

Tips from the Top[®]

Business insights from those at the top for those at the top.



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THE ALTERNATIVE BOARD[®]
Change Perspective. Improve Business. Enjoy Life.

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Doing The Right Things, The Right Way

Jim Marshall, TAB Certified Facilitator, Green Bay, WI

Writer Peter Drucker once said, “It is fundamentally the confusion between effectiveness and efficiency that stands between doing the right things and doing things right.” Over the past few months I have compiled the most important actions for a business owner to take, and how to do them right. As you read through these actions, be thinking of ways to customize this list for your business.

Goals

Make sure all of your goals are measurable and in writing. Everyone should be working to achieve mutually understood goals. When an employee fails to deliver acceptable results, it can usually be attributed to the fact that the business owner did not make his or her goals clear to the employee. Sometimes this is because the owner had not clarified their expectations before making the assignment. A clear goal will help clarify the expectation.

Priorities

Focus on only the most important issues. Many important tasks are put on hold either because the owner does not realize it is important or would rather tackle a less important task where the required effort is more enjoyable or easier to accomplish. Pareto’s 80/20 Rule (and its many variations) have it right. Only a few causes or efforts will usually lead to a majority of the results or rewards.

Personnel

Hire the right people and fire the wrong people promptly. Rarely do employers regret firing someone too soon. An unproductive employee who is unwilling to address and correct issues that you have identified is inhibiting the productivity and growth of your business. There are many talented, driven and willing employees in the workforce. Set high expectations and take your time when hiring new employees. Do not hire just to get butts in seats.

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Company Strategy

Once they open their doors, many small business owners don’t think about strategy. For most, staying on top of daily operations, personnel, suppliers and customer requests is a full-time job. Who has time to think about growing the business, or planning for retirement? Remember to spend some time focusing on long-term goals and envisioning the future they want for themselves and their business.

Embracing Ownership

Eric Taylor, *Prevent Security & Technology, Wilmington, DE*

When I joined TAB less than two years ago, my facilitator/coach got me started into the Strategic Business Leadership (SBL) process. At the time, when we began to address the company values, I didn't really get into it. About a year later, during a coaching session, I was explaining my exasperation with the attitude of my key employees who wouldn't take ownership of their work. I had to be involved in the administrative details of every customer project because my employees wouldn't step up and handle any of it. My coach observed that "taking ownership" was a company value that only I embraced and suggested I discuss it with my employees.

In the first meeting with my employees on the subject, I was blown away. I started them talking about what it meant to take ownership of a job, a project or a customer, and the conversation took off from there. We met three more times on the subject, reviewing instances of taking ownership, and expanding our understanding of what it meant. I have seen a dramatic change in employee attitude and performance, simply because I took the time to explain a key value and invited them to embrace it.

Forward-Looking Job Description

Robert White, *Whitestar Corp., Lakewood, CO*

As business owners, we need to be able to answer questions such as: Where is my organization today? Where do I want it to be? What should my role and responsibilities be, and how do I delegate everything else? Unless you can answer these questions, it will be very difficult to bring in anyone to run the business for you or to sell your business.

In addition to using Strategic Business Leadership (SBL) to plan for your future, you should have two job descriptions for yourself (yes, two!). The first is your current job description, which details your present responsibilities. The second is what you want your role to be. This forward-looking job description should be in alignment with your personal vision. It will provide you with clarity and direction, and help you identify the current responsibilities you need to transition to someone else before you can achieve your ideal role in the company.

Make Time For Strategic Planning

Rick Woltman, *Woltman Trophies and Awards, Bridgeton, MO*

When I challenged our Board for ideas on how I could find the time to work on the Strategic Plans for my business, they suggested I set aside an hour a week to work on nothing else. Since I am constantly challenged by the volume of e-mail I must address, I invested in technology so I could review, reply and direct e-mail remotely, while at home or on the road. This enabled me to free up some time, and within a month I was able to begin working on strategic priorities I had put off for a long time, including the process of delegating work to others.

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Accountability

Set clear expectations for yourself and your employees. Hold yourself, your managers and your employees accountable. Remember "you get what you tolerate." We too often tolerate mediocrity. Employees respond accordingly by doing less than good work knowing there will be no consequences. Good employees will leave for an environment where they will have competent and responsible peers.

Trust

Surround yourself with people you trust. Drucker said organizations are no longer built on force, but on trust. Stephen Covey more recently documented the high cost of lack of trust. If you've hired the right people, you should feel comfortable delegating when appropriate, and you should not feel the need to re-do the work that was done.

Confrontation

Embrace rather than avoid confrontation with your employees. Confrontation, if handled positively and professionally, is essential to employee productivity. If an employee is not meeting your expectations, it is essential to confront him or her on the issues. If you avoid this, the behaviors will not change, and other employees may feel that they can also take advantage of you.

Communication

Spend more time listening than talking, this is especially true with employees and customers. Without customers and employees, there is no business. The only way to meet their needs is to listen to them. Business owners may feel that they know best and therefore do not need to listen to the suggestions of others. When the customer or employee does not feel heard, he/she will go elsewhere.

Leverage Existing Customers

Spend the bulk of your resources and effort on retaining and getting more business from existing customers. The cost of customer loss is far greater than that required to retain and increase business. Turn your existing customers into your

sales force.

Sales vs. Marketing

Understand the difference between marketing and sales. Sales personnel need to spend their time interacting face to face with the customer. Marketers ensure you are producing the right products at the right price and making them available when and where the customer wants them. Clericals can locate and qualify prospects again keeping the salespeople interfacing only with customers and qualified leads.

Think about your business. Focusing on any of the above areas can help improve your ability to do the right things the right way. You will improve profitability and enjoyment of the time you spend on your business. These are also great areas to discuss with your TAB Board and TAB coach.

Bio:

Jim Marshall is president of Marketing Communications Consultants in Green Bay, Wisconsin. He has 37 years of top level management experience including 31 years running his own consulting firm. MCC specializes in marketing and general management consulting including strategic planning. His work experience also includes Top Management Team tenure at a tertiary care hospital and 7 years as Manager of News Operations for a CBS affiliate radio and television operation; during which time he also served on the national board of directors for the Radio Television News Directors Assn. Marshall has an MA degree from the University of Wisconsin and an undergraduate BA from Miami of Ohio. He has been a TAB facilitator/franchisee since 1993.



Strategy

Tools For Decision Making

Daniel Marriott, *Spectra Symbol, Salt Lake City, UT*

When deciding whether to pursue a new line of business, it is helpful to apply an objective tool to the decision-making process. I recommend Porter's Five Forces for industry analysis, a simple but powerful tool for understanding where power lies in a business situation. The five forces are: Supplier Power, Buyer Power, Competitive Rivalry, Threat of Substitution and Threat of New Entry. The analysis the tool provides helps you understand both the strength of your current competitive position, and the strength of a position you're considering moving into.

Grow Profitability or Die

Rusty Smith, *TAB Facilitator, Houston, TX*

A common adage among business gurus is "grow or die." I feel much more comfortable with a modified version of the adage: "Grow profitably or die." Most of us want to grow our business, but there is a dirty secret about growth – it can be expensive. However, if you understand the different strategies for growth, you can determine which one makes the most sense – and is the most cost effective – for your business.

In a nutshell, the four types of growth strategies are:

- Penetration strategy - Sell more of your existing solution to your existing markets.
- Extension strategy - Continue to focus on the customers who already know and trust you, but offer additional solutions to them.
- Expansion Strategy - Maintain the same products or services, but offer them to a new set of customers.
- Diversification Strategy – Offer a solution you are not known for and/or enter a new market. For most small businesses, this is the most difficult way to grow, unless they merge or form an alliance with a company that already offers the solutions to this market.



The Pursuit of Excellence

David Baulieu, *Next Move LLC, Huntersville, NC*

During our Board's recent discussion of how expectations and effort contribute to excellence, I shared a favorite quote of mine, from Olympic alpine skier Kjetil André Aamdot:

"Excellence is obtained by those who care more than others think is wise, who risk more than others think is safe and dream more than others think is practical."

When you look at excellence this way, you realize that the current "trying" times we live in are no more challenging than before.

Fail Early and Inexpensively

TAB Board of Oklahoma City, OK

In marketing new products or services, it is important (particularly for small businesses) to find ways to test assumptions on product or service design, buying behavior, price points and other components of the marketing mix. Design small, inexpensive tests that allow you to fail early and fail inexpensively so that you do not risk the survival of the business. There is no shame in going back to the drawing board to improve your offering based on what you have learned in a test. There is also no reason to go forward with a new product or service if it appears to be a loser. Live to fight another day!



E-mail Efficiency Tips

I am very protective of my business e-mail address. I only allow actual business communications access to that account. I maintain a separate account for newsletter subscriptions, hotel reservations, ordering online, etc. By doing this, I keep my business e-mail inbox clean and results-oriented.

James Warner, *QSkilled Staffing, Alto, MI*

I give a different e-mail address to important customers, suppliers, etc., and then forward those messages to my cell phone with a special ring tone. That way, the most important e-mail is addressed in a timely manner, while other e-mail can wait until later or I can ignore the clutter entirely.

Sam Minick, *Minick Materials, Oklahoma City, OK*

Covering The Bases

When clients choose to decline my recommendations, I have them sign a form opting out. This protects me from future problems that could easily arise from a client's choices they may not remember were their own.

Fran Cassidy, *AXA Financial*,
Melville, NY

Don't Stop Marketing

Don't get so busy running your business, dealing with challenges and trying to look ahead strategically that you lose sight of the fundamentals. When it comes to marketing, remain focused and continue to leverage activities that generate leads and build your brand. When they stop providing you with the results you need, then you can change it up. But whatever you do, don't stop the marketing activities.

Sam Granados, *Integrated Resource Systems*, *Integrated Resource Systems*

Operations

Effective Delegation

James Van Handel, *CE Power Solutions of WI*, *Appleton, WI*

Effective delegation benefits you, the business owner, as well as the rest of the organization. However, when delegating work, I've found that asking the question, "Do you understand?" often receives a predictable "Yes," even if the person does not understand. So now I ask, "Any quick thoughts on how you plan to proceed?" The response to this question tells me if my direction was clear, while reinforcing the expectation that their personal initiative is valued.

Process and Procedure

Chuck Merritt, *Merritt Environmental Consulting*, *Hauppauge, NY*

Many companies have informal processes and procedures in place – a preferred way or a best practice but it's not written down. If you have an informal process and need to educate an employee on it, have them take notes on what you tell them and create a written process you can review.

Marketing

Leveraging Client Profiles

Dean Branson, *Midwest Agency*, *O'Fallon, MO*

To help focus our sales and marketing efforts, our firm defined our ideal customer profile based on revenue, effort of engagement and future potential growth. Using a rating system (A, B, C, D), we focus our marketing efforts on divesting or converting "C" and "D" clients to "A" or "B" clients, and focus our sales efforts on "A" and "B" ranking prospects. This profiling system allows us to maximize our marketing budget and keeps our sales force focused on the best opportunities. In addition, our customer appreciation program is centered on recognizing the clients that rate highly in this system, which helps us retain the best ones.

Picture Your Business

Susan Shmuel, *Dog Sense Inc.*, *Toronto, ON*

When we took some pictures of our facility for a marketing campaign, we were a little surprised to see how the images showed the need for a sprucing up. The little things, the scratches and dents that had accumulated day-to-day, unnoticed, seemed to jump out at us in the pictures. We took the opportunity to do a minor renovation. It is always helpful to see your business through the eyes of others and in this case, the camera provided those eyes.

Coach Employees to Solve Their Own Challenges

John Hart, *DDL Inc., Eden Prairie, MN*

Employees often come to me with challenges and it is my nature to want to solve them. However, I've learned that when I jump in, the employees never learn to do it themselves. Now I always ask them, "What do you think you should do?" If they can't offer an immediate solution, I ask them to think about it for a few hours or a day and come back with some ideas. If they are still "stuck," I will offer some suggestions but I won't implement those suggestions for them. This has been a great way to develop the critical thinking and problem solving abilities of my team.

Don't Delay Personnel Decisions

Bob Evans, *EK Associates, Inc.* & **Tim Dunn**, *Specified Components Company, Palatine, IL*

When it comes to making tough personnel decisions, procrastination can be very costly. We had a salesperson who, during his five years with the company, showed great promise and did all the right things but was not producing results. The other was a new hire with sparkling credentials and an obvious upside potential, but who showed up and began to alienate the rest of the staff immediately.

Both situations needed to be addressed. Upon the urging of our TAB facilitator and Board, we each did a spreadsheet analysis of the costs of having these employees on board. As it turned out, the first employee had cost the company over \$250,000 during his five-year tenure, and the new hire would have cost the company over \$300,000 in the first year as he continued to cause a near mutiny by the rest of the employees. Seeing these price tags was a rude awakening, which was made possible only by this type of objective analysis.

In the case of the five-year man, he accepted a new compensation program directly tied to his results, which insulated the company from future losses. The new hire was terminated due to his disruptive behavior. Bottom line – when you are dragging your feet on a tough personnel decision, follow the money and analyze the real costs. You may be surprised at how much it is costing you to procrastinate.

Tips For Hiring

I have two tips for hiring that have worked well for me. First, when deciding on a potential hire, I try to determine how that candidate treats their personal belongings (car, tool box, etc.). To me, this provides insight on how they will treat my equipment and customers.

Second, if you are looking for mature hires to potentially engage in second careers or part-time employment, try advertising to "55 and older" communities. Most have newsletters for residents who may have the skills you are looking for.

Anthony Baldino, *JPG Electric Main & Construction Corp., Ronkonkoma, NY*

Lunch For Less!

In today's climate of shrinking expense accounts and disappearing company perks, I have discovered a way to make business lunches more affordable. Online discount sites like restaurant.com,groupon.com and livingsocial.com are great opportunities for cost effectively entertaining business leads, clients and even employees.

Coupon prices vary, but as a rule, you usually receive over twice the value for what you pay. I like to use dining discount certificates to treat my employees to lunch. Our company of five looks forward to trying new restaurants, and it's a great way to enjoy time together outside the office. Great for morale and great for the company bottom line!

John Tafolla, *Rio Design, San Antonio, TX*

Credit Cards for Loyalty Programs

Incentive-based loyalty programs are a smart way to accumulate free stays and flights.

If you want to know which credit card to use to acquire frequent flyer points, go to www.frequentflyer.com, which offers comparisons between the different cards.

Jeff Ehrlich, *Fulfillment Plus Inc., Holtsville, NY*

Finance

Spotlight on Savings

Ed Dwyer, *C&T Rentals & Sales Ltd., Winnipeg, MB*

Our Board recently had a discussion on accounting fees and services and found that some of us were paying more for less. We will be having similar discussions on services from our legal and financial services providers. We hope to use this information to negotiate improved rates and/or an increase in services received from these providers.

Mobile Payments

Christopher Ulrich, *The Direct Response Group LLC, Melville, NY*

If you want to receive payments from clients in the field, I recommend Intuit's GoPayment. The app works on many types of mobile devices and if you already use Intuit, all the payments can be automatically deposited into your account. The basic service costs \$12.95 per month, and there are three levels of functionality you can choose from. Level one allows you to type the amount and the card number into your phone and send the information to get instant approval. Level two gives you a wireless card reader that fits easily into your shirt pocket or purse and allows you to scan the card into your phone. Level three includes a portable printer, which gives you the ability to give your customer a receipt on the spot.

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TAB Boards Rewards® Human Resources Solutions

In a small or mid-sized office, the dynamics of the people there can make all the difference. The right attitude, the right balance of personalities and the skills that will best compliment your existing team. Finding the right person and outlining the job effectively are just the first steps in creating a successful HR process. If this is not your particular area of expertise, you may want to consider working with one of our HR solutions providers. These vendors, all offering special TAB Boards Rewards discounts, provide services that can help you understand and implement a successful HR policy, fine tune job descriptions, onboard more effectively, comply with HR rules and regulations and give you great insight on how to recruit and retain talent.

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