

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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Thinking Strategically: "Focus, Focus, Focus"

Michael J. Audit, TAB-Certified Facilitator, Oshkosh, WI

It is often said that the three rules for success in real estate are "location, location, and location".

Likewise, the three rules for creating business success are "focus, focus and focus". The ability to create focused business plans and strategies often explains why some business owners are successful while others are not.

To power a locomotive, steam must be confined. To generate electricity, Niagara Falls had to be tunneled. To build a successful business, our plans must be focused.

A successful business strategy is all about making choices. You can't attempt to be all things to all people and call it a strategy. Our ability to think strategically often determines the difference between mediocrity and greatness.

As we look forward to 2010, we instinctively set goals. Some will be achieved, others will not. Having failed to achieve past goals, the question often becomes, "How do I create the self-discipline needed to focus myself and my business to achieve more?"

(Continued on Page 2)

Taking Care of Number One

Eric Taylor, Prevent Security and Technology, Wilmington, DE

Earlier this year I reviewed a chart of my company's sales history showing the peaks and valleys over the past few years. It suddenly occurred to me that the highs and lows coincided pretty closely with my own attitudes and emotional swings. When I was feeling energized and creative about work or my personal life, sales increased. When I was being dragged down by missed opportunities or other difficult challenges, sales dropped.

The first thing I did was make a decision to not let circumstances that are out of my control affect my attitude and emotions and to focus only on those issues I can control. Then I decided to improve both my eating and sleeping habits. By feeling better both physically and mentally, I am able to take better control of my attitude toward my life and business. Sales results are still a bit cyclical, but the swings are smaller and are due to normal cycles. And not only do I feel better, but the company is doing better and our employees' attitudes have improved along with mine.

Sales

Dealing With Government Clients

Jeff Garvens, *Acme Holdings, Inc., San Antonio, TX*

When selling to the government, small businesses frequently become frustrated at all the endless delays. Instead, stay calm and try to understand the mindset of the government bureaucrat. If there is no pressing problem to fix something, what is the upside of approving something new? If it fails, it's his fault. If it succeeds, things are merely no worse than they were previously.

Time Management

Don't Let Phone Time Hang You Up

Ken San Pedro, *The Carpet Cleaning Guy, Long Island, NY*

Do you drop everything when the phone rings? Stop letting the phone interrupt you and start managing your time by using a professional phone answering service. You set the parameters, you dictate what gets through to you and what doesn't and you maximize the use of your time.

Human Resources

This Is The Time To Make Relativity Adjustments In Pay

TAB Greater Hartford Board, *Hartford, CT*

If pay cuts are needed, take the opportunity to make relative adjustments instead of across-the-board reductions. If you believe you are paying, say, one employee more than they should be making in relation to the rest of the staff, this is the time to dial down their compensation. It's never an easy thing to make pay adjustments but, if you need to, now is the time to bring everybody's salary to the right level.

Strategic Planning

Data Visualization Made Easy

Craig Block, *Precision Index Equipment, Inc., Ronkonkoma, NY*

For those of you who think more visually and need to see things graphically, try Microsoft Visio Professional 2007, a diagramming software that lets you "brain dump" your goals, objectives and tasks onto one page and lays them out in a way that's easily manageable. It'll allow you to get back in control of your workload and focus on bottom-line results by knowing what's on your plate. And, best of all, there's a 60-day free trial available!

Focus, Focus, Focus (continued from cover)

Thomas Huxley, the 19th century writer, expressed the essence of self-discipline:

*"Doing what you should do,
when you should do it,
whether you feel like it or not."*

To develop the focus needed to create a successful business, internalize these four simple principles:

- **Principle #1 – Put your goals in writing.** To increase the likelihood of achieving your goals, write them down. Brian Tracy, a motivational guru and best-selling author, is known to often tell audiences:

"Only 3% of adults have written goals, and everyone else works for them."

People with goals enjoy more success than people without them. And people with *written* goals that are periodically reviewed and updated are less likely to get distracted and fall back to their old ways

- **Principle #2 – Only include goals you are intent on achieving.** Goals and intentions are linked and intentions dictate outcomes. If you are not truly intent and truly committed to achieving the goal, it is no more than a hope or a wish. If your intentions are connected to the appropriate actions, however, the desired outcome will be achieved. It is a simple, yet effective, concept
- **Principle #3 – Limit your number of goals and prioritize them.** By definition, business owners are busy. We all wear many hats and time is of the essence. As a result, we are better off achieving a few goals

rather than pursuing many. It is my experience that setting three to four goals at the most is a manageable target

- **Principle #4 – Set deadlines and monitor performance.**

A deadline serves as a forcing mechanism that keeps us on-task. You will work faster and more efficiently when you have a deadline. It is often said that there are no unrealistic goals, only unrealistic deadlines

Bio:

Mike Audit and his partner, Jim Marshall, operate The Alternative

Board® of Northeast Wisconsin with 42 active members. His professional experience includes 25 years in the paper industry and four years

as the president and part-owner of a mid-size manufacturing firm. Mike is committed to helping his TAB board members develop the organization and management skills needed to realize their business' full potential.



Operations

Explore the Benefits of a Bonus Program

David Williams, *Bill Yount Signs and Electric, Inc., Overland, MO*

It's always a challenge to retain quality employees who reach the high point of the corporate pay scale for their job descriptions. One solution is to share the company's budget and profit goals with everyone and then develop a bonus program that, at the end of the year, distributes bonuses based on profits exceeding budget. This allows maxed-out employees to share in the corporation's profits while staying motivated to continue their excellent work.

Business Generation

More Leads Than You Can Handle

Ed Cohen, *Ultimate In Pool Care, Inc., Bay Shore, NY*

If you're struggling with generating business, you might want to check out ServiceMagic—a TAB-endorsed vendor—at www.ServiceMagic.com. They're in business to connect you with “pre-screened service professionals” and they created more leads than I could handle.

Operations

Consistency In Operations

Danny Selman, *Lone Star Pet Supply, Schertz, TX*

Adjusting your operations every time business gets better or worse requires too much misplaced effort. We try to operate like we're breaking even or worse, losing money, all the time. Don't be one of those companies that doesn't operate as tightly when business and profits improve. It's to your advantage to be consistent and to operate like things are bad all the time.

Marketing

Brand Reminder

Frank Olmeda, *Long Island Ninjitsu Centers, E. Islip, NY*

When your customers have a good relationship with the salesperson or account executive they most often speak with at your firm, they can forget who's really their supplier: your company, not the employee. Make sure you engage in ongoing nurture marketing so the customer always identifies their relationship with your company, not its representative, just in case that particular employee leaves. The brand image should be invested in the company, not just individual employees.

How To Protect Your Portfolio In Today's Environment

Ronald Roge, *August Benefits, Inc., Huntington, NY*

Recently, when I participated in a Long Island, NY, The Alternative Board® (TAB) networking event, I was taken back when it became obvious to me that most of the participants were not sure how their investment or financial advisors were compensated and if their money was safely housed with an independent custodian.

The importance of having a custodian for your money—one that is separate from your advisor—was recently brought to the forefront in the news about the Bernard Madoff Ponzi scheme. Having an independent custodian that sends statements, which you can compare to the statements you receive from your advisor, is the first step you can take to protect yourself from such schemes.

In addition, knowing how your advisor is paid is another very important factor in the relationship you have with your advisor. It will allow you to make better informed decisions about how you judge the advice you are given in that relationship. There are three types of compensation:

- **Fee-Only:** This is a compensation arrangement where your advisor is paid a fee (one-time and/or ongoing) to work with you. The advisor agrees to act as your fiduciary in financial matters. The advisor also agrees to be paid only by you and will not accept commissions or payments from third parties
- **Commissions:** Most brokerage firm employees (representatives) will charge commissions. Some are disclosed (you can see the commission on the trade confirmation) while others are buried in the product—and so you don't know what you're paying for the product you are being sold (typically insurance products, annuities, municipal bonds and some mutual funds). Broker-dealer representatives have a duty to the broker-dealer—not the customer—by law. They primarily conduct trades for the broker-dealer
- **Fee-Based:** This is a euphemism for “fee-only” which we described above. Don't be fooled by this term. Here a broker-dealer's representative wants you to believe they are acting as a “Fee-only” advisor some of the time. It is a combination of commissions and fees

It is important that you know how your advisor is being compensated because ultimately you have to decide if the advice you are being given is right for you or for the person selling you the product. To avoid this conflict of interest, you can work with a “fee-only” advisor who will put your interests first by agreeing to act as your fiduciary and not accept payments from anyone but you. You can find a fee-only advisor, free of charge, by contacting The National Association of Personal Financial Advisors (NAPFA), the organization for fee-only advisors, at <http://findanadvisor.napfa.org/Home.aspx>.

Pay Cuts Can Improve Morale

A member of our board reported that, due to the difficult economy, he had to cut salaries 10 to 15 percent earlier this year. He explained to his employees that he had to trim costs because the company was losing money, but he did not want to lose any of them because he considered them all valuable to the company. As he was trying to avoid layoffs he reduced his own compensation as well.

What surprised him most was that not only did his employees understand and accept the situation, but in fact, this action seemed to create a kind of esprit de corps—people bonded together, rolled up their sleeves and seemed to work even harder than they did previously. The bottom line is, if pay cuts are needed and are explained properly, employees will not only accept the situation without balking, they may surprise you by their willingness to be part of the solution to getting the company back on track.

TAB Greater Hartford Board,
Hartford, CT

Not All Paperwork Is Bad

Sometimes it's worth the time to take a really close look at your business, even if it's something you dread.

We recently completed refinancing through a new vendor which required what appeared to be reams of paperwork. We really hated to take the time to re-evaluate such areas as our insurance policies, leases and other documentation. But we were forced to—and, to our surprise, we found certain issues that needed addressing!

Heath Brabazon, *Brabazon Pump and Compressor, Rothschild, WI*

Mystery Vacation Day

Take a day off! Don't plan it—just say you aren't coming to work or get there later or leave earlier—whatever makes sense. Just give yourself permission to take time off. You ARE the boss, discipline yourself to take care of yourself.

Bev Snyder, *Stonebraker Rocky Mountain Firework, Denver, CO*

Credit Policy

To spur growth, our company, a manufacturer of car audio equipment, is considering offering trade terms. I presented this challenge to my TAB Board. Their first impression was: "WHAT! You don't offer terms now? Wow!" After more dialogue the net advice from my fellow members was that, "Extending credit works, but it's a privilege that your customer should realize they need to earn, and it costs money. If you treat it as such and find a way to do it in the most economical way possible, it'll be a good tool." Looks like even in these economic times, a solid credit policy and disciplined A/R follow-through is a good way to increase sales.

Vicki Langford, *Digital Designs, Oklahoma City, OK*

Back To Basics

If you don't have a disciplined, regular and timely comparison of actual expenses to budget, I strongly recommend it. We've instituted one and it's been a tremendous help in identifying problems and coming up with solutions quickly. We've begun plugging several "profit-sucking" practices as a result.

Heath Brabazon, *Brabazon Pump and Compressor, Rothschild, WI*

Finance

10 Tips On Reducing Expenses

TAB Board 502, Suffolk County, NY

Here are a handful of suggestions for trimming your corporate expenses:

- **Reduce your W-2 wages** and do distributions for the rest of your salary. This will reduce Medicare payments. It does require you to do tax planning and save a percentage of your distribution to pay Federal and State tax, but it will also save you 2.5 percent for Medicare
- **Consider discussing with your employees the need for layoffs** and see if they prefer having a pay reduction to maintain their employment
- **Consider negotiating** with the union
- **Rather than giving bonuses**, utilize "pay for performance". In this way, the employees do not feel entitlement and you only need to pay if in fact they get their work accomplished
- **Review your liability insurance** since it is based on revenue. Reducing your insurance if you have a decrease in revenue is important
- **For worker's compensation insurance**—even though you paid in advance for the year—you can ask for a payroll audit to reduce or get a refund if you reduced your payroll
- **To maintain travel expenses**, consider giving only the IRS allowance to your employees rather than paying for meal expenses. Also, discontinue paying for alcohol
- **Use airline points** to pay for airplane tickets
- **If you have a timeshare** and you will be traveling, consider using the timeshare instead of a hotel
- **Lower the IRS allowable mileage** since gas has gone to a lower rate-per-mile



Marketing

Flying the Plane: Three Common Mistakes

Wendy Bair, *Insight 180, Inc., Ellicott City, MD*

Fly the plane. If we could offer one piece of advice to busy C-level executives in corporations these days, it would be this: remember to look up from the controls to see where you're flying the plane. Yes, attention needs to be paid to making sales next quarter. Heck, attention needs to be paid to making sales THIS quarter. But putting all your attention on logistics and not enough on vision can be, well, deadly. There are a few tell-tale signs of a company that is off-course and doesn't know it.

For example, if the positioning strategy of your company is to "sell x and y", your vision to "be a leader", your mission to "meet and exceed the needs of our customer" and your values to "be great" at what you do — you're not only off-course, you're flying almost blind. The critical brand-building blocks of positioning and reassurance statement, unique selling proposition, value proposition, mission and the ever-important tagline have to be highly differentiated, specific and strategic sales statements that help you, your staff and your customers understand who you are, what you offer and why it's relevant to the consumer of your product or service.

Articulating a brand.

- **Common mistake #1:** Branding language should not be an attempt to magnify what you do—to try to make it sound like more than it is. Branding language should pinpoint your message, not expand it
- **Common mistake #2:** Articulating branding language should not be an "afterthought marketing strategy". It should be real language that expresses true things about your company and its products or services. Even if the claims you make are not true now, make them and then work to infuse them into the operations of your company until they are true. That's how companies evolve. They realize what they could be doing better, set out to change it, declare it changed and then work to live up to it. As long as the customer experiences the benefit, it's a win-win
- **Common mistake #3:** Thinking that change can be eased into. It just can't. Change has to be embarked on with bravery and a bit of drama. Making small, safe changes are like changing a plane's altitude—no one other than the pilot even notices the change. What's the point?

Seeking New Representation

Jerry Lawson, *W.W. Wood, Inc., Pleasanton, TX*

If you are seeking new representation for your product and don't know who to use, try contacting some of your current customers and asking them if they have any suggestions. They may have some good ideas you never thought of, especially if they have the opportunity to suggest someone they believe would be good for your mutual business relationship.

Working with TAB Business Vantage®

TAB Business Vantage®, The Alternative Board®'s online business performance assessment tool, is designed to give an in-depth, 360-degree snapshot of a business's current performance compared to its business priorities. It can be intimidating, but it needn't be if approached systematically.

Start by breaking it down into its 10 sections and address one at a time. Use the graph to help set priorities. Establish the current score on the section, say, 28 percent. Then identify the items in the section where you want to go for more and what you want to do. Write it all down! Then recalculate the new score, say, 72 percent. Create an action plan out of the items in the section before moving on to the next section.

At the end of the year, you can re-do TAB Business Vantage and see, first, what improvements you've made and, second, what you want to tackle next. This is a very effective way to make progress—and to measure your progress.

Jonathan Watkins, *Wright Music, Port Washington, NY*

Attitude at the Highest Level

Just because someone is an owner or partner filling a roll in a business, it does not give them the right to be a lousy or unproductive employee.

Vicki Langford, *Digital Designs, Oklahoma City, OK*

Institutionalizing Post Mortems

It's important to remind clients about all the things you do for them that go above and beyond what they ask you to do.

We have now started to put in place a formal review process that takes place after each project is completed. It is prompted when an invoice is sent out and it involves looking at everything we did that had an impact on the project. The result is a formal report that we deliver to the client along with the invoice.

Mark Rickard, *Rickard List Marketing, Melville, NY*

Wage Ranges

We publish wage ranges for every position. It solves the problem of employees asking, "How much more will you pay me?" on each anniversary. When they max out in a position, they know they have to learn new skills or stop getting increases.

Charles Knapik, *New Life Toner, San Antonio, TX*

Editor's Note:

In the November issue, there was an error in an article on page three. The article's correct title and author should be: Design as a Business Strategy by Rita Wilkins, Design Services Ltd., Wilmington, DE. To re-read the article, please e-mail Marketing@TheAlternativeBoard.com.

Operations

Manage Your Clients' Expectations

Tracy Fisher, *Covenant Food Marketing, St. Louis, MO*

Don't be afraid to re-set the client's expectations when something occurs to keep from meeting the original terms of the order. All too often when we encounter delays to the performance of the order, whether it be from the failure of a client to supply needed information to a key supplier changing the delivery date of materials to be incorporated, the change is not communicated promptly to the client as our staff tries to otherwise scramble. This may only compound the problem when the information must be ultimately shared on the actual performance period and conditions due to the delay.

Sales

Competing Against Yourself

Jim Houlihan, *Lewis Associates, Inc., Denver, CO*

Do you pay attention to your customers? You are all probably saying yes. But are you really? When my board asked me this question I realized that we do a really good job paying attention to our big/major accounts but we don't pay enough attention to our smaller accounts, the ones on the fringe. We are in fact, competing against ourselves. Smaller accounts are just as likely to be repeat customers or refer business to us as our major accounts. But they don't because we don't stay in front of them. We are now executing a plan that keeps us in front of all of our customers — big and small. When was the last time you visited with one of your smaller customers?

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Collaborate with Other TAB Members with the Business Owner Forum

Collaborate with other business owners across our entire member base to share ideas and build relationships. The valuable Member Message Boards have been re-launched with the following implementations:

- The previous industry-specific message boards have been condensed into one single message board—the Business Owner's Forum.

Take advantage of this great tool by:

- Posting topics
- Collaborating with your peers
- Getting valuable business advice

Subscribe today by logging on to the member intranet, clicking on the "Business Owner Forum" announcement and watch the short video showing you how quick and easy it is to subscribe so you can further utilize the expertise of your TAB member peers around the world to help you overcome your toughest business challenges and achieve business success.

Surveying the Territory

Sending out customer surveys will provide feedback in more ways than one: Not only will you convey a desire to improve service, you also find out where there may be holes in processes that need upgrading.

Lee Cirillo, *Fitness Together,*
Port Jefferson, NY



Change Perspective.

Tips *from the* Top

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



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