

... how to make (and keep) your business more profitable?

WE LIVE IN A relentlessly competitive world. The daily pressure to work 'better, cheaper and faster' can make even talented business owners and entrepreneurs lose sight of first principles.

As you cope with the decisions and details of running your business, focus on the fundamentals!

Regardless of the type of business or the products or services you sell, here are our suggestions for 'basics' that will make your fortune:

● **Customer Benefits.** You and your customers must clearly understand the benefits that your products and services provide.

Most buying decisions are based on the consumer's perception that a new colour will add prestige or that a smaller, lighter product will be more convenient. Customers buy benefits.

● **Extra Value.** Customers must receive more in value than you charge for your goods and services.

Most of us don't want a 'fair' exchange; we want a bargain, the sense that we got extra value for our money.

● **Extraordinary Service.** This means attention to detail. Answering the phone on the first ring, providing an 0800 number and 24-hour customer service numbers are examples.

The American mail order firm L.L. Bean has made a fortune with its 'no questions' guarantee. So can you!

● **Know your Audience.** Every business has to know their audience. Volvo and Nissan have very different audiences and their advertising, pricing and even the location of their dealerships reflect this.

Young adult audiences may value low price, while another group may value quality, performance, reliability or some other item.

This is even more critical for service organisations whose products are invisible (consulting, education, coaching, etc).

● **Location.** In the old days, this meant the street address of your shop or store. Now it means getting your marketing messages into your customer's hands when and where they are receptive.

Be certain your website is located at the top of the search engines.

Make your Yellow Page ad larger or distinctive. NASCAR race fans are the most brand-loyal consumers in America. If you want to reach them, buy space on a race car! ■

SOURCENOTE: RESOURCES FOR SUCCESS!™

The top ten ways to improve your leadership skills

by Ronya Banks

"Leadership and learning are indispensable to each other."— John F. Kennedy



IF YOU DESIRE TO LEAD a passion-filled life wherein you are a positive influence to everyone, you will enjoy incorporating the following practices to assist you in consistently living your life as a conscious and strong leader.

● **Have a clear vision of yourself, others and the world.** Who are you? What do you stand for? What is your life purpose? How do you want to influence others? How do you want to contribute to yourself, your family, friends, colleagues and the world?

Answer these questions to formulate a concrete vision of yourself and your world.

Then, start living your life as the leader who makes your vision a reality!

● **Know and utilise your strengths and gifts.** You have unique gifts that you were born with and personal strengths you've developed over your lifetime. Realising and utilising these gifts and strengths will assist you in being a formidable leader.

● **Live in accordance with your morals and values.** Making choices and taking actions out of accordance with your morals and values leaves you with a nagging 'bad' feeling. This feeling seeping in from your subconscious mind hinders your success in your career and your relationships.

On the other hand, making choices and taking actions aligned with your morals and values helps you succeed almost effortlessly.

People sense integrity and will naturally respect your opinion and leadership.

● **Lead others with inclusiveness and compassion.** The greatest leaders are those who include everyone in their sphere of influence by recognising each person's greatest value. To be one of these leaders, look beyond the obvious and see others with insight and compassion. Many of history's greatest leaders have admitted that they rose to the top because another leader recognised and harnessed their

potential.

● **Set definitive goals and follow concrete action plans.** You have to know where your destination is before you can map out a plan to get there. To improve your leadership skills, first set specific life goals with appropriate timelines.

Design your goals by moving backwards from the end of your life to the present week.

Then, formulate action plans you can commit to that will get you to where you want to be.

● **Maintain a positive attitude.** No one respects a grumpy or negative person. With a positive attitude you are looking at the bright side of life. People are naturally attracted to you when you have a positive attitude.

By being positive, you will lead a happier life as well as being surrounded by other positive people. You will also magically attract exciting offers and possibilities.

● **Improve communication skills.** Having great leadership skills includes your being able to clearly and specifically communicate your vision, goals, skills, intentions and expectations to others.

This also includes your ability to listen to what other people are consciously or unconsciously communicating.

To become a great communicator, continually strive to improve your verbal, non-verbal and listening skills.

● **Motivate others to greatness.** A leader is as powerful as his team. As a leader, you will want to surround yourself with a powerful team by assisting others in recognizing and utilizing their strengths, gifts and potential.

Motivating others to their own greatness will improve the group energy, increase the vitality of your projects and move you forward towards achieving your goals and vision.

Concluded on page 2

THIS MORNING, I read about a company using online auctions to defraud customers.

Last week, I consulted on an ethics complaint where a business coach betrayed a client's confidentiality.

And, recently, a U.S. physician was convicted of insider trading based on information from a patient, a violation of both business ethics and her professional ethics.

Business ethics are the key to profits. If clients and customers don't trust you and your business ethics, they will not do business with you.

Would you buy from a company you didn't trust? Of course not!

Business ethics have become a hot-button topic.

There are often ethical conflicts between making money and doing what is right.

There can be dilemmas about doing what is best for your employer, what's best for your own career and what's best for the customer.

Business ethics is about negotiating these minefields.

Here are some principles for positive business ethics:

Business Ethics are built on Personal Ethics.

There is no real separation between doing what is right in business and playing fair, telling the truth and being ethical in your personal life.

Business Ethics are based on Fairness. Would a disinterested observer agree that both sides are being treated fairly? Are both sides negotiating in good faith? Does each transaction take place on a 'level playing field'?

If so, the basic principles of ethics are being met.

Business Ethics require integrity.

Integrity refers to wholeness, reliability and consistency. Ethical businesses treat people with respect, honesty and integrity. They back up their promises and they keep their commitments.

SOURCENOTE: Dr Philip E Humbert



Ian McFarlane-Toms

The way I see it...

Systems work better than you do

One of the most important distinctions is the difference between a business and a job. Too many professionals and small-business owners think they own and run a 'business' when what they've actually done is create their own job.

Now, let's be clear — there is nothing wrong with having a job! Some business coaches give the impression that having a job is 'less than' owning a business, and I don't feel that way. For many people, in many situations, a job suits them and is the best thing for them. If you prefer a job to running your own business, good for you!

But, if you want to run a business, focus on your systems!

A business is a collection of inter-connected systems that produce results independently of where you happen to be at the time.

Businesses have systems for taking orders, producing results, collecting payments and so forth.

A friend of mine thinks of herself as running a business, but in fact she has both a business and a job. Her job pays much better than her business and this became clear when she was on vacation this summer.

Her job paid her nothing while she was gone, but when she got home she discovered that her simple website had produced several sales for her! The lights came on big time! Guess where she's putting more of her efforts now? You got it!

By next summer I'm betting her website will be far more extensive and will make even more sales for her.

If you run a business, work harder on your systems than you do on your job.

SOURCENOTE: With thanks to Dr Philip E Humbert

HR strategy

Make downsizing a learning experience for everyone

CONSULTANTS Dalmar Fisher and William Torbert observed two approaches to downsizing when working with the World Bank and each led to a different kind of outcome.

The first approach was launched by then-president of the World Bank, former U.S. Representative Conable. He killed and resurrected the organisation by redrawing the organisational chart with far fewer positions and inviting everyone to become a candidate for any position.

Conable himself hired fewer deputies than previously and they, in turn, followed suit, hiring a reduced number of subordinates.

Thus, he abolished the old structure and shook up the staff's complacency. However, anxiety and politicking skyrocketed.

One deputy, a Swedish executive, took a different approach. She had to reduce her roster of subordinates from six to four.

She began by telling the group that personnel evaluation was a major problem in the Bank's third world development projects. She would thus regard as a primary criterion for rehiring a person's ability to solve the department's own downsizing challenge in a way that could be applicable to those projects.

Only one of the former subordinates

submitted useful suggestions. So she rehired this person and let the rest of the group know why.

In the second phase of her rehiring, she implemented one of those suggestions.

She told the five remaining candidates that if they wanted to be considered for any of the three positions left, they must recommend the most qualified person outside the group for the particular position, documenting the process they had used to reach that determination.

Three of the five refused to participate, evidently regarding it as contrary to their own career interest. They were not re-appointed.

The Swedish executive rehired the two who did respond positively, but invited them to take the position in the new unit for which they were least qualified. Both accepted.

The final position was offered to one of the outside candidates recommended by the three rehired subordinates.

"At the end of the following three years," report Fisher and Torbert, "this group had one of the best-performing bank loan portfolios among all the area groups within the bank." ■

SOURCENOTE: Dalmar Fisher and William Torbert, PERSONAL AND ORGANISATIONAL TRANSFORMATIONS: THE TRUE CHALLENGE OF CONTINUOUS QUALITY IMPROVEMENT

IMPROVE YOUR LEADERSHIP SKILLS —concluded from overleaf

● **Be willing to admit and learn from failures and weaknesses.** Face it — No one is perfect, and everyone has made a mistake or two in their lives!

The most successful leaders know that the key to success is not in avoiding falling or failing, but to learn from their mistakes.

As a strong leader, you will also be able to communicate your weaknesses to your team, so

that you and your team can appoint someone who excels at that particular task or activity.

● **Continue to educate and improve yourself.** Great leaders continue to improve themselves in every possible way. The person who thinks he is an expert, has a lot more to learn. Never stop learning. Be receptive to everyone's perceptions and information from around the world and beyond.

SOURCENOTE: As a Mind Power Leadership coach, trainer, and speaker, Ronyia Banks has been teaching others how to become leaders and business owners since 1992. Discover more of Ronyia's proven leadership success secrets at www.livinginaction.com.

EVERYONE WANTS the best possible value in every transaction but each of us defines 'value' in different ways.

Some customers want the lowest price, while others will place a higher value on reliability, convenience or things like colour, popularity (think Pokemon cards!) or durability.

The challenge for business is to provide extra value for every customer, at the lowest possible cost of doing business. The following suggestions are particularly suited to service businesses but can easily be adapted to other environments.

● **"Try before you buy."** Give clients a free sample, taste or experience before asking them to commit.

Done correctly, it gives you a low-cost opportunity to expose large numbers of potential clients to the value of your service, while giving the potential client a safe, easy way to sample your work.

● **Follow-up after the sale.** Much like allowing prospects to sample your work, groups or teleclasses allow you to follow-up, add extra value and potentially sell additional services after the original commitment is over.

● **Client newsletters.** Use a weekly newsletter to keep past and current clients informed, add extra insights, techniques, tips and solutions to common problems.

Published by email, they are free and very easy for clients to forward to friends and colleagues, providing you with potential additional marketing.

● **Let clients share their skills.** Invite your clients to share their experiences, their own tips, discoveries and enthusiasm with each other. Host a monthly forum and invite guest speakers.

● **Public newsletters.** In the 'information age', the value of information is rapidly approaching zero, so capitalise on this trend and give away what you know! ■

SOURCENOTE: Phil, Mary, and the Staff at Resources for Success!™

Business strategy

Five sure-fire ways to drive good employees away

by Eileen McDargh

With the severe worker drain prompted by boomers in full or partial retirement, keeping good employees has never been more critical.

THE MOST SIGNIFICANT WORD in retention, however, is 'engagement'. Too many workers are present but their imagination, spirit and creativity have departed out the door with disillusion.

Consider these top five actions that pull the plug on employee energy:

● **Be a know-it-all and discount the input of others.** A new senior level manager was brought into an organisation. When department heads met with him, he proclaimed "lower cost, higher quality, more sales".

He asked for their input and then immediately dismissed whatever they said.

The fact that he had never worked in this particular industry had already prompted scepticism.

The department heads, whose support and knowledge are critical for a turnaround, have departed in droves while those who are staying just shrug their shoulders and say they'll hunker down until they find something else.

● **Never admit mistakes.** The worn phrase from the old movie **LOVE STORY** proclaimed, "**Loves means never having to say you're sorry.**"

As wrong as that advice is for intimate relationships, it is just as stupid in business.

When ego and arrogance replace the realities of a decision, employees watch in dismay.

The operating plan becomes mired in finding ways to justify action rather than admitting error and looking for a new, more promising direction.

The cost overruns on building a large golf course were huge because the senior manager refused the input of his department heads and then spent thousands trying to cover up design flaws.

● **Act first and think later.** The ready, fire, aim approach of shoot-from-the-hip-and-think-later is all too common in our 24/7, do-it-now world.

The results can be disastrous — particularly if the vehicle for action is e-mail.

E-mail now stands for '**escalation, evasion and error.**'

The person who blasts off a response without carefully considering the tone and the names on the distribution list can find himself/herself spending time and energy undoing collateral damage.

The more critical the relationship and/or the outcome of the action, the greater wisdom is in carefully measured actions and, more likely than not, face-to-face conversation.

● **Create an inner circle that thinks alike.** Howell Raines, executive editor of the **NY TIMES**, was the subject of a 17,000-word article that appeared in the **NEW YORKER** in June 6, 2002.

It was a brutal expose, painting a documented story of him as an arrogant bully who played

favourites, listened only to a few people and pummeled far too many.

When folks outside of his inner circle tried to tell him their concerns regarding Jayson Blair, the now infamous fabricator of news stories, Raines ignored them.

His resignation from the **NY TIMES** speaks to the danger of that inner circle.

The higher the stakes, the more critical it is to have input from people with various points of view and different ways of responding to a situation.

If a CEO puts people around him or her who merely parrot their beliefs, the organisation is being led by lemmings.

And if the inner circle is of a ready-fire-aim mentality, there's no caution in action.

If the inner circle mirrors a slow, all-the-facts-first mentality, the organisation might miss critical opportunities and be too slow to respond to a changing marketplace.

Organisations should consider using assessments in order to understand the behavioural diversity of the team.

● **Say one thing and do another.** A high-tech manufacturing company in Southern California announced significant layoffs because of poor performance.

Every budget item was to be scrutinised.

The following weekend, the CEO took the top management team away to the Ritz Carlton in Monarch Beach so they could ponder these new realities.

Care to guess how fast the employees got wind of this 'cost-saving' move?

Or how about the professional services firm that proclaimed mandatory attendance and then repeatedly ignored a senior consultant who only showed up when he 'felt like it'.

If you want to model truth and trust, ask the people around you how often you engage in these behaviours. And if you are not happy with the answers, DO something different.

You might also need to bring in an external coach to help you with the process.

The results: you win and the organisation wins. ■

SOURCENOTE: Eileen McDargh's wisdom, good humour and contagious energy helps individuals and organisations create great work and satisfying relationships. More information about Eileen is available at <http://www.EileenMcDargh.com>.



WORDS OF WISDOM

"Men v Women: I feel we are both equal. If you'll pardon a Biblical reference: when God made woman, he did not take Adam's foot so that she would be under him — nor did he take her from his head to rule over him. God took her from the man's side, to be equal with him."

— Daniel, Kent, UK

The Institute for Independent Business

FOUNDED IN 1984 in the UK, the Institute for Independent Business (IIB) is now one of the world's largest international networks of business advice providers.

As of 31 August 2006, 4,030 carefully-selected men and women had been accredited worldwide as IIB Associates.

Experienced professionals

Experienced senior business people in their own right, who have elected to become self-employed business advisers, Associates and Fellows of the IIB have received additional training to enable them to focus accurately and cost-effectively on the needs of clients and prospects.

This ensures that Associates' clients receive the "practical advice that works"—the Institute's motto in every country in which the Institute operates. ■

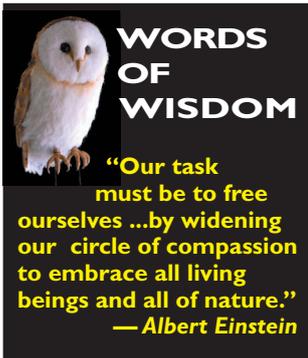
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Marketing

How to overcome 'buyer's remorse'

It's a fact of life that people have a built-in scepticism and natural tendency to be disappointed automatically about things.

THINK ABOUT THE NUMBER of times you complain versus the number of times you sing praises about somebody or something.

Managers have a natural tendency to manage by exception — they will point out people's faults before they 'catch' anybody doing something correct.

Consumers are exactly the same. After they purchase a product, they will usually feel slighted in one way or another (psychologists refer to this as cognitive dissonance).

Just think about the number of times you've made a major purchase, for example a new hi-fi system and feel that lurch in the stomach when you reach for your credit card or chequebook to pay for it.

This 'after-sale comparison' is a natural reaction that everyone has and is a manifestation of buyer's remorse. Secretly, people are scared that they made a wrong decision and that they could have found a better deal elsewhere.

Now that you understand this big cause of returns and customer requests for refunds, it's a lot easier to prevent it from happening.

Here are five very quick and easy ideas that anyone can use to dramatically reduce buyer's remorse and the consequent return and refund rate:

1) Include a special note with your product that thanks your customer for their business and congratulates them on buying the best product or service available.

2) Send an immediate letter or e-mail reassuring your customer that not only have they bought the best product, but that they will also receive the best personal after-sales service any time they need you.

3) Include an extra surprise gift. Try to surprise your customer by putting in even more than you promised, such as a low-cost gift or extra, which will help you 'over-deliver' for your customer.

4) Give them a phone call to thank them and also to give them tips and remind them about the excellent customer service they can expect from you at all times.

5) Remind them about your unconditional guarantee, which in the vast majority of cases will help reduce the risk your customer feels they are taking when considering buying from you.

These are just a few ideas to help reduce buyer's remorse. But there's one more important thing to bear in mind. If a customer ever does ask for a refund, give it to them. Don't delay them and don't question their request. Because one day they may decide to buy from you again. ■

SOURCENOTE: UK Small Business Marketing Bible.

Brief and to the point

Sustained cyber criminal attack

UK computers are facing a major attack from hackers based in the US. The gang of organised cyber criminals have accessed at least 2,300 PCs with a 'backdoor' virus, which is able to record bank and credit card details, passwords and e-mail accounts.

The Metropolitan Police's Computer Crime Unit, which is working on the case with the FBI, says "possibly tens of thousands" of computers have been attacked.

There is more on this story at: http://www.thisismoney.co.uk/news/article.html?in_article_id=413556&in_page_id=2

Tesco effect spreads nationwide

There are just four UK postcode areas where independent shops can escape from the 'Tesco effect', new research has revealed.

The supermarket giant, which announced profits of more than £1 billion for the first six months of this year, receives no revenue from the residents of Harrogate, the Outer Hebrides, Kirkwall in the Orkney Islands and Lerwick in the Shetland Islands.

The Sunderland, Llandrindod Wells and Wolverhampton postcode areas also contribute less than 5% of their grocery spending to Tesco, according to retail consultancy CACI.

There is more on this story at: <http://business.guardian.co.uk/story/0,,1892281,00.html>

Have your say!



Add your voice to those of other business people on important business issues. Each issue of Business Alert will feature a Statement on which you can voice an opinion. Simply select the view that reflects your opinion and email it to me. Your opinion will be submitted to the Institute for Independent Business for inclusion in its continuing business research.

The Statement:

"The biggest problem I face is Health and Safety red tape"

Please email me with the letter (A-E) expressing your opinion from the following choices:

- A. Strongly agree
- B. Agree
- C. Unsure
- D. Disagree
- E. Strongly disagree

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