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Maximizing ROI:
4 Common Pitfalls and How to Avoid Them

Starting a business as a UCaaS reseller is no small feat, and attaining a profit can be a battle of its own. There are a host of challenges in and of themselves to gain momentum, but amongst the many, there are 4 common pitfalls we see resellers and service providers fall into, that lead to minimal to no profit month after month. This can be disconcerting for new resellers because the goal is to not just make money but to maximize ROI. The good news is that these pitfalls can be easily avoided with market research and operational planning prior to going to market. To ensure your business is successful from day one, it's important to understand these 4 pitfalls, learn how to avoid them, and ask yourself the key questions outlined below. You won't just make money — you will be profitable, reduce costs, and maximize your ROI in the end.

1. Not Knowing Your Market — Or Your Competition

If you search 'telecom market' in Google, you'll likely find a plethora of articles discussing the general market's current state and an array of predictions for the future. While a valuable best practice is to stay up-to-date on the state of the market as a whole, digging deeper into certain aspects of the market — such as in the specific geographic location of your target customers — is equally important. Unfortunately, many resellers often overlook this detail. Why is it so important? Because what you could charge in New York may be very different than in Oklahoma, and if you're trying to sell NYC prices in OKC, you'll be fighting an uphill battle.

Another aspect of your market to dive deep into is your competition. Knowing who they are and having intel into what they're doing — especially when it comes to price and features — is instrumental in being profitable. Identify their pricing models and gain a greater understanding of the similarities and differences between your solutions. Doing this can help you price effectively and competitively, creating more appeal to new prospects, ultimately helping you win more business.

Ask yourself these key questions:
- Who is my target audience?
- What does the market allow me to do where my target customers are?
- What is my competition doing?
- What are their strengths & weaknesses?

2. Not Knowing Your Margins

When establishing your pricing structure, it's important to find a balance between where the market is price-wise and how many internal resources it takes to turn up, manage, and support a customer. You can sell service for $29 that costs you $10, but don't forget to consider your cost of resources, to ensure costs are factored in for greater ROI. This is one of the most significant pitfalls we see among resellers because putting a monetary number on resources takes some thought and a few calculations. However, doing your due diligence up front is worth the minimal amount of time it takes. It can be the difference between making a profit and being the red month after month.

As a best practice, look at your margins for the life of each contract. Doing this can help you stay competitive when it comes to price and additional offerings you include. Determine what you can position for free, what you need to upcharge for, and if up-front installation fees need to be implemented to offset any freebies. Consider, for example, you sell each seat for $29 and include a free phone. You might come out even the first month and only make $10 the second month, but after three months you'll be making a full profit and your customers could feel good because they're getting something for free.

Ask yourself these key questions:
- What's the service I'm reselling costing me?
- What are the highest & lowest margins I can sell my product for to see profit?
- What can I upsell on and what can be given away for free?

3. Not Having An Onboarding Process and Following It

Having a solid and efficient post-sale process will enable you to provide customers with a superior experience from day one. You'll also be able to get customers up and running quickly so you can start making money. Knowing exactly what needs to be done by when and by whom will help your business run like a well-greased engine. Not only that, but you can set expectations with customers before they even sign up. Let them know you'll handle buying their phones, securing their numbers, and partnering with their teams to ensure efficient provisioning. Communicating a clear and accurate timeline for deliverables can help establish a stable, long-term relationship. A secure, positive relationship can help ensure your customers continuously renew their contracts, which means ongoing revenue for your business.

Creating an onboarding process is only half of the equation. Failing to follow it cannot only tax your resources but can affect your business financially. The longer it takes to get a customer up and running, the longer it is until you see any revenue coming in. Not only that, any disorganization that leads to continual delays of an install won't make a good impression on your customers and partners. Doing anything that makes your business seem unreliable or untrustworthy, means harder times and potential revenue loss when contract renewal comes around.

Ask yourself these key questions:
- What needs to happen after the signature?
- How long does it take to turn up the average client?
- How about a client with 5/10/15/etc seats?
- How can I make the onboarding process more efficient?

4. Not Knowing Your Billing Cycle

Another critical, yet often overlooked aspect of ensuring your business makes a profit is setting a consistent and clear billing cycle. From the time a new customer signs on the dotted line, how long does it take for money to actually hit your bank account? There's a specific reason this pitfall comes after pitfall number three — not having an onboarding process and following it. If your onboarding process takes three months, factor in that you won't be making any money until the fourth month. Also, if you gave away a free phone that costs you one month of the customer's fee, you won't actually make money until the end of month five. Without having an onboarding process and following it, you automatically fall into the vicious cycle of not knowing when money will be coming in — or worse, when enough money will be coming in to fulfill your expenses when they come due.

Additionally, you can be strategic when it comes to billing and contract terms. For example, think about the length of your contracts. Having customers sign on for a three-year contract is more beneficial to your bottom line than a one or two year contract. The total contract value will be higher and money will continue flowing in for longer. If not a three-year contract, how about a one year contract that will automatically renew? Having contracts automatically renew means less active work for you and your team, and longer-term customers.

Ask yourself these key questions:
- When will money start coming in from new customers?
- Can I collect installation fees to help bring money in right away?
- What are my contract terms?
- When do I need to start talking to customers about renewing their contracts?

Conclusion

The more you prepare prior to going to market, the better. Know your market, competition, margins, and billing cycle and have an onboarding plan that everyone in your organization sticks to. By avoiding these common pitfalls, you won't just be able to make money — you'll enable your business to be profitable and maximize your ROI.