

Have you ever thought about...

...whether you are a good listener?

*There is a reason why God gave us only one mouth but two ears...*

**LISTENING IS A SKILL. There's really no magic involved — just a willingness to receive what another person is saying.**

As we all know this is harder than it sounds! But once you are able to receive you open yourself up for a lot more than simply words — you have insight into the way another person perceives the world.

**Wait, and then wait some more.** Listening isn't waiting for the person to stop talking so you can chime in. Wait twice as long as you feel is comfortable for them to speak and give them ample space to think.

**Resist telling your story.** You risk upstaging them. Wait until they ask for your input before offering your story, and even then, be brief. Keep the emphasis on them, don't hijack the conversation: "That reminds me of the time I..."

**Ask them lots of questions about the small (rather than big) picture.** Ask for all the details. People like to be very specific when prompted. It shows you're engaged and brings clarity to their situation.

**Be honest.** Tell them if you're lost or don't understand. They'll appreciate the interruption instead of losing you.

**Put yourself in their shoes.** Don't criticize or give advice, just see it all from their point of view. Resist trying to fix things.

**Under-react.** Don't get picky, instead be tolerant, be patient. Don't correct or judge. Don't act like you've heard it all before. Even if you have their story is unique and has something to teach you.

**Use short promoting phrases to let them know you're there.** "Um," "a-ha," "yes," "I know what you mean" — all short but very sweet. Choose them wisely, insert them carefully and don't just repeat them over and over. What you're really saying is: "I'm listening, carry on."

**Use humour and laugh.** Lighten the tone with a humorous reflection. Don't be scared to laugh at them or the situation.

**Reflect.** Periodically summarize what they've said. This will clarify, keep you both on track and let them know you've understood. They'll also be able to hear what they've said and take it deeper.

**Decide to give.** Make the choice that this conversation is about them talking and you listening. Don't expect to get your point across or to teach them something; that will come with time. **BAI**

**BUSINESS**

# ALERT!

"Practical Advice That Works" Vol 4 No 3

## Money makes the world go 'round

*The price businesses charge for their products or services can have a huge impact on the success or failure of an enterprise.*

**BUSINESSES EXIST TO MAKE MONEY — regardless of an owner or manager's motivation for setting up on their own. If a firm does not generate sufficient revenue it will fail.**

With a third of all new businesses failing within the first three years of trading and business bankruptcies up 7.2 per cent on last year, the importance of managing profit margin levels has never been more crucial.

The price a business charges for its products or services can have a huge impact on the success or failure of the enterprise.

Charge too much and a business may lose customers, charge too little and profits will be too low for survival.

In order to help business owners and managers strike the right balance, find the optimum price and maximise profit margins, a leading business finance firm has developed the following top tips:

**(1) Reduce operating costs** — Look at where your business spends its money in producing its product or service. Are there any areas that can be cut back without having a negative effect on profits?

**(2) Review your supplier base** — Is the business paying for external suppliers to provide a service that could be carried out more cost-effectively internally?

**(3) Examine expenditure** — Carry out an internal audit of your costs encompassing everything from staffing to stationery orders.

**(4) Learn to negotiate** — Talk to your key suppliers and ask about early settlement discounts or loyalty bonuses. You don't get if you don't ask!

**(5) Shop around** — Research your supplier's competitors and find out what prices they charge and what discounts they are prepared to offer.

**(6) Buy in bulk** — Consider buying raw materials and supplies in bulk at a cheaper price per unit.

**(7) Diversify your product range** — Try to sell new lines to existing customers as well as attracting new ones by adding to your product range.

**(8) Know your worth** — Are you charging enough for your products or services? Review your pricing to ensure that you are keeping up with inflation and the broader market.

**(9) Work smarter** — Investigate whether marketing or promotional funds can go further. Are there complementary firms or organisations that you could pool marketing spend or resources with?

**(10) Consider incentives** — Look at ways to incentivise staff or customers who exceed sales targets or introduce new customers.

David Robertson, Chief Executive of Bibby Financial Services says, "Running your own business is one of the most exciting, challenging and rewarding things that you can ever do and requires motivation, entrepreneurial flair and creativity. Regardless of why you decided to set up on your own in the first place — be it to seek better job satisfaction or to be your own boss — at the end of the day, if the business does not make any money it will collapse like a deck of cards.

"In order to be successful it is vital that you know how much your product or service is worth and manage the fine balancing act between charging your customers the right prices and making enough profits to meet your revenue targets." **BAI**

Sourcenote: Bibby Financial Services is wholly owned by the Bibby Lin Group, a business-to-business services group with interests in ship owning and operation, shallow-water accommodation, oil field services contract logistics and business finance

### Words of Wisdom

**"What we anticipate seldom occurs; what we least expected generally happens."**

— Benjamin Disraeli

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**HIRING** — Seek out a diversity of skill levels

**AS THE WORKPLACE becomes more technologically complex, you need people with in-depth skills in narrow specialities.**

But you also need people with broader knowledge who are skilled in more than one area.

Harvard Business School Professor Dorothy Leonard-Barton suggests you seek a mix of employees who possess what she calls I-, T- and A-shaped skills.

I-shaped skills constitute deep functional expertise in one domain of work. You need people who know both the underlying theory and the innovative cutting edge of the work they perform.

T-shaped skills top off an I-set with a cross-bar that represents the ability to apply that deep knowledge across situations.

A T-shaped person can speak two or more professional 'languages' or understand how an esoteric theory applies in a practical context.

An I-skill can be deep knowledge of a discipline such as ceramic materials engineering and the T's crossbar can be knowledge of how that discipline interacts with others, such as polymer processing.

"The need for T-shaped skills surfaces anywhere problem-solving is required across different deep functional knowledge bases," says Leonard-Barton.

"People possessing those skills are able to shape their knowledge to fit the particular problem at hand rather than just insist that the problem appear in a particular, recognisable form," she adds.

Researcher Marco Lansiti found companies that developed products using team members with T-shaped skills needed fewer than one third the engineers and completed their projects an average of 2.6 years sooner than companies designing competing products.

Those superior performing companies deliberately created T-shaped skills by carefully planning employees' careers so they had training in several areas.

Whereas T-shaped skill implies deep know-how within one discipline (the stem) and more superficial knowledge about how it interacts with others (the crossbar), A-shaped people learn more than one discipline thoroughly, and so have two solid disciplinary 'legs' to stand on. **BAI**

SOURCENOTE: Dorothy Leonard-Barton, WELLSPRINGS OF KNOWLEDGE: BUILDING AND SUSTAINING THE SOURCES OF INNOVATION.



Thomas Long

## The view from where I sit

**Big man, bad manners?**

**When you reach the top, don't forget where you came from. Behave properly. Set a good example.**

Most of us spend the best part of our working lives struggling to get "there", reach the top, achieve financial stability, have an old age free of money worries and with enough to pay for the inevitable medical needs of a failing body or mind.

Some are fortunate enough to be born with wealth. Some acquire it on the way. Many never do.

Those to whom life brings reasonable fortune and prosperity have a special responsibility as role models. Do they understand this? Do they fulfil that responsibility?

The answer is...sometimes.

Sadly, nobody is ever consciously taught what is expected of them. Did you learn at school or university how to behave when you become successful? Of course not.

Yet, it is extremely important that you should. On your behaviour as an example to the next, or even the present, generation depends the future of entrepreneurship. I'd go further and say the future of society.

If you misuse your position, you will find that you are taxed more, followed less. If you do not show how achievers should pay back to society something of what they have gained from it, you are not worthy of the gain.

What we should pass on to the next generation is not money but standards.

One of the tragedies of our modern world is the cult of celebrity. There have always been celebs. The growth of the mass media has allowed the cult to develop beyond what is healthy.

Celebs do not make the world go round. They contribute to our enjoyment of it, of course.

In moderation, they are an innocent bit of fun. When they reach the status of a demi-god, they cause harm, mostly because their behavior is bad.

Drugs, promiscuous sex, a fixation with personal publicity, the flaunting of excessive wealth — all these are dangerous, not just for the celeb but for society as a whole. They send the wrong signals about what matters in life.

The problem is not confined to celebs. In our day-to-day lives, we know that once we become confident it is a small step to becoming over-confident, and that means arrogant. It's a fine line between the two.

Ever noticed how you can find yourself turning into a bully because you feel so secure and then something happens to shake your security? Suddenly the very people you were bullying become important friends whose favour you need.

What happens in this case is that there is a natural check on most of us when we start to throw our weight around. It's often described as "pride comes before a fall".

This is fine for those who don't make a fortune or reach the heights. But wealth and position can put you out of reach of these natural checks. Then you need background and education (in the proper sense of the word) to help you behave.

There are some tests you can apply. If you want to know whether you are behaving properly in any given situation, try the **People Test**. Ask yourself:

1. Would I tell my mother? If I did, would she approve?
2. If I was hoping to become close to a particular girl or boy, would they be impressed by the action I am proposing to take? Would I even tell them about it?
3. Would I like the subject to be put on a notice board at work for my colleagues to see?

If the answer to any of those questions is "no", think twice about what you are going to do.

Your behavior is not satisfying your own standards. **BAI**

SOURCENOTE: Extracted from the writing of John Bittleston, 28 March 2003

### Effective managing

## Rotating jobs boosts efficiency

**HAVING EMPLOYEES SPEND TIME doing different jobs offers a dual payoff: They learn new skills and find out more about how the whole organization operates. And they do so without losing any time at training sessions.**

But mandating such job rotation probably won't work because most people don't learn as well when you force them to do something.

For a better approach, consider this job rotation program used at a Nortel plant in North Carolina:

Work teams post temporary-help positions for which any employee can apply.

The notices describe jobs, list their requirements and say how long the rotations will last.

For example, the MIS department was falling behind one quarter.

They posted a notice that they needed someone to

fill in for a couple of weeks.

The host team interviews candidates and chooses one.

For the MIS job, the team selected Jennifer, who worked in production.

She had taken some programming classes at night, so it was a chance for her to test her new skills.

The "rotators" receive no change in salary and no one fills their regular position.

So while Jennifer was gone, others in the production department compensated for her vacancy.

Those who rotate jobs tell co-workers about their temporary assignment.

When Jennifer returned to her production job, she described in detail what she had done—and learned—and MIS.

**Suggestion:** Limit rotations to minimise schedule disruptions that too much job switching might cause. **BAI**

Sourcenote : CONFESSIONS OF AN UNMANAGER, by Debra Boggan and Anna VerSleg



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## Accountancy hiring

### HIRING UNCERTAINTY is rising in accounting departments, according to the Financial Hiring Index, a gauge for hiring in accounting and finance that Robert Half International publishes.

Explanation: This index shows that 85% of companies have no plans to change their headcounts in accounting in this quarter, the same as the second (85%) and first (84%) quarters.

However, only 5% are planning to hire additional staff in the third quarter—down from 9% and 8% in quarters one and two.

Further, 5% are uncertain about their hiring needs, up from 2% in the second quarter.

Frame of Reference: In 2001's third quarter, while the economy was slumping, 11% of the 1,400 companies participating in this survey were hiring while 4% were reducing staff levels.

Other findings:

- Two regions have relatively strong net hiring levels.

In both the Mountain (AZ, CO, ID, MT, NM, NV, UT, WY) and east south central (AL, KY, MS, TN) regions, 8% of CFOs are hiring while only 3% are shrinking their accounting staffs.

In contrast, net hiring activity is negative in the Pacific (-3%) and New England (-3%) regions.

- Hiring activity is strong in three industry sectors: finance, insurance, and real estate (15% hiring and 4% decreasing employment), transportation (6% hiring, none cutting back), and manufacturing (a 5% net hiring level).

At the same time, there is a negative net hiring rate in business services and retail (both a negative 6%). **BAI**

#### WITH A LITTLE HELP FROM OUR FRIENDS

Police in Oakland, California spent two hours attempting to subdue a gunman who had barricaded himself inside his home. After firing ten tear gas canisters, officers discovered that the man was standing beside them in the police line, shouting, "Please come out and give yourself up."

## Future planning

# Groomed for Succession

*Companies are preparing key employees to be their future leaders.*

### COMPANIES EMPLOY LOTS of managers but few leaders — leaders who can make a company's vision, "something living, not something that's hanging on a wall," said Jeff Greene, group manager for global animal care programs with Iams Co.

Still, succession planning is a task too few businesses do well — if at all — even though experts say it's crucial to a business' long-term health.

"It's too much work," said David Ramey, president of Strategic Leadership Associates. "Most people look at succession planning as, 'What am I going to do with my company when I retire?'"

But if you start looking at succession planning at (age) 62 when you're a business owner, you're too late to really build these practices into your work environment early on.

The research is overwhelming that companies that have a plan for the future do better."

The reality of business today is that a number of key executives are coming up for retirement. It's a talent crisis!

## When the chips are down...

# Should you always blame management?

### SO OFTEN THE CAUSE OF BUSINESS FAILURE is put down to management. Is this really fair? Are external factors such as the strength of the economy more often than not to blame?

The answer is, of course, not simple. However, it is generally agreed that a business will often get into difficulties because management does not recognize changing conditions and fails to react as necessary.

The strength of the economy has often been cited as the reason for failure of businesses, especially recently.

Yet there are other businesses often in the same industry, which seem better able to cope with the increased pressure of external factors.

To be successful, management has to react and adapt to change with ever-increasing speed. The time between the start of the deterioration of a business and the failure of the business is in many cases shortening. Management has to recognize its limitations and be prepared to supplement its skills and expertise as necessary on either a temporary or permanent basis.

So how do we identify a winning management team? Numerous books and articles have been — and continue to be — written on the subject. Yet we continue to see companies fail because of management-related issues.

Since the last recession there have been considerable improvements in systems designed to help bankers and others make more informed lending decisions. Barclays have:

1. Better databases to monitor sectors;
2. Sector policies;

To handle this crisis, companies should integrate succession planning with their strategic business plans and view it as a long-term, continuous process.

Business owners should define and develop key positions where the company's next leader could come from, establish professional development plans for people in those positions and always use a competitive hiring process when those positions are vacated so they're filled with the best available talent.

- Link compensation to goals so the people who are clearly contributing to the company's success are compensated.

- Develop the leadership structure of the company's board of directors or advisors.

In addition, succession planning should —

- Receive visible support from companies' chief executive officers and top management

- Include clearly-defined leadership criteria and measurable results and

- Be kept simple.

If you're not focused on succession planning, you are not going to grow your business, and you're not going to be prepared talent-wise. **BAI**

SOURCENOTE: Chartwell Consulting newsletter, by Kristen Wicker - DBI Staff Reporter

3. Peer group comparisons by industrial classifications;

4. Systems to monitor trends in annual financial information;

5. Systems to monitor bank account movements and behavior.

However, the assessment of management still remains a largely subjective area where the rating of individuals within a management team is in the hands of the relationship manager for the business.

All banks have systems in place to assess management.

When a business exhibits problems, a member of the bank's corporate business support team is normally introduced to the customer to work alongside the relationship manager.

The corporate business support manager can help to identify the key business issues requiring a resolution and provide the support necessary to achieve a lasting solution.

During the early meetings with the customer the corporate business support manager will try to form a view of management.

All banks place considerable importance on the assessment of management and are constantly developing more structured forms of assessment to make sure that their managers, both new and experienced, make their assessment as comprehensively and consistently as possible.

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To get people to do what you want, start doing it and then ask if it's okay.

**SPEAKER D. JOEL WHALEN** learned this lesson early in his career, when he sold water conditioners door-to-door.

His sales appointments were set in the evening, so both husband and wife would be present to hear the pitch and could make the decision to buy.

When Whalen arrived at a prospect's home, frequently the family would be watching television.

He knew this distraction would interfere with his sales pitch, so he wanted that set turned off.

He learned that if he asked, "Do you mind if I turn the TV off" and then waited for an answer, the husband would look at the wife and usually reply, "Let's leave it on."

But if he moved toward the set, as if to turn it off, and simultaneously asked, "Do you mind if I turn off the set?" they would always say, "Sure, no problem."

Whalen suggests, "Be in motion, already doing what you want, when you ask permission. People will rarely stop you, nor will they resent you for doing so."

If you say to a meeting chair, "Do you mind if I step out for a minute?" while you're getting up from your chair and heading for the door, she will answer, "Of course not, go right ahead."

When you're about to give a speech, and you want people seated in the back of a room to move to the front, walk to the chairs you want them to occupy, pull one out, and ask "Would you sit down here?"

As Whalen asserts, "If you expect it to happen, it will happen. If you truly communicate what you want, your request will be honored." **BAI**

SOURCENOTE: D. Joel Whalen, I SEE WHAT YOU MEAN: PERSUASIVE BUSINESS COMMUNICATION

### Words of Wisdom

"Treat all disasters as if they were trivialities but never treat a triviality as if it were a disaster."

— **Quentin Crisp**

## Maintaining the edge

# Six habits for business success

*Learning and instilling new habits in your daily business life can have a dramatic effect on your*

**Habit 1. Cultivate Inner Networks:** Entrepreneurs practicing the art of business success know the power of networks. They take the time to identify and build relationships with key peers, mentors and advisors. This inner network provides support, direction, and an increased number of people to assist. Having an inner network of 5 people who have a network of 5 more, grows the network exponentially.

**Habit 2. Customer Centric:** Business success requires an unwavering commitment to the customer. This commitment encompasses a mindset of understanding the customers' world. Understanding the customer's wants and needs provides the business with a greater opportunity to earn a loyal customer base.

**Habit 3. Humble Honesty:** Business success requires the ability to know your strengths and weaknesses. Being open and honest about yourself and your business creates growth as an individual and as a company. Do not spend time developing weaknesses. Find help for weak areas, enabling

you to focus on strengths.

**Habit 4. Adaptability:** Business success requires the ability to adapt to changing situations. Nothing ever goes as planned. The world of business is full of surprises and unforeseen events. Using the habit of adaptability allows business owners to respond to circumstances with the ability to change course and act without complete information. Being flexible allows us to respond to changes without being paralyzed with fear and uncertainty.

**Habit 5. Opportunity -Focused:** Problems are a regular part of business life. Staff issues, customer misunderstandings, cash crunches—the list is endless. To achieve business success, look at both sides of the coin. Every problem has an opportunity. Being opportunity-focused makes the game of business fun and energizing.

**Habit 6. Finding A Better Way:** Productivity is the cornerstone of business success. Formulate the habit of finding a better way to make your business more productive. This will create more time to focus on the critical issues that drive sales and profit.

Productivity can be enhanced by technology, automation, outsourcing, and improving business processes. **BAI**

SOURCENOTE: By Darrell Zahorsky, Small Business Information Copyright © 2003 About, Inc. All rights reserved

## Blame the management? (concluded)

They want to try and add value to the management of the businesses. If they are to stand a chance of convincing a customer that there is a problem which needs addressing they first have to identify both the strengths and weaknesses within the team.

Major accounting firms assist the banks in developing templates which lead them through the key areas.

The objective is to obtain a detailed understanding of the management team and the way they work to establish whether there are management issues to tackle as part of the solution to the company's problems.

### Structure

Is the management structure appropriate for the size and complexity of the business? Does the management understand what its roles are? Is there a balance within the management approach in terms of level of participation and balance of power? i.e. a good team, not autocratic.

### Expertise

Is management aware of the forces affecting their industry/market? Are those fulfilling the critical functions sufficiently skilled? Do they recognise the problems facing the business?

### Decision Making

Do they have a clear strategy/vision and is it appropriate? Are the managers of high integrity and honesty? Are decisions made in a way which is appropriate for the business?

### Systems

Is the business plan appropriate for the size/type of business? Are the management information/key performance indicators adequate for the business? Is the management information produced on time?

### Style

Is there a balance between optimism and realism? Are they open and co-operative in discussing and addressing the issues facing them? Are they customer focused and do they understand their needs?

### Succession

Is this an issue for the company? Have adequate plans/arrangements been made?

### Commitment

Is the management committed to the company? Do they have a stake in the business? Are they good leading and motivating their workforce?

The real strength of a bank's approach is not just within the template. It is rather what this demonstrates — a recognition not just of the importance of management but a commitment to using a focused approach in all cases to assist with the assessment.

The more the bank focuses on using a structured approach in this area, then the more its ability to make the assessment and so to assist under-performing companies should improve. **BAI**

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