

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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Translating Social Networking into Real Benefits for Your Business

Jackie Gernaey, TAB-Certified Facilitator, Suffolk County, NY

To social network or not, that is the question. We are not talking about the social networking your kids or grandkids might do, we are talking about making social networking an integrated part of your marketing plan (you all have marketing plans, right?).

For those who might not yet know what social networking is all about, think of it like regular networking in that you meet people, you join groups, you have conversations, you make and get referrals, you focus on giving rather than getting and you benefit in the long run by helping others and by being an expert.

You are probably thinking, “If I take the time to do it, how does it benefit my business?” The first and most important thing social networking does is to build a deeper engagement with the customer. They are online already and talking about you or your competitors, voicing opinions and posting comments. Knowing what they are saying allows you to react and resolve issues and to learn from what they might like for future products or services.

(Continued on Page 2)

Eliminate Long-Term Employee Negativity

Nick Schopp, Aegis Professional Services, St. Louis, MO

Many of the companies on our board have been in business for several decades and, as a result, have some long-term employees who have become somewhat passive-aggressive in their behavior towards the necessary changes required by the current economy. Don't underestimate the amount of negative energy that can be created by such employees who may require additional attention by the business owner in order for the company to remain focused on course changes.

Board members who have resolved this problem with employees—either by changing their attitude and increasing their productivity or by ending their employment—speak of feeling “liberated” because they no longer have to deal with the negativity. If your company suffers from this problem, it's worth the effort to follow up.

Finance

Cultivate Long-Term Relationships

Phil Del Giudice, *Aztec Industries Inc., Ronkonkoma, NY*

You may consider the little jobs you get “money losers”, yet they can provide an opening to an expanded relationship with a client whose needs will grow. View these as a marketing expense, much like networking or long-term advertising or handing out samples. To avoid a “black mark” on your profit column, expense them as marketing costs.

Human Resources

Try This New Employee Conversation

Alvin M. Miller, *Davis Mercantile, Shipshewana, IN*

When I hire a person for a production job, I have a conversation with them explaining that 30 days from now they will either be receiving a 25 percent pay raise or they will be doing the same thing they are doing now—looking for a job! This usually results in an ongoing conversation initiated by the new employee who wants to know how they are doing. I like this for a couple of reasons. First, it makes the new employee more interested in how they are doing their job and they invariably initiate that inquiry. Second, if they don't work out, then the termination is more like a separation than a firing.

Operations

Use a Mobile Scribe

Veda Cassells-Jones, *C-J Advisory, San Jose, CA*

If you spend a lot of time out of the office or on the road, try using a service called Copytalk to dictate messages and reminders to yourself via your cell phone. The service converts your spoken words into text and then delivers that text to your e-mail inbox. For a flat fee of \$79.95 per month, you can make an unlimited number of dictations with up to four minutes per dictation. There's a lot more information about Copytalk on their Web site at www.copytalk.com.

Finance

Audit Cell Phone Calling Plans for Cost Savings

Paul Lefebvre, *KAM Construction Services, Ronkonkoma, NY*

Analyze company cell phone bills annually to assure your employees are on the right plans. An audit by our company resulted in a 20 percent decrease in monthly billings when our company cell phones were put onto plans based on employee usage. This lowered our cell phone bills without decreasing the amount of cell phone time needed by each employee.

Social Networking (continued from cover)

Doing this online is far easier and cheaper than using comment cards or focus groups.

This is the minimum amount of social networking each company should do. It requires monitoring posting sites, providing your customers with a forum for comments and ensuring your customer service policies empower your employees to resolve customer issues so they don't end up being posted online.

If you want to use social networking to get new business, it can help improve how people view your brand. It allows unbiased references if you are in a service business (many allow you to review them first before they are posted). You can give advice on a subject of your customer's interest and set yourself up as an expert. The 80/20 rule applies here. You give advice or help 80 percent of the time showing how you are the expert and that gives you the right to sell 20 percent of the time by inviting them to seminars or giving them coupons to buy.

If you need to hire employees, social networking can help. You tell people in your groups your needs, you post ads on networking sites and you research potential hires to get an insight as to who is “the real person” before you hire.

Getting a referral for a new vendor becomes a snap. Post your needs in a discussion forum or community and when you get a recommendation, read their reviews to help you make a decision.

There are thousands of social networking possibilities, including blogs (WordPress), sharing pictures of projects (flicker) and training videos (YouTube). It all begins with the conversation. When you put social networking in your plan,

think long-term. The right choice for you is based on your goals, your manpower and your budget. Like any networking or other marketing tactic, make sure you calculate your return on investment. As you begin, don't forget all your company's existing written collateral, photos, videos and connection capital you can exploit. Start small, but do start!

Bio:



Jacquelyn Gernaey, is the Chief Executive Officer and TAB-Certified Facilitator of TAB Suffolk County, NY. She is also the President and

Founder of HyTech Consulting, a management consulting firm founded in 1997, based in Long Island, NY. Jacquelyn is a best-selling author of a business book with giants Brian Tracy, Mark Victor Hansen, et al, endorsed by Dr. Stephen R. Covey and Ken Blanchard entitled, *Create the Business Breakthrough You Want*.

She has more than 20 years of experience leading both entrepreneurial and large corporations and now focuses on helping CEOs, presidents, owners and partners create, execute and exceed their personal and business goals. This is accomplished through sales, marketing and management consulting, pre and post-employment talent management assessments, executive coaching and facilitating peer boards of business owners.

Finance

How To Protect Your Portfolio In Today's Environment

Ronald Rogé, *R.W. Rogé & Company, Inc., Bohemia, 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>.

Sales

Create “Wow” Presentations!

Steve Huser, *Huser Construction Co. Inc., Kerrville, TX*

Still using a projector for customer presentations? We found that low-lumens projectors required turning off the lights, which is likely to reduce audience contact and maybe even give them the opportunity to doze off. Higher-powered projectors help, but frequently required us to set up behind or to the side of the audience. Instead, we now travel with a 36-inch plasma monitor. The setup is more flexible, the picture sharper and we get more of a “wow” effect.

Employment

Try This Inexpensive Resource to Find Employee Candidates

Jim Willow, *United Sanity of America, Central Islip, NY*

We have successfully used the Department of Labor to supply us with resumes for potential employees. We simply register with the local Labor Board in our town and they send us resumes. It’s as simple as that. We have found this to be an inexpensive and effective way to get resumes and we have hired candidates who have turned out to be good employees.

Finance

Consider Equipment Arbitrage

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

The current recession has enabled us to buy used equipment for our business at drastically reduced prices. We visit auctions in the most depressed parts of the country to buy equipment that have limited hours of use. Then we sell our existing equipment with extensive hours of use at auction sites that have more favorable pricing. By doing this, we have been able to upgrade most all of our equipment with very little outlay of additional capital.

Human Resources

Make Use of Social Networks for Insight into Prospective Employees

Carrie Theis, *Hofsas House Inc., Carmel, CA*

I have found that looking up prospective employees on Internet “social networking” sites—like MySpace and Facebook—can give you some real insight into the type of person you are considering hiring. Don’t forget that you’ll need your own account on each of the sites you intend to use to be able to access other peoples’ information.

Create A Business Video For Your Business—Free!

I was recently approached by a salesperson at Comcast to place an ad on their local TV station. At first, the \$3,500 sounded expensive. But the station created a video for me that was aired a dozen times. Not only did I get enough business from the ad to more than offset the cost, but I ended up with a fabulous DVD that I now use for my own marketing efforts. If you haven’t considered TV advertising, reconsider!

Michael Sudak, *Michaels of Denver, Denver, CO*

Paying Payables

Before you find yourself in a cash crunch, ask your top suppliers how long it takes them to call you for payment. Make a note of this time (31 days or 46 days) and then be certain you send payment just prior to their call. Then, when they do call, you can truthfully say, “The check is in the mail”.

James Stephenson, *Lykins Signtek, Naples FL*

Plug Sales Leaks

Companies make great efforts to increase sales revenues but often fail to pay adequate attention to “leakage”—or lost business—from existing customers. Most companies would celebrate a 15 percent sales growth even though it could have been 20 percent if established accounts had not declined by five percent. We do celebrate our success but we also run a spreadsheet that tracks sales changes in every individual existing client account year over year.

Mike Merriman, *Accent Purchasing Solutions, Fort Collins, CO*

Be Careful What You Say

When recruiting new senior-level staff, be careful what you say. Don't be too quick to dangle a "carrot of ownership". Such conversations are not soon forgotten and will certainly come up during performance reviews. The problem is that, after working with these individuals for some time, you may decide they are not partner material.

Steve Moon, *King's Septic and Portable Toilet Service Inc.*,
Winnipeg, MB

Got A Will?

If you don't have a will, get one—or the government will decide how your assets are to be distributed—which is not a pleasant thought. If you do have a will, when is the last time you reviewed it? Have you done any estate planning projections to evaluate your estate tax liability (life insurance trusts are an effective way to fund estate tax liability)? Has your will been updated lately? Is it enforceable? You never know what can happen, so keeping your will updated regularly will protect your family, your business and your heirs. It is also a crucial part of your exit/succession planning.

Dave Burry, *Supreme Offices II*,
Arvada, CO

Reverse Referral Fees

When you get a referral from a customer, try this: instead of giving the current customer a referral fee, give the person referred a 10 percent discount as an incentive to do business with you. Then send your customer a personal "thank you" note—with a gift certificate or gift basket.

James Stine, *J&J Glass & Mirror Corp.*,
Naples, FL

Sales

Offer Extended Warranties

Jim Goodwin, *Boot Hill Used Pickup Parts*, Denver, CO

Examine your returns under warranty. If the percentage of returns is low and the profit margin is high, consider offering an extended warranty either at a higher price instead of a discount. This is a great tool to generate increased sales because the consumer will be less fearful of buying. In addition, this can actually increase revenues and provide a value-added service for very little additional cost.

Selecting a Rep Firm

Tim Jones, *Engineered Equipment Inc.*, Oklahoma City, OK

Being a manufacturer's representative firm, we have a good understanding of what it takes to represent or sell a line of products successfully; we do not take on any product line unless we believe we can be successful with it. We recommend that you follow these steps before selecting a representative firm that you feel may be a good fit for your product line:

- Interview several end-users or target customers in the geographic area and the industry you wish to reach. Ask which is the best representative firm that calls on them
- Look for a representative firm that can sell your product(s) to their core customers as complements to their existing lines of business
- If your product(s) have a technical component to the sale, make sure the representative firm has the technical expertise to explain your product. Otherwise you'll need to invest time and money to train the representatives
- Make sure you can cancel the contract with minimum notice in the event of poor performance



Operations

Cutting Telecommunications Costs By 95 Percent

Rob Hardesty, *Retailers Direct, Sandy, UT*

In my business, which is conducted totally over the phone (selling point-of-sale supplies to small, independent retailers nationally), selecting the correct telephone solution is a critical decision. I tested magicJack and found the benefits to be amazing. The tiny gadget cost me \$39.95—which includes your first year of service—and I now have unlimited local and long-distance calling for \$19.95 per year. I'm using it on all of my phone lines and my telecommunications costs have decreased by 95 percent. You can get more information about magicJack on their Web site at <http://www.magicjack.com>.

Human Resources

More Impact than Verbal Praise

Steve Walden, *Asset Disposition Group, Oklahoma City, OK*

Complimenting co-workers goes a long way toward energizing employees and motivating them on a daily basis. However, you can get even more mileage out of these positive strokes by using handwritten notes, instead of just passing on verbal compliments. We used specially printed notes or Post-its at a previous company and found this to be a better motivator. I am going to get some printed up for my new business and suggest you do the same for your company.

Operations

A Simple Quality-Control Checklist

Ron Mondor, *Zantek Information Technology, Inc., Winnipeg, MB*

Is your company struggling with quality issues? Do you find yourself going over your expectations again and again with certain employees? Try introducing a simple quality-control checklist that must be completed and signed for the work being done. This will help to ensure that employees are not missing any steps and it will hold them accountable. Remember that it's always better to address a quality issue at the source rather than deal with the repercussions later on.

Finance

Stay On Top of Your Credit Score

Claude Solliard, *Seppi's Restaurant, New York, NY*

To stay on top of my credit score, I use Credit Keeper, an online service that focuses on monitoring changes, repairing my credit, handling disputes and so on. They offer a 30-day, no-cost trial and, after that, it's just \$9.99 per month. You can find more information on their Web site at <http://www.mycreditkeeper.com>.

Closing Technique Affects Retention

When you obtain business “correctly”, you retain business long-term. We've found that treating customers carefully in our closing process is the first stage of a long-term retention strategy. Customers who are pressured into buying from us feel rushed or those who don't have the opportunity to ask important questions are more likely to suffer buyer's remorse later. And, they are less likely to be committed to future purchases. It takes discipline to struggle through a long, hard closing process with a cautious prospect but it's worth the effort.

James Suddeth, *First Carolina Insurance Associates, Charleston, SC*

It's Time to Review Your Web Site

After finding an oversight on my Web site, <http://www.integritysaw.com> and another one on a supplier's Web site, we are now undertaking a thorough review of our online information. The supplier had omitted his address and we had failed to provide a form to supply measurements for ordering one of our most common products. Just as you would make sure your sales sheets are accurate, it's crucial to get your Web site correct. I have asked my fellow TAB Board Members and others to help with the review.

Rick Mand, *Integrity Saw & Tool, Inc., Fond du Lac, WI*

Use Service Agreements as a Cash Flow Management Tool

Service agreements—often discussed but rarely implemented—can provide an ongoing and value-added relationship with your customer. However, if renewals are scheduled to coincide with normal down cycles (such as the first quarter), these agreements can be a revenue boost to what is usually a soft sales period. When selling new agreements, pro-rate the cost back to the annual renewal quarter or month you desire.

Bill Sanders, *Seacom Inc.*,
Glen Allen, VA

Keep Your Web Site at the Top of the List

To keep your Web site near the top of the search engines where it will get maximum exposure, try asking your family, friends, customers, employees and business contacts to make your Web site their homepage. Search engines consider the number of hits on your Web site when determining where you rank in the search list.

To keep track of your ranking, go to www.google.com and type in your Web site's name in the search bar. It will tell you how many times your site has been accessed.

Joe Kramer, *Business Telecom Equipment*, Atlanta, GA

Sales

Shopping Around For Salespeople

George Efthymiou, *Royal Home Products, Inc.*, Bay Shore, NY

One good way to find good retail salespeople is to look in an allied field. For example, if you are in the plumbing supply business, go into the kitchen-and-bath stores; if you are a window distributor, go into a siding company. When you do, act like a prospective customer and look for a really good salesperson. When you find one, let them know you own a company and would like to hire them. But before you do, determine what the salespeople in that industry get paid; then make the person you want to hire an offer they can't refuse.

Human Resources

Two Flu Prevention Tips

Philip Hood, *Enter Music Publishing, Inc.*, San Jose, CA

If you are as concerned as I am about the flu putting your people out of commission, you might try these two tips:

- Upgrade your virtual private network (VPN) access so that all your people can work at home pretty much as if they were in the office. That way they don't have to come in if it's iffy whether or if they are not well enough to return to work
- Create a policy—and make sure everyone sticks to it. I gave my staff a lecture about making sure not to come to the office if they're sick or think they have flu. Two days later, I'm the one who gets sick—and I was about to go into the office when my wife reminded me that I had just told everyone not to come in when they're sick. If you're going to talk the talk, be sure to walk the walk

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Handing Out Pay Raises

If you are distributing pay raises to employees, don't refer to them as "cost of living" raises. It indicates that the increase is an entitlement without connection to merit or productivity. It can also lead to expectations in subsequent years when the cost of living goes up but company profits don't.

John Sackett, MPN Inc.,
San Antonio, TX



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