback loops that you can start tailoring your offer and focusing on the right audience and learning from it. Otherwise, you're just flying blind.

James: Love it. Yeah. I mean, we used to have a lost sale column in that spreadsheet, and we would ask for the reason. Salespeople were very inventive, actually, with reasons. But I did notice trends. The story that I like to share is when I was in the Mercedes-Benz dealership, sometimes in that lost sale, when we were selling the M-Class Mercedes-Benz, we'd often see X5, BMW X5, and I'd see it too much.

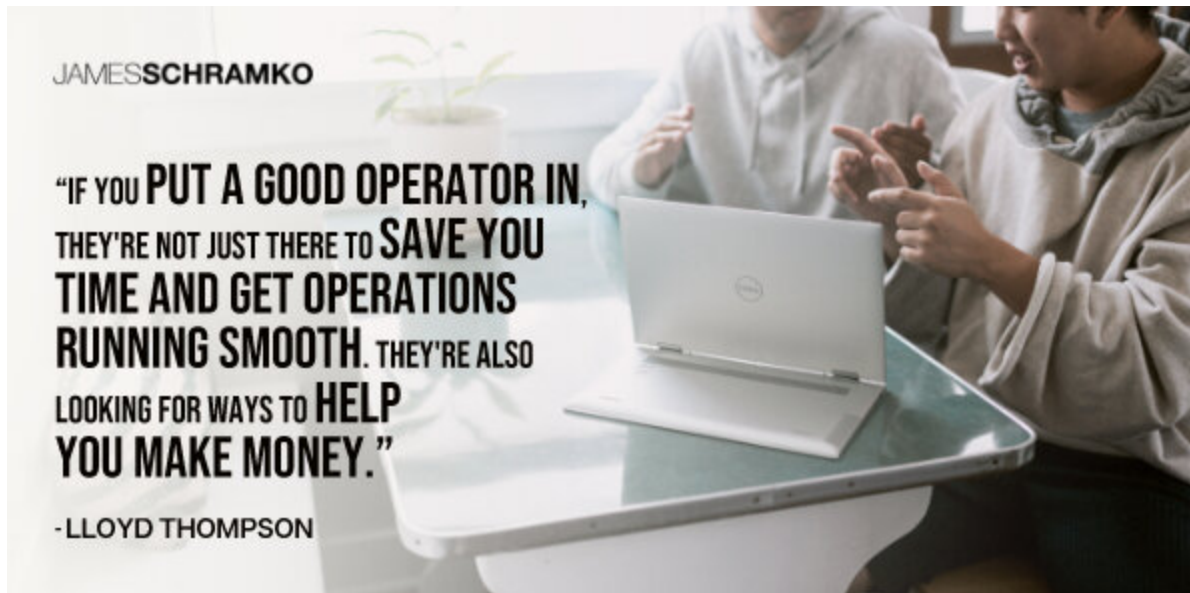
So I went down to BMW, and I got an X5, and I brought it back to the dealership for our morning training. And I parked it around the back, took the sales team out, said, Here's an X5, I want you to pull this thing apart, find out everything that's wrong with it. And we tried to sit in the back seat, does your head hit? What's the luggage capacity? How are the controls? Like, we would just get familiar with this product to be able to insulate against it.

And from then on, we started losing less X5s and winning more M-Class because my team weren't now strangers to this objection, or they would cover it off before the customer even goes down there for a test drive. And it was great. But we could only do it because we knew why we were losing the sales and had to ask the questions.

So just to be clear, all of these things you've talked about are stuff that's come out of your team being implanted in someone else's business as a [fractional operator](#)?

Lloyd: That's right. Yeah.

James: And they're basically actively looking for optimization opportunities as part of what they do.



Lloyd: Yeah. So this is, you know, we're not just looking for, you know, if you put a good operator in, they're not just there to save you time and get operations running smooth. They're also looking - to get the right operator, they're looking for ways to help you make money.

James: How long do people stay on board with fractional operations? I mean, you've been going for a few years now.

Lloyd: Yeah, we've had some people stay with us pretty much since the beginning. But I'd say six to eight months is more typical. And that might finish because either they've got someone internal, who's seen the rhythms that we put in place, and like, Okay, thanks, you know, we've got it this far. We just want a referral to set us up to the next gig, that's, you know, how we finish.

Or it might be that they are looking for a full timer because they've grown to a certain size, like they're really scaling now. And sometimes for us, they just keep us in a smaller scope to move into a different box, like, Okay, we've discovered another opportunity. So we have an overarching COO who's running it. Now let's focus on process improvement over here.

Wrapping Up: Key Insights

James: I just love what you're doing there. And you put together this checklist at virtualdoo.com/checklist. Lloyd, if we want to send you an email, ask you if you want to have a look at what we're doing, or how much it would cost to have a fractional operations person come into our business, how do we get in touch?

Lloyd: Yeah, so just email me, lloyd@virtualdoo.com.

James: Thank you so much, I appreciate it. I think the big highlight from today is, you've got to have a CRM system, that seems common. But more than that, you've got to know how to use the tool. And so, bringing in, what I like about fractional services, is that you're actually getting the value of an entire business team, not just one person.

So if you hire one person, you're basically limited to that one person's knowledge. But if you hire a fractional service, you have the experience of the entire business with layers of backup. They do the training, they're doing the cross-pollination, they're choosing the right player to be in your team, they can switch out roles if required, or lean on the operations manager. You just must be gathering so much experience for every single month that you're accumulating.

Lloyd: Yeah, I mean, we learn something from every single client. And yeah, I mean, I love this, problem solving is my passion. So I love it when I, you know, I say, Oh, here's an interesting challenge. This is great. You know, it's exciting. And I would say the people in my tribe are similar. We just love it.

James: I learn from everyone involved. Like from you, in particular, Lloyd, I've learned how to do a soul arch from the middle of the board, and I'm always appreciative of that, passing on the surfing knowledge. I appreciate it. And I look forward to catching up with you on another episode, find out more stories about what's going out there in that crazy world we call the entrepreneurial land.

Lloyd: Great. Thanks for having me, James.

JAMES SCHRAMKO

**Take your
business strategy
to the next level
with James's
assistance**

