Herald-Tribune

*GateHouse Media, Inc.*



# "Business SCORE Card"

***By Dennis Zink***

## Table of Contents

**Click on a chapter title to go directly to a chapter, then click on the right margin to return to the top of the Table of Contents.**

# Chapter 1

# Meet Dennis Zink, the 'New Jerry'

Staff Report

**Published: Monday, March 10, 2014 at 1:00 a.m.**

When Jerry Chautin told us he would be spending less time in Sarasota and would have to stop writing his weekly small-business column after 10 years, we turned to SCORE, the volunteer mentoring organization he belongs to.

**CLICK HERE**
**to return to**
**Table of Contents**

Susan Hicks, of PRecise Communications, who works with SCORE, said she had just the person for the job.

Dennis Zink introduces himself in today's column, but here's some additional information about him.

Originally from Flushing, N.Y., he moved to Tampa in 1980, then to Bradenton last June. He lives in University Place in southern Manatee County.

He's a product of Long Island and Fordham universities who describes himself in LinkedIn as a change agent and business alchemist, among other things.

We describe him as a go-getter and a font of information he is happy to share, both as a mentor and a Business Weekly columnist.

He has a list of subjects he will address but welcomes suggestions and comments.

**CLICK HERE**
**to return to**
**Table of Contents**

# Chapter 2

# Jerry Chautin passes small-business baton

Dennis Zink, SCORE mentor and Chapter Chair and Herald-Tribune small-business columnist.

*Herald-Tribune staff photo*

**Published: Monday, March 10, 2014 at 1:00 a.m.**

Ten years of writing a newspaper column is a long stretch, and Jerry Chautin did an outstanding job with his Let's Talk Business column in Business Weekly.

On Nov. 12, 2012, I was reading Jerry's column, and noticed he was a SCORE mentor in Atlanta and Sarasota. I emailed Jerry to let him know I enjoyed his column and was new to the Sarasota area.

We exchanged several emails, and Jerry suggested I become involved with Manasota SCORE. He knew it would be a good way for me to meet people and get involved in the business community. Jerry directed me to the local membership mentor and the group's chair. I attended the next monthly meeting, introduced myself, gave my 30-second (OK, maybe a little longer) elevator speech and chatted with many of the chapter's mentors.

Weeks later, I decided to join the local SCORE chapter -- that is if they thought I'd be a good fit.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

I met with Charlie Sax and Dick Radt, the group's intellectual security gatekeepers. I call them the twin SCORE keepers -- sort of lions at the gate. They interviewed me, offering me $1 if I knew where the term mentor originated. I did not, so they proceeded to tell me about Greek mythology and the derivation of the word (which means someone who imparts wisdom to and shares knowledge with a less- experienced colleague).

I filled out the required forms, read the online training, was assigned a sponsor and became a SCORE certified mentor.

To complete my training, I had to undergo more than a dozen hours of classes. I first attended the Simple Steps workshop series, a set of five three-hour sessions recommended for start-up business clients.

CLICK HERE
to return to
Table of Contents

Another requirement was to co-counsel clients with three certified mentors, to see what they do and how they do it. This was right up my alley, with my background in varied industries.

Toward the end of this process, I finally met Jerry Chautin. He and I immediately hit it off. We were both from The Bronx, New York, and we shared commercial real estate backgrounds.

Fast forward one year: My name was suggested for vice chair of the SCORE chapter. Though my initial reaction was "not interested," I eventually agreed. Shortly after I made that decision, the chair elect resigned, and I was asked to move up to assume the role of chair elect and take over as chair a year earlier than planned.

My goal was and is to improve and modernize the chapter. I began a podcast series, called "Been There, Done That! with Dennis Zink," interviewing mentors and business leaders on business topics in a series of audio recordings that are available on iTunes and Stitcher.

In November 2013, we began a MeetUp group (see MeetUp.com) called Success Strategies For Business Owners, which meets monthly at the Manatee Chamber of Commerce in Lakewood Ranch. These MeetUps are free educational workshops geared toward existing companies. They are open to anyone interested.

CLICK HERE
to return to
Table of Contents

Working with Neil Spirtas, vice president of public policy and small business at the Manatee Chamber, I helped develop a CEO Roundtable for chamber members. I am a facilitator for one of the two groups, which meet monthly and function as an informal board of directors for participating CEOs.

Three weeks ago, Jerry Chautin told the SCORE executive committee about his decision to spend less time in Sarasota. With the Herald-Tribune's blessing, I was asked and agreed to write the weekly small business column. Jerry passed the baton to me.

Jerry, we surely will miss ya!

My goal in writing this column is to educate, entertain and help people improve their businesses.

I hope you benefit from and enjoy what I have to say. I look forward to your feedback, questions and suggestions.

Next week: CEO Roundtables.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 3

# CEO without a board? Consider a roundtable

**Published: Monday, March 17, 2014 at 1:00 a.m.**

Twenty-six years ago, I entered a conference room with a dozen CEOs for the formative meeting of what was to become our CEO peer group roundtable.

CLICK HERE
to return to
Table of Contents

This was a new group of TEC (The Executive Committee). This group had nothing to do with high-tech. It was a franchise based in California, with a franchisee in Jacksonville for the state of Florida.

Our group met 9 a.m. to 4 p.m., monthly, rotating venues among the participants' businesses.

In the first year, each meeting began with the host conducting a walk-through tour of their business operations. A Q&A followed. This was a great way to learn about the other members and their businesses.

A guest speaker presented in the morning, the host provided lunch, and the afternoon was about issues and opportunities from the members. An agenda kept the meetings orderly and on track.

A full-time chairman led the group. Paid from the members' dues, the chairman provided facilitation of the meeting, arranged for speakers and scheduled follow-up appointments for one-on-one sessions with members. In these follow-up sessions, goals, issues and opportunities were discussed. Of utmost importance, the chairman held the CEOs accountable for verbal commitments made.

With little turnover, our group bonded over time as the desire to be there for each other grew. The group functioned as an informal board of directors for each other. Dues were about $1,000 per month back in 1987, and virtually every member would say it was the best money they ever spent. I was in this group for seven years, and I remain in touch with many of my former TEC members.

CLICK HERE
to return to
Table of Contents

The Vistage franchise (TEC), established in 1952, is the oldest CEO peer group in the world and today boasts 15,000 members internationally.

Art McNeil, a 10-year Vistage chairman, leads the local chapter. Monthly dues are about $800 per month, and membership is by invitation.

Another local group is the Gulfcoast CEO Forum, composed of CEOs from entities with a minimum of 10 employees and annual revenue exceeding $1.5 million. Annual dues are $1,750.

Why belong to a CEO group? Because it's lonely at the top.

Most CEOs from small to mid-size companies do not have a formal board, and they may have no one to "run things by." Over time, many of the participants tend to become good friends, as they openly share the good, the bad and the sometimes ugly aspects of running their businesses.

Confidentiality is strictly enforced, but this was never an issue with my group.

Fast forward to today: Last April, I was asked to help the Manatee Chamber of Commerce develop a CEO roundtable program. This had been the No. 1 "to-do" item coming out of the chamber's retreat.

Ron Forney, Doug Van Dyke, Richard Randolph and I met with the chamber's Neil Spirtas to discuss and develop CEO roundtable formats.

CLICK HERE
to return to
Table of Contents

Florida's chief financial officer, Jeff Atwater, announced the launch of two Manatee Chamber CEO Roundtable groups in May 2013. The groups meet monthly for two hours, and we now have two openings in each group. To be considered, members must be profitable, have at least one other employee and be open to learning and sharing with the group.

Signed confidentiality agreements are required. The fee is $350 per year for chamber members.

What does a CEO roundtable do?

These groups help CEOs improve business performance by sharing their knowledge and experience with their peers, as most business issues are similar even among different industries.

This facilitates open, timely discussion of issues or opportunities affecting the participants' businesses. In addition, relevant education on topics of interest suggested by the group is presented by top-notch experts.

What do participants say about these programs?

CLICK HERE
to return to
Table of Contents

"The CEO roundtable forum allows a wonderful opportunity to gather and share business experiences and challenges with some of our community's most influential leaders," said Angela Massaro-Fain, president of Grapevine Communications

"The CEO roundtable meetings have been both thought-provoking and useful. Truly beneficial time spent, and I am having fun!" said Trudy Moon, president of Air & Energy

"... well organized and has focused on using our time productively and providing us with useful content," said Bob Rosinsky, president and CEO, Goodwill Industries of Manasota

"... for executives and organizations interested in optimizing both their short- and long-term results," said Johnette Isham, executive director of Realize Bradenton Inc.

According to Spirtas, vice president of the Manatee Chamber of Commerce, "The goal is to connect local leaders in a manner that will encourage them to share ideas and access tools that accelerate their professional development and help their business soar."

Our tables are generally not round, but our participants are well-rounded.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 4

# Tips, and lots of them, for small businesses

**Published: Monday, March 24, 2014 at 1:00 a.m.**

I am often asked about how to run a successful small business. What are the keys that will ensure success?

There is no magic formula, but over the years I have put together a list of tips, and today I would like to share 23 of these with you.

**CLICK HERE**
**to return to**
**Table of Contents**

While most of these tips are original constructs, others have been adapted, modified, altered, or garnered from fellow business executives, employees, friends, seminars and books. They are numbered for your convenience.

1. Cash is king; thou shall not run out of cash. Cash is the lifeblood of every business. When you run out, your business is dead!

2. Don't reinvent the wheel, just change the spokes -- This is my best adaptation of any tip. Just a small change to a proven strategy may make all the difference in the world.

3. "Just Say No!" -- Nancy Reagan said this referring to drugs. In business, there are so many decisions to be made, and many are bad ones. This is especially true for start-ups with limited dollars and limited time. You cannot afford to make big (and usually expensive) mistakes. Learn to "Just say no."

4. Prioritize by doing first things first, and second things never. Always do the most important thing for your business first, and when that's done, the second one will become the first.

5. Count everything that's countable and then determine the most important metrics for your business, AKA key performance indicators, or KPI. Every business should develop its most important numbers. Measure them consistently.

**CLICK HERE**
**to return to**
**Table of Contents**

6. Don't dig a deep hole. Do what you can yourself. Keep your business lean and mean.

7. Hire only when you must. Wait until you need 1-1/2 persons to do a job before you hire to fill that job.

8. Hire slow, fire fast. Admit the mistake, face up to it and terminate immediately -- it will be better for all concerned. Most people do the opposite of this -- they hire fast and fire slow.

9. Don't fall in love with your business. You can be passionate about what you are doing, and that's great. But it's still a business. Save your love for family and friends.

10. Do the research yourself, because you must internalize it. Don't hire someone else to do your key research. You need to do it yourself, so you can understand all aspects better. Create your own business plan, too.

11. Inspect what you expect from others. If you ask someone to do something, make sure they do what you wanted and that it is done properly.

12. The boss should be the top sales person. Stay in touch with your clients. Go on sales calls, stay tuned into the market.

13. "About right" now is better than exactly wrong later. Act now! Don't procrastinate because you're waiting for information.

**CLICK HERE**
**to return to**
**Table of Contents**

14. Hire smart rather than manage tough. You can't change people and shouldn't try. Hire for attitude and train for skills.

15. Do the right things rather than do things right. Be effective first, efficient second and solve the right problems.

16. Pull the plug if you know it's not working. Many lose their life's savings because they are stubborn. Be honest with yourself. Take the loss and move on. The sooner the better.

17. To solve a problem, you have to be aware of the problem. Learn how to know what you don't know. Easier done than said, and this "how to" will appear in a future column.

18. Nobody cares how much you know, until they know how much you care -- about them! Take the time to learn what your customers and employees really want.

19. Create written goals. The "what" must have a "when." Write specific, achievable, worthy goals (the what) with realistic dates for accomplishment (the when).

20. Think both outside the box and inside the box. Use divergent thinking to explore possibilities and convergent thinking to drill down.

**CLICK HERE**
**to return to**
**Table of Contents**

21. Try to improve just a little, maybe just one thing, every day. Over time, the result will be enormous.

22. Bet on the person with past successes in the industry. People who have been successful will tend to be successful again and again.

23. Network constantly. Be particular where you go, and network with a purpose. You don't need to meet everyone. Before you go to a networking event, try to learn who will be there and decide whom you would like to meet. Think quality over quantity.

If you like these, please let me know, and I'll give you more tips in a future column.

# Chapter 5

# Success means being a good plate spinner

**Published: Monday, March 31, 2014 at 1:00 a.m.**

WHEN I WAS A CHILD, my family regularly watched the Ed Sullivan show. In addition to having guests such as the Beatles, the Byrds, Buddy Holly and Bo Didley, Sullivan had other noteworthy acts, such as puppet Topo Gigio and Eric Grant.

Eric Grant was a plate spinner. It amazed me how he could spin one plate, then two, then three and, before long, he could spin five plates, on top of 4-foot-long sticks, and eight more on a table below, while performing other feats.

CLICK HERE
to return to
Table of Contents

The plates continuously faltered, and Grant would spin them back up, one by one, until all were revolving nicely again.

He ran to the right and then the left side of the table. As the last plate was topped-up with his index finger, he had to run back and re-spin the first plate, then the second -- you get the picture.

What does this all mean for a small business? Well, running a small business, perhaps as a sole proprietor, is the same as this plate-spinning scenario. Until, of course, you realize there are only so many plates you can spin before you have to hire someone else to spin a plate or two for you. Just substitute the words plate spinning with business tasks/functions.

Nothing happens until someone sells something. I am sure you've heard this one before. There is nothing to do other than sell something or prepare to sell something (the start-up phase).

Okay, you sold something. Now what? You might need to acquire or manufacture a product, then deliver, distribute or provide a product or service to a customer. You might need to provide follow-up customer service. You will need to bill or collect money for whatever you just sold.

CLICK HERE
to return to
Table of Contents

The more you sell, the more time you need to perform these other functions of your business and the less time you have to sell because you are busy doing these other things. Catch 22?

Back to the plate spinning.

You need to show the new employee how you want plates spun, how many to spin and how fast. Then you must let go and delegate it to your new hire.

You will need to inspect for what you expect, but you must delegate the task or function nevertheless. Your employee probably will spin the plates differently, but that is OK. You have to decide how good they have to be, considering that they are not you, will never be you and they will do it a little differently.

My contention is that if you are the owner, CEO, or top person in your company, you should work your way out of every task/job that you are able to delegate. Your goal should be to get an acceptable replacement who will get the task done even if it will be different than the way you would get 'er done. Hire those plate spinners. Pay market rates to ensure that you will have adequate talent for the tasks at hand.

Do only those jobs that you must do because they are too important to delegate at that time. As you grow, you should be working more on your business than in your business.

One caveat, however: If you really enjoy doing something and it is part of your raison d'etre (reason for being), then just do it.

This plate-spinning strategy, if done properly, should result in putting you fully in charge of your business and give you the time to work on your business and the time to do what you want to do outside the business.

Happy plate spinning!

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 6

# You should have to do – and to don't – lists

**Published: Monday, April 7, 2014 at 1:00 a.m.**

How can you possibly remember everything that you need to do on a monthly, weekly, or more frequent basis? That's why the To Do list was invented. You may also have a Honey Do list -- the list your spouse gives you to change light bulbs, mow the lawn and do other chores that are generally not much fun but are necessary and keep the peace.

CLICK HERE
to return to
Table of Contents

As a successful business person, you probably already have a To Do list for your small business. Maybe you have several lists. You may find yourself copying old items onto new lists. Sure you do!

Often these lists reside on a pad with lots of lines and cross-outs, perhaps on a spreadsheet. Or maybe your smart phone or tablet holds this valuable information and keys to your sanity. Hopefully, each item's due date is included on your list.

This list seems never to stop growing, or to end. Undoubtedly, the list helps you run your life and your business in an organized way.

But have you ever thought of creating a To Don't List? That's right, a To Don't list, a list that has all of those things you shouldn't do. (This type of list will not go over great with your spouse, trust me on this. "Honey, I can't pick up Johnny from soccer today," or "I can't mow the lawn, it's on my To Don't list." Not a good idea.)

However, a To Don't List for your business could work wonders for you. Here's how:

As the top dog in your business, what should you be doing and what shouldn't you be doing? Have you thought about this?

CLICK HERE
to return to
Table of Contents

Recently, on a beautiful Sunday, I was having breakfast at John Dough's (great name for a bakery-restaurant) in the University Park area. A woman was outside spraying down the tables and cleaning them. I asked her if she was the owner. She answered affirmatively. She told me her name was Jan and that she also owns Kilwins on St. Armands Circle.

I asked her why, as the owner, was she cleaning tables? She told me she'd rather do that than stand behind the cash register. This way she could talk to customers like me. At first, I thought, "Hmmm ... market research? Sure, why not."

As the owner of your business, where should you spend your time and effort? Conversely, what shouldn't you do and where shouldn't you spend your time and effort?

Most of the things on your To Do list are probably things you should not be doing. Just because you can, doesn't mean you should.

My answer is simple: You should spend your time doing whatever advances your business.

Do those things that only you can, should and must do as the top dog -- those things that need to be done, that no one else can do for you because you have not hired someone to do these things. You are, in a sense, stuck doing these To Do's, and hopefully you're good at doing these tasks efficiently.

Second, do those things that you love to do, that may represent the reason you got into this business. If you really enjoy it, to quote Nike, "Just do it!"

**CLICK HERE**
**to return to**
**Table of Contents**

Everything else should be on your To Don't list. I repeat: Everything.

If you have the staff, delegate, delegate, delegate these items. If it is something that someone else can do, have them do it.

Now we get to you "working on your business," compared to "working in your business." You only have so much time, so make it as effective and pleasurable as possible.

There are times, however, that as an owner it helps to slip into a role that someone else now handles, to keep in touch with operations and get a broader view of the business.

Like Jan wiping the tables, I sometimes opened the mail, to see for myself everything that was coming in to my business.

To recap: Your To Do List has items you like to and should do as the owner. Your To Don't List has everything else, things you will now delegate to others or outsource where possible.

This should help eliminate some anxiety and create more time for you to focus on your To do list.

**CLICK HERE**
**to return to**
**Table of Contents**

Overall, this will be more profitable for your business and more enjoyable for you. Who knows, you may even have more time for changing those light bulbs.

# Chapter 7

# Your business will die. 'When' is the big issue.

**Published: Monday, April 14, 2014 at 1:00 a.m.**

When new retail developments crop up, I often drive around parking lots, trying to guess which yet-to-be opened establishments will not be there in a year.

How can a store that sells $4 cupcakes, for example, sell enough units to pay the rent? What about other expenses, such as electricity, product costs, equipment maintenance, payroll and, perhaps, franchise fees? How many cupcakes will this business have to sell in a month, given that the cupcakes are the absolute best ever, look terrific and taste great?

CLICK HERE
to return to
Table of Contents

Have they thought all of this through? Do they have a business plan driven by real-world assumptions? What if their assumptions are wrong? How much money are they prepared to lose? Will they know when to pull the plug, or will they hang in there, hoping things will improve for unknown reasons?

Watching the ever-popular Shark Tank on ABC, Shark Kevin O'Leary (aka Mr. Wonderful) often suggests that he will get his money back by receiving a payout per unit sold, in perpetuity. This is often in lieu of taking equity in the form of stock. How long is perpetuity and what are Kevin's expectations?

When a prospective business owner considers the various ways to structure their business, such as C-corp, S-corp, LLC, etc., inevitably he learns that beyond the sole proprietorship, various types of company formation have perpetual existence -- that is, survival as its own entity beyond the life of the founder.

I hate to break this perpetuity business bubble but, generally speaking, most businesses will fail, become obsolete, be mismanaged, or just plain go out of business for myriad reasons. In a relatively short time, their business will die. Even gigantic companies with household names sometimes cease to exist. Lehman Brothers, Washington Mutual, WorldCom and Enron are just a few examples.

CLICK HERE
to return to
Table of Contents

What about franchises? There are good and bad franchises.

Some of the worst, according to SBA failure rates, are Wings-N-Things (94.12 percent); Noble Roman Pizza (86.36 percent); and Blockbuster Video (78.57 percent). Some of the best have a 0 percent SBA failure rate, including Wendy's, Merry Maids, Harley Davidson, Five Guys and State Farm Insurance.

What does this mean for your business? If you haven't yet begun one, choose your niche with care. What type of business will you decide to operate, in what location, and with how many employees? You'll want to keep your break-even number as low as possible and make your mistakes as inexpensively as you can. With limited funds, you can't afford to make costly mistakes.

If you're already in a business, what is the stage of your business life-cycle? When might your business become obsolete, be out-competed or run out of money? Maybe pivoting or reinventing your business to stay viable as an entity is the right call. How will you know?

I encourage you to assess where your business stands.

Ichak Adizes, founder of the Adizes Institute consultancy, created a simple 10-stage corporate lifecycle model. This model shows how a business proceeds from one stage through the next, from inception to cessation.

**CLICK HERE**
**to return to**
**Table of Contents**

It provides a fundamental basis for understanding organizational change. The model can help in understanding principles such as reinvention, domination and acquisition.

Adizes' "Corporate Lifecycles: How Organizations Grow and Die and What to Do About It" (1988) is regarded as a classic in management theory.

According to Adizes, there are 10 stages in the corporate lifecycle: 1 - Courtship; 2 - Infancy; 3 - Go-go; 4 - Adolescence;' 5 - Prime; 6 - Stability; 7 - Aristocracy; 8 - Recrimination; 9 - Bureaucracy; and 10 - Death. You can read more about what these terms mean at businessballs.com/adizeslifecycle.

At www.adizes.com, in 10 minutes you could learn where your company is in its lifecycle and learn more about what you can do at this stage to improve its longevity. (Although the Adizes Institute says the model may not apply to all business types.)

In addition to the business-lifecycle stages, Adizes offers 11 methodologies to help make businesses survive, grow, change and be successful. These include: 1 - Organizational diagnosis; 2 - Team building; 3 - Change management; 4 - Vision/mission/values; 5 - Structural alignment; 6 - Management information systems; 7 - Technology transfer; 8 - Peak performance stretching; 9 - Strategic resource allocation; 10 - Systemic cybernetic structure; and 11 - Synergistic rewards systems.

**CLICK HERE**
**to return to**
**Table of Contents**

How can you master change? The first step: Know where your company is in its business lifecycle. The second step: Know how to get to "prime" (the top of your game) and stay there as long as possible.

Although this is obviously beyond the scope of this column, I want to point you in a direction that can help you take the steps necessary to better understand and improve your business.

Remember: If this was a cake walk, everyone would do it. I think I'll have one of those $4 cupcakes now.

# Chapter 8

# Mastering networking ... and the hand-off

**Published: Monday, April 21, 2014 at 1:00 a.m.**

While networking at a MeetUp.com group called BarCamp (no, it is not a drinking group), I met Sara Hand, co-founder of BarCamp and Spark Growth. Sara seems to know just about everyone in the area, or at least way more people than I know.

When I asked to interview Sara about networking for my podcast series, Been There, Done That! with Dennis Zink, she enthusiastically accepted. What follows are excerpts from that interview on a topic that should be of interest to all small businesses:

**CLICK HERE** to return to Table of Contents

Q: Why should someone network?

A: Networking is about increasing resources, about connecting to sources of energy, sources of information.

Q: How effective can networking really be?

A: For a lot of people, networking is not effective at all. My goal is to build relationships with other people who have similarly aligned interests that want to make a difference in their community, that want to grow their business. ... I'm looking for people that have purpose.

For me, networking has been one of the most important things that I do.

Q: What would you consider networking with a purpose?

A: It's really understanding what your goals are. If you know what your unique value proposition is as a business, and you know who you best serve, then I'm looking for prospects. I know that everybody is not my prospect, and that's OK. I'm looking for people who could be referral partners or strategic partners. I'm looking for centers of influence, people who understand the value of networking. I'm looking for several different things.

**CLICK HERE** to return to Table of Contents

When I go to an event, if I make three to five really great connections, that's it. Anything above that is extra. I'm not trying to meet everybody.

Q: How many people do I need to know as a networker?

A: I guess it really depends on how well you know people and how well you stay connected. I think when you go to a networking event, if you aimed for any more than three to five, you'll simply come away with business cards.

If you don't know who the person is and what makes them uniquely valuable and how that's the same or different from you, if you don't have a story about who they are, then you're wasting your time.

Q: What do you think of a business leads exchange group where they exchange business cards? Do you see a value in that?

A: A leads group where people are just handing leads and they're all about the number of leads that they can give and they're not trying to qualify those at all -- time is short. Just because I can doesn't mean I should.

I'm not looking for another hundred leads. I'm looking for things that are referrals or endorsements. I think that's key in networking, because we have lots and lots of information, but there's a difference between information and insight and how we approach problems, and I believe there's a difference between leads and referrals or endorsements in where I'm going to spend my time.

CLICK HERE
to return to
Table of Contents

Q: Where are good places to go to meet people?

A: There's a lot of community initiatives that I think people miss. A lot of times, people are so focused on their leads groups, BNIs, chamber events -- those types of events, and they miss the community initiatives, like the one that we've run with BarCamp, Sarasota-Bradenton.

SCORE puts on some great events that are not necessarily networking events per se, but there's great networking there because, depending on what the topic is, you have people in a room that have similar interests.

You want to look for places where the types of people who you want hangout, people who have similar interests or people who have the same interest or the same characteristics that your prospect has.

You may look at groups that are focused more around business.

CLICK HERE
to return to
Table of Contents

Q: What do you do in the circumstance where you get in front of somebody and they just are talking your ear off, and you just can't get away from them?

A: There's a technical term called a hand off. You graciously introduce them to somebody else, and if you have to excuse yourself to go to the restroom, that's kind of the last resort.

Q: Are there one or two thoughts as a take away?

A: I would say, be focused. Know what it is that you want to do. Know what it is that you want to accomplish, and be real.

Take the time to find out what makes somebody special. You don't have to go to coffee with everybody. You do have to listen.

Focus on what somebody is saying and not what you're going to say next.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 9

# Why business plans come in two flavors

**Published: Monday, April 28, 2014 at 1:00 a.m.**

Will a business plan ensure the success of my small business? If I don't need financing, why do I need a business plan?

Isn't it true that most of these plans reside in a desk drawer or file cabinet, never to see the light of day?

**CLICK HERE**
**to return to**
**Table of Contents**

I posed these and other questions to Richard Randolph, president of Florida Creativity Centers, Home of Practical Creativity in Bradenton. Richard is an expert on traditional business plans and the Business Model Canvas.

Business plans have two purposes -- thus, two different versions.

The traditional, lengthy one with all the details is used when you need to present to a potential lender or investor. This should include everything, including your marketing plans, operating plans and financial details.

The other plan is for internal purposes. It is a shorter document to keep you and your team aligned on purpose and priorities.

Creating a business plan greatly increases your chances of succeeding in your business. Doing this homework for your company forces you to think things through. For example, do your assumptions make sense?

A comprehensive business plan will help you answer many important questions. You'll have to do a lot of research, there's no way around that! But the more variables you consider, the greater your chance for success.

**CLICK HERE**
**to return to**
**Table of Contents**

So why doesn't everyone do this?

There are several reasons, the most obvious is that creating a business plan requires lots of tedious and time-consuming work. Maybe you don't know where to begin, or you just don't understand why a plan is needed in the first place. (Some people may be lazy or complacent, but not you!)

Perhaps you should consider the alternative approach, the Business Model Canvas.

Initially proposed by Alexander Osterwalder in 2008, the BMC "is a strategic management template for developing new or documenting existing business models. It is a visual chart with elements describing a firm's value proposition, infrastructure, customers and finances. It assists firms in aligning their activities by illustrating potential trade-offs," according to its Wikipedia entry.

According to Randolph, a BMC offers several advantages for a new venture.

It allows you to see the big picture -- it's like the picture on the outside of the 1,000-piece puzzle. It helps you determine how the pieces fit together.

It allows you to be creative in how you approach the marketplace. Do you want to be like everyone else in your industry, or is there an innovative opportunity to be different? You can test various approaches before you commit your resources.

CLICK HERE
to return to
Table of Contents

It helps you identify your hypotheses -- those guesses and assumptions you're basing the business on -- so you can test them quickly and inexpensively. You can find out what really works in the marketplace and what you thought might work but doesn't resonate with customers. It helps you explore ways you can pivot your business to achieve greater success.

If a typical business plan is 40 or more pages, why is the BMC only one page?

They are two different approaches. Think of BMC as a photograph, and a business plan as a written description of the same thing. A picture is worth a thousand words.

What is the structure of this single page plan?

The BMC's one-page diagram has nine cells: Customer Segments, Value Proposition, Channels, Relationships and Revenue Model comprise the left side of the canvas (the customer-facing side of the business) while the right side includes Key Resources, Key Activities, Key Partners and Cost Structure (the "behind the scenes" part of the operation).

What is pivoting? If you ask any successful entrepreneur how their business evolved, they will almost always tell you that the business started off in one direction that didn't work out so well, but something different -- often even unexpected -- did work, and that's how they became successful. You do what works.

CLICK HERE
to return to
Table of Contents

The switch from "what you started doing" to "doing the new, somewhat different thing" is called a pivot, taken from basketball. You keep one foot planted (in your vision or core idea about who you are) and move the other foot (do something different or do something in a different way).

It's a process of learning and growing and changing to discover and deliver what customers want.

A quick way to learn about the BMC and how to build your own is to watch a YouTube video entitled "Business Model Canvas Explained," at http://bit.ly/htbmc.

If you'd like to explore further, email me at centreofinfluence@gmail.com and I will send you more links.

# Chapter 10

# A winning mindset for athletes, and you

**Published: Monday, May 5, 2014 at 1:00 a.m.**

I HAD THE OPPORTUNITY to hear Justin Su'a speak at a recent Breakfast of Champions meeting sponsored by the Lakewood Ranch Business Alliance.

According to Justin, head of mental conditioning at IMG Academy in Bradenton, "Where the mind leads, the body follows." He provided three strategies to develop and sustain the high-performance mindset of world-class athletes, Olympians, military personnel and successful business professionals. To develop confidence, do the following:

CLICK HERE
to return to
Table of Contents

Master your self-talk. Stop listening to yourself and start talking to yourself. Don't believe negative thoughts that may permeate your thinking. Talk positive to yourself.

Develop a bounce-back plan. Use adversity as a chance to improve. The important thing to remember is that no matter how hard you get hit, you need to keep moving forward.

Flex your optimistic muscles. It's easy to be negative; instead, focus on what you did well today.

How do you develop this mindset of success?

Some of the best advice I received on this topic was from Earl Nightingale, through a Nightingale-Conant motivational series called "Lead the Field." The key message for me was the need to develop the habit of doing those things that unsuccessful people don't do.

An exaggerated, humorous example of this was portrayed by the Seinfeld sitcom character George Costanza, who admits to being a loser and decides to do the exact opposite of every instinct he has, which, of course, helps him to succeed.

CLICK HERE
to return to
Table of Contents

Suddenly "opposite" George finds himself getting incredible dates with beautiful women and succeeding at everything he does.

Most people are not willing to pay the price of success. It generally takes a level of commitment very few will make.

To better understand the business mindset of success, I posed the following questions to Justin.

**Q:** It seems that most business people do not have a coach; what might they learn from a coaching relationship?

**A:** At IMG we study the habits of high performers, and one thing we find as a common thread is that they do have mentors and coaches that do take them from where they are to the next level.

They have the growth mindset: Performance is a journey, and they want continuous growth.

According to Carol Dweck (Stanford University), the fixed mindset is represented by people who fear failure, don't like to do the hard things, and don't like to review feedback.

The professional athlete is always looking for coaches to guide them in the different facets of their lives. This can apply to business as well as athletics.

**Q:** What lessons can business people learn from athletes?

CLICK HERE
to return to
Table of Contents

**A:** Separation is in the preparation -- constant and effective preparation is necessary.

Attention to detail -- The elite athletes are very focused on the details. They do the mundane, boring things that most people say: "I don't want to do that!"

Ability to focus on what they can control: As Bubba Watson said when interviewed after the Masters, he had to tell himself: "One shot at a time."

These principles are the same across different fields.

**Q:** What about team spirit, team sports and business teams?

**A:** Great athletes understand that it doesn't matter where you play, the important thing is how you play.

Clarity of roles is important. Great athletes know their roles, they know their team mission, and they know what their job is.

The culture conducive to key performance of the team is shaped by four stages: forming, storming, norming and performing.

CLICK HERE
to return to
Table of Contents

Forming -- where you hire, make trades, assemble the team.

Storming -- getting used to each other.

Norming -- accepting each other and your role on the team.

Performing -- developing trust; you go out and do your job, and you have each other's back.

**Q:** How do you pick yourself up when you suffer a big defeat?

**A:** We all tend to do catastrophizing (making a mountain out of a molehill). I recommend three things for someone who has hit rock bottom:

Train to change the way you look at things. Easier said than done, but look at things through a different lens. How can the situation make me stronger, and what can I learn from the situation?

Focus on what you are going to do about it now. Don't focus on what has happened.

Quickly revisit your motivation.

After finishing this column, I went out, played tennis, took a bad fall, and broke my right leg. The X-ray now looks like an erector set, with eight screws.

My new mindset and focus will be on writing more and asking friends to drive me to important meetings. I hope you enjoy your week more than I will.

By the way, I did make a winning shot.

Justin would approve.

**CLICK HERE**
to return to
Table of Contents

**CLICK HERE**
to return to
Table of Contents

# Chapter 11

# On minimum wages and maximum results

**Published: Monday, May 12, 2014 at 1:00 a.m.**

As an employer, I have compensated employees or independent contractors with salaries, hourly pay, commissions, bonuses, time off, extra vacation time, work per piece, a set amount for x, profit sharing and stock. I have mixed and matched salary plus commission, more of one, less of the other, in a see-saw attempt to provide the right incentive for accomplishing what I needed done.

**CLICK HERE to return to Table of Contents**

If an employee was willing to bet on themselves in sales, willing to take a smaller salary, then I was willing to pay a larger commission for results. Sometimes, I paid on activities performed: Calls made, phone numbers dialed, people seen face-to-face. My hopes were that if specific activities were performed, the desired results would be achieved.

I came to the conclusion that every job was only worth so much. The true measure of pay should be based on the replacement theory. Simply stated: If the employee got hit by a truck, quit in the middle of the day, went to lunch and never came back, fled to Mexico, or whatever, how much would it cost to replace this person? All else being as equal as possible, finding and hiring someone with similar experience, education, ability, background, work ethic -- the variables are endless, but it comes down to having a job that needs to be filled by someone who is capable and willing to do it. End of story. Case closed. Period.

The dichotomy is this: The employer wants to get the job done the best it can be done, in a reasonable time, for the lowest amount of money; the employee wants to do a good job and be paid the highest possible amount for his combined level of experience and education.

His favorite FM station is WIIFM: What's In It For Me. It is only through negotiation (in the absence of a gun to one's head) and compromise that a mutually agreeable deal is reached.

**CLICK HERE to return to Table of Contents**

An obvious problem and political football is the current hoopla over paying "a living wage" or a minimum wage that might or might not be a living wage.

If an employer can hire someone for a specific job and get someone for the minimum wage, chances are this person is either very young, just entering the work force, very old, re-entering the work force, uneducated or with little to no experience. If this low-level job can be filled for $8.00 per hour, meaning there are takers, then that is what the job is worth. No more, no less -- give or take a wee bit of negotiation.

At this pay grade, this employee is no doubt going to struggle just to get by. Paying for the basics, such as food, clothing and shelter, will be a challenge, let alone covering transportation and health care. What if this person has a spouse, children and/or parents to care for? They are up a creek without a paddle.

Whose fault is this? Society's? Yours? Theirs, because they did not get a good education, for whatever reason?

Should the employer pay more because it is the right thing to do? What about the stockholders, the owners of the business? Right for them may be wrong for the employee, and vice versa. If everyone is paid more, will prices have to increase to the customers? Will the company's profits be eroded? Will inflation be increased?

This is a financial tug of war. Are we really talking about income redistribution?

CLICK HERE
to return to
Table of Contents

Now, let's look at the higher end of the pay scale, where more variables must be considered. Will I tend to get a better employee if I pay more? If you do your HR homework, you will see that there is a strong likelihood that the answer might be yes.

Now for the $64,000 question: Should there be a maximum for CEO pay? What kind of dis-incentive might this have on business? At the same time, for those people who make millions, is it just a way to keep score? How many homes do they need?

A business-savvy friend once told me, "Hire the best you can -- they will always find a way to make you money." Yet I can recall plenty of times that I overpaid for people who were a bust.

Perhaps the key is to hire slow, fire fast -- though most of us do the exact opposite. Using hiring tools or head hunters might improve your results, but there are no guarantees.

Will you get better employees if you pay more money? Sometimes yes, sometimes no.

Please let me know your experiences with hiring for possible inclusion in a future column.

CLICK HERE
to return to
Table of Contents

# Chapter 12

# Hell is being a slave to a losing business

**Published: Monday, May 19, 2014 at 1:00 a.m.**

AS A SMALL-BUSINESS owner, it is extremely important for your business to be profitable. In fact, the money made in a business after all costs and expenses are paid should be the single most important focus for your business success.

This might seem obvious, but here are some specific reasons why this is true:

**CLICK HERE** to return to Table of Contents

Rule No. 1: Without profit, your business doesn't continue to be in business. Sure, if you have a start-up, it may take a while before you are profitable. But, ultimately, you must be profitable to continue to operate.

Rule No. 2: Cash flow is not the same thing as profits.

Cash flow is the life blood of your business. When you are out of cash (blood) your business is dead. You can usually stretch paying some bills to achieve positive cash flow, but if this gets out of hand, it may be a forewarning of impending demise.

Rule No. 3: There is no talent needed to lose money. Anyone -- yes, absolutely anyone -- can start and run a losing business. Some people are really fantastic at losing lots of money. (These people also may be experts in hope; see Rule No. 4.)

Rule No. 4: Hoping will not affect your profits. Doing the same thing over and over and expecting a different result (hoping) is how Einstein defined insanity.

Rule No. 5: Sooner is better than later, but later is better than never. The sooner you can put your business on a trajectory toward profitability, the better. It's easier to dig out of a shallow hole than a deep one.

**CLICK HERE** to return to Table of Contents

Rule No. 6: A manageable amount of debt can be your best friend. Generally, no debt is better than some debt, but sometimes you absolutely need a manageable amount of debt to grow your business. The penalty for lack of capital may be slow growth and missed opportunities.

Rule No. 7: A business without profits will eventually fail (when the cash runs out). Profits are the raison d'être (reason for being). Why be in business without a goal of being profitable? While it is true that Amazon has never been profitable, this is a totally different scenario than for a small business.

Rule No. 8: A business without profits has little value. (See Rule No. 3.) Since anyone can start a losing business, and there is no talent needed to do so, why would anyone in their right mind pay more than a token amount for your good will, should you want to sell your unprofitable business? Stale inventory is also going to be worth less than you paid for it. Any potential buyer will realize that it may be a lot easier to start fresh and build a good reputation, rather than buy a failed business and attempt to turn it around.

Rule No. 9: Profits ideally should increase consistently and annually. There are some exceptions, but generally this holds true. Financial dips encountered in pursuit of new product introductions could be an exception.

Rule No. 10: Increased equity should be your focus. You can make money two ways. Cash flow paid in your salary and owner benefits, or realized equity paid upon a sale of some or all of your business assets.

CLICK HERE
to return to
Table of Contents

If you are in a cash-rich business -- a wonderful scenario -- you should leave enough money in your business for working capital, to pay expenses and to manage debt payments (such as leases), and either take most of the excess in distributions or use it to initiate a strategic growth plan. This might include paying the troops incentive pay for achieving the goals that got you to the promised land.

Rule No. 11: When it comes time to sell, a buyer ideally wants a company with stair-step annual growth, whose profits have been aligned and managed well.

The selling price will be an agreed upon multiple of your most recent year's profits. A buyer buys the future potential but wants to pay for it at last year's prices. A seller wants to sell the past (financials provided) and receive equity for the future profits and prospects of the business.

Rule No. 12: A deal gets consummated only when both parties agree, usually somewhere between the buyer's and seller's prices, often at a multiple that is common to that industry.

Some final thoughts.

If you are thinking about selling to your competitor, there are pros and cons to doing this (which will be covered on another day). If you are considering selling or passing the business to your children, this should be carefully thought through.

CLICK HERE
to return to
Table of Contents

Do your children really want to be in this business? Owning and eventually realizing equity from selling a small business is truly one of the great wealth builders in this country.

Operating a small business you enjoy can bring tremendous personal satisfaction to you and your family. But being a slave to a losing business is hell!

# Chapter 13

# Control your days: Know urgent vs. important

**Published: Monday, May 26, 2014 at 1:00 a.m.**

Do you know the difference between urgent and important?

When the phone rings, is it urgent that you answer? It could be your son, Robby, who needs you to pick him up after his tennis match. Perhaps it's a solicitor trying to sell you something you don't want.

CLICK HERE
to return to
Table of Contents

The call may or may not be important. There is no way to know unless you answer.

Let's look at the definitions of these words. Urgent is defined as needing immediate attention. Important is defined as having serious meaning or worth, deserving or requiring considerable attention. Urgent represents an immediate need, whereas important things deserve significant attention, but maybe not right away.

That phone ringing may have seemed urgent because you didn't know who it was or what they wanted. It may or may not be an important call.

Okay, now that you know the difference, what does this mean to you?

Every event that happens on any given day may be either or both urgent and important.

You have a list of items to accomplish. Should you do those things first that are important but not urgent, or should you do those things that are urgent but not important?

CLICK HERE
to return to
Table of Contents

If you are to truly be in control of your day, of your accomplishments and of getting things done that need to be completed, then do the following.

Make a list.

Next to each item, indicate U (Urgent) or I (Important) or UI (both Urgent and Important).

First, do those U items that will be viewed as important if you don't complete them, the UI items. (For example: Picking up Robby from tennis is something you better make sure gets done in a timely manner, whether you do it or delegate it to someone else.)

Next, prioritize the I items and work on these in order of priority.

Let your phone ring. Check it later in the day (once or twice a day should suffice for most businesses) and return only those calls that need more immediate attention (they are urgent).

Most things can wait 24 hours. After all, what if you were sick or at a funeral?

Do not be a slave to urgent.

If people are constantly at your door, asking you to sign things or interrupting you, then you are not going to be in control of your day. You will bounce around throughout the day, doing what others want you to do to make their day run smoothly.

Don't do it!

CLICK HERE
to return to
Table of Contents

Your employees need to schedule a specific time of the day to meet with you to handle the tasks that are urgent for them but may not be urgent for you. Do not let their emergency become your emergency. With proper planning and respect for each other, this type of chaos could and should be eliminated.

You only have 24/7 like everyone else. It's what you do with these hours that separates those who get tons of things done versus those who wonder "Where did my day go?"

Here's how to prioritize.

Use a forced-choice prioritization method by forcing a choice between two items. This is the same method used when you have an eye exam and your eye doctor asks: "Which is better, this one or that one -- A or B?"

If you have three or more tasks to prioritize and do not know how to make up your mind, do this: Compare choice A to choice B; B wins out. Next compare A to C; C wins out. Last, compare B to C; C wins out.

Now you know that C is the most important item to complete first, because it won out over choices A and B. The second-most important item is B, because B won out over A. So, in this instance, your prioritized order is: C, B, A.

CLICK HERE
to return to
Table of Contents

Do the first item, then the next most important one, and the next. You are now in control of your day. Doesn't that feel great? Afterward, you will look back and see how much you got done.

If you plan your work and work your plan -- on a daily, weekly, monthly, quarterly and annual basis -- keeping deadlines in mind, you shouldn't have to deal with putting out fires all day.

Your anxiety level should diminish. Your employees need to learn from you how to do this; they will be happier and less frustrated, and they will accomplish a lot more in less time.

At the end of your day you can sit back, relax and have a glass of wine. Red or white? Your choice. If you need help with this, please write me. My choice would be red!

# Chapter 14

# Make your meetings amount to something

**Published: Monday, June 2, 2014 at 1:00 a.m.**

Do you find yourself attending more and more company meetings?

Do you feel that most of these meetings are: A - generally productive, B - a complete waste of time or, C - perhaps a little of both?

CLICK HERE
to return to
Table of Contents

Most of us have attended great meetings and horrible ones. How can we do a better job in deciding which meetings to attend, whether to send a subordinate, or if it can be skipped entirely? Sometimes you have no choice and your presence is mandatory.

I run a monthly CEO meeting at which the people who attend say they enjoy themselves, learn a lot and find it a valuable use of their time. So what am I doing right?

On the other hand, I have been to meetings where two hours pass slowly and with absolutely nothing accomplished.

Here are some suggestions for having better meetings.

Have a stated purpose. The meeting must have a worthwhile, stated purpose. Set realistic goals. Reviewing sales, costs, human resource issues, strategies, new product development, major issues, weekly update, opportunities or any other worthy purpose for gathering people together. Everyone there should know what that purpose is.

Only Invite the right people. Who really needs to be at this meeting and who doesn't need to be present? Who is in the loop and needs to know, and who can add to the meeting's purpose with background, input, suggestions, options and/or solutions?

CLICK HERE
to return to
Table of Contents

Have an agenda. Having a meeting without an agenda is generally just a BS session. Have a specific time set for the meeting to start and end, and stick to it. Have specific times set for each agenda item.

Start on time. You will get the behavior you tolerate, so if you traditionally start late, expect to start later and later. A good way to eliminate this tardiness is to lock the door and whoever is not there at the stated start time misses the meeting.

Calculate the true cost of the meeting. Do you know how much it will cost to gather your entire staff or a department for a 45-minute meeting? You have to pay all who attend, and they aren't doing what they would normally be doing. In no way am I suggesting you shouldn't have purposeful meetings. These meetings should be well thought out and purposeful, have the right people and keep costs in check.

Know in advance what you expect to get out of the meeting. Determine what has to happen to make it a success, and push for that result.

Be in control of your meeting. You or someone should moderate/facilitate the flow of the meeting. It is critical that everyone -- yes, everyone -- be on time. No one should leave early unless a true emergency arises. Everyone should be allowed to participate equally, to speak freely with no repercussions. No one should be allowed to ramble or go on off-topic tangents. The key is to focus on the purpose and the problem -- the solutions will come.

Turn off all distractions including cell phones.

**CLICK HERE**
**to return to**
**Table of Contents**

Allow five-minute bathroom breaks for long meetings.

Recap. At the end of the meeting, summarize what was accomplished and who will do what by when as follow-up action steps. Set the date and time for follow up meetings.

Keep the number of meetings to a minimum.

What about traveling for meetings and the time and expenses involved for transportation, including airfare, hotels, meals and other expenses?

Is it really necessary to gather in person for this meeting, or can it be an Internet-based meeting?

More and more businesses are using Citrix Go to Meeting, Skype, Google + and other technology to meet virtually.

Networking MeetUps are meetings, too!

The ever popular MeetUp. com has grown in popularity and has meetings on just about anything you can think of. Some present good opportunities to network and learn, others not so much.

**CLICK HERE**
**to return to**
**Table of Contents**

How do you decide where to spend your time? Starting a MeetUp group costs about $144 year, and its success may be killing the concept. There are too many overlapping business MeetUp groups, and attendance cannibalization is taking place. Too many choices offered may lead to people might conclude that they just won't go to any of them.

I know one person who is always in meetings. It makes me wonder what he can accomplish in his business. When he isn't traveling to meetings, he's in meetings in town.

Beginning this month, I will be running our SCORE member and executive committee meetings as chapter chairman. Wish me success!

If you email me, I promise to get back to you (between meetings!)

# Chapter 15

# Creating quality is hard ... but worth it

**Published: Monday, June 9, 2014 at 1:00 a.m.**

If you are over 40, you probably remember the story of the ill-fated Sony Betamax recording technology.

Sony was the undisputed king of the electronics hill decades ago, with its Trinitron televisions and Walkman portable music players (forerunner to the iPod and other MP3 players).

CLICK HERE
to return to
Table of Contents

Sony created a concept it called time-shifting: Its Betamax equipment, for the first time, gave people the ability to record a TV program and watch it later. Betamax boasted two hours of recording on a tape cartridge. This was all well and good until Panasonic upped the game with six hours of recording using its VHS tapes.

It was widely agreed that Betamax was a superior recording technology compared with VHS. To remain competitive, Betamax sold a contraption called a stacker. The stacker held four cartridges, giving it an eight-hour recording capability. There was only one problem: The stacker didn't work very well -- it jammed often and didn't always eject. Customer complaints rolled in.

According to Sony's product manager at the time, Bob Theis, "We were arrogant in how we dealt with those customer complaints."

And we all know how that turned out.

Theis, a local SCORE mentor who lives in the Sarasota area, said he learned an important lesson, one he applied after he bought a 100-year-old company in Syracuse, New York, called JR Clancy. This company supplied everything used backstage in theaters and auditoriums, such as customized rigging and lighting.

CLICK HERE
to return to
Table of Contents

It had significant problems shipping orders that were correct, complete and fast.

"We were missing on five out of six cylinders, and it was costing us a huge amount of money," Theis said. "Customers would call and complain -- it was frustrating."

He decided to use a quality standard, known as ISO -- the French acronym for International Organization for Standardization -- to improve the company's performance. The particular standard Clancy used, ISO 9000, took the company 18 months to implement at a cost of approximately $250,000.

Theis feels it was well worth it.

"We had quality problems, we needed a framework," he said. "We needed discipline, and it gives you that as well."

Clancy began by identifying and writing down all company procedures and processes. Then it studied them to determine which worked well, what needed to be improved and if there were some things that were unnecessary and could be weeded out.

Theis spent two months in the field, visiting customer's job sites, dealers and installers, asking "What do you guys really need?" The answer that came back was, "You guys have to be on time, you have to be complete with your order, and the order has to be correct."

Clancy decided to treat its dealers, installers, its own employees and even its employees' families as partners.

CLICK HERE
to return to
Table of Contents

The company took as its goal and motto "Make Our Partners Successful," or MOPS.

Clancy measured its performance on time, completeness correctness. "We became obsessive about tracking those metrics," Theis said.

Another important metric was partner satisfaction.

Clancy measured this with feedback from field visits and questionnaires, and the company did everything it could to make its partners successful.

"We turned over every process in our company, and we went deep-dive into it," Theis said. "We looked at everything from how we address people when they call in to how we ship the box and what the box is going to look like when we ship it out. Every detail of our operations was defined.

"Could you get by with something less? Sure you could, but we wanted to have absolutely everybody, every function, included in this. And to do that, you need the top management to be the real driving force."

CLICK HERE
to return to
Table of Contents

Theis developed a program he called The Extraordinary Guarantee, which essentially said: "We are 100 percent committed to the on-time, complete and correct shipment of your equipment. If you feel we have not met this commitment in any way and that has caused you to spend additional time or money, then please attach a note with a brief explanation and deduct your cost from this invoice when you send in your payment."

That guarantee was printed at the bottom of each invoice, on price sheets and in emails that were sent out to all of Clancy's dealer partners.

"We had a logo made, and we marketed based on it," Theis said. Of course, someone would immediately contact the customer to resolve the situation if a problem did occur.

"Our sales, our profits, our backlog exploded. We were on 'Inc.' magazine's List of Fastest Growing Companies two years in a row, and I'm certain that the sale of my company in 2011 was helped because we were now a quality company."

**CLICK HERE**
**to return to**
**Table of Contents**

**CLICK HERE**
**to return to**
**Table of Contents**

# Chapter 16

# Intellectual property and the small business

**Published: Monday, June 16, 2014 at 1:00 a.m.**

Are you aware that your small business may be able to protect its business trade name from misuse by others?

Can you and should you use "TM," for trademark, for your product or service? When can you use the "R" in the circle?

CLICK HERE
to return to
Table of Contents

In our small business podcast series, "Been There, Done That!," I interviewed local patent attorney and licensed engineer Joseph Long in his area of expertise. Here are some excerpts.

Q: What are the different types of intellectual property?

A: There are four basic types: copyright, trademark, patents and trade secrets.

Copyrights are rights and original works and creative expressions held by their creator. Ideas and discoveries aren't generally protected by copyrights, but the way in which they are expressed may be.

Trademarks are names or designs that identify a product or a service as being from a particular provider; examples might be McDonald's or Ford Mustang.

Patents protect ideas or inventions. The rights are held by the inventor, and the rights are to prevent others from making, using, selling, or importing the invention.

Trade secrets are generally confidential information controlled by the owner for their benefit. A popular example is the formula for Coca Cola.

CLICK HERE
to return to
Table of Contents

Q: How should a business protect its copyright interests?

A: A work is protected under copyright the moment that it's created and fixed in a tangible form. Examples of tangible work may be drawings, physical models, graphic designs, written text, photographs, videos, or computer code. In general, registration of copyrights is completely voluntary; however, you have to register your copyright with the government if you wish to bring a lawsuit for copyright infringement.

Generally, only the author or creator of a work has a rightful claim to its copyright. An important exception to this is a notion of works made for hire. When a work is made for hire, an employer is considered the author, even if an employee actually created the work.

Employment, contractor agreements, or contracts, generally including explicit agreement that works created as part of a work for hire are the rights of the employer. A business should seek to retain the copyrights to all materials generated in relation to its products or services through such agreements.

Q: How should a business protect its trademarks?

A: Rights in a mark can be established simply based on using the mark in commerce without having to register it. However, like copyrights, federal trademark registration can provide numerous legal advantages.

When you merely claim the rights to a mark, you can mark it with a symbol "TM," often applied as a superscript. This is a designation to put the public on notice or to alert the public that one is claiming ownership of the mark.

CLICK HERE
to return to
Table of Contents

Regardless of whether you'd ever file an application, you can use this TM designation. You can only use the federal register trademark symbol, which is a capital R in a circle, after the United States Patent and Trademark Office has actually registered the mark.

Registration is achieved by filing an application and going through a small procedure. The purpose of a trademark is to prevent an unapproved source from providing a good or service in a way that might confuse the consumers as to who the actual source is.

Accordingly, a business that's operating with a trademark should always seek to protect the inappropriate use of the mark by others to retain its value.

Q: What types of things can be patented?

A: Generally, anything that anyone conceives can be patented. It can be any useful process, machine, manufacture or composition of matter.

A process can be any act or method, a machine is fairly obvious, a manufacture refers to any articles that are made, and a composition of matter generally relates to chemical compositions or mixtures. These categories taken together include pretty much everything that can be made by man or any processes for making any products. A process or method can include a method implemented on a machine.

CLICK HERE
to return to
Table of Contents

Such a machine may include a computer, and this is generally the basis for claiming inventions that may be implemented using computer software, or instructions executing on a computing machine. Abstract ideas and laws of nature are generally not afforded patent protection.

Q: Could you explain the difference between a design patent and a utility patent.

A: A design patent generally covers the physical appearance or the form of a product, while a utility patent covers what the product actually does. These are two different types of patents.

Design patents can be very limited in their value at times, simply because competitors can get around infringing. A competitor might get away with infringing a design patent by simply making something look a little different, whereas a well-drafted utility patent or claim will spell out exactly what it is that a thing does.

Then anything, no matter what it looks like or how it's made, falling within that definition of what is being usefully done will infringe the patent. This generally provides stronger and more valuable protection.

You may hear this podcast in its entirety -- No. 13, on intellectual property at at centreofinfluence.org

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 17

# So you think you want a partner? Ask this first

**Published: Monday, June 23, 2014 at 1:00 a.m.**

Should you consider having a partner in a new or existing business?

### *Facts*

*"Choose a partner with the same diligence you should use in choosing a spouse — mutual admiration, trust and compatibility, with the big emphasis on trust." -- Bob Bertelsbeck, SCORE mentor*

*"Everything is lovely in the beginning, but when there are disagreements, life can get very ugly." — Anonymous Sarasota business owner.*

*"Collaborating with a partner is a very healthy practice in navigating the number of issues a small business needs to constantly address." — Dennis Heinrich, Suncoast CFO Solutions.*

*"I have seen effective partnerships create very successful organizations, because nothing falls through the cracks if the division of labor is well defined." -- Bob Melberth, Business Ownership Coach - The Entrepreneurs Source*

*"The wrong partner may have grandiose ideas that are not feasible to implement and would interrupt necessary cash flow and cash reserves." — Kathryn de Young, SCORE mentor*

*"You must have an attorney draft an operation agreement, a buy/sell agreement. It's like a pre-nuptial agreement." – Jim Repp, CPA, SCORE mentor*

*"Articulating a valuation methodology or buyout action clause is key..." -- Bob Melberth*

Will that partner have strengths that you lack? Is the prospective partner a friend or relative? Have they been in the same or a similar business/industry? Perhaps a competitor wants to merge with or acquire your company or idea. Is this a good idea? Have you had a partner before?

Are you still married?

These are some of the questions you should ask if you are considering taking on a partner.

What percentage of partnerships break up? The numbers are worse than the marriage success rate.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

I've had four partners over a 30-year period, and fortunately all four of these businesses were successful, although three partnerships ended in various degrees of disharmony. The success ratio from real-world statistics is an estimated 40 percent.

If you take a close look, you probably do not need a partner. You may need to hire the knowledge base you lack (employees, consultants, mentors or counselors, etc.).

The pros

Let's look at a few of the reasons to have a partner. A partner can act as a sounding board for decision making .A partner may share in capitalizing the business. A partner may share the workload. A partner may have strengths you don't have. A partner can be there to celebrate victories or commiserate over defeats. A partner may have important relationships and contacts for your business.

CLICK HERE
to return to
Table of Contents

The cons

Now, some reasons NOT to have a partner. A partner may not work as hard as you do. A partner may not agree with you. A partner may not have the strengths you thought he or she had. A partner may not be there for the long haul. A partner may decide to leave and may take your employees and compete with you. Separation from a partner can be costly.

Review with your attorney the options for what structure your company should take. Regardless of the form of organization (C or S Corp, LLC or other), what percentage of the business should you own? What about 50-50? or 51-49? (You want the 51 percent, right?)

Fifty/fifty can lead to a stalemate. Control is the operative decision. When push comes to shove, who will have the final say?

Who will be in charge of day-to-day decisions? What happens when you don't agree? What happens when either you or your partner wants out? What happens when your partner leaves with your customers and tries to compete with you? Do you have an agreement called a covenant not to compete? Will you spend untold dollars and court time enforcing a violation?

CLICK HERE
to return to
Table of Contents

My advice

My personal advice is this: Avoid a partner if at all possible. The odds of success are not in your favor.

If you already have a partner, make sure you have clear, understandable agreements and consider having a buy-sell agreement using insurance proceeds to fund a death benefit and transfer shares or units.

Communicate, communicate, communicate with your partner, accurately and often.

Talk through problems, be flexible, be empathetic, agree to disagree, and set procedures on how to resolve problems. Be honest with each other, discuss personal goals and objectives up-front, and update changes as often as needed.

The most important takeaways for you are these:

Know who you are partnering with, have a written agreement, know how you will end the partnership before you begin, have a buy-sell agreement, communicate accurately and often, and agree to binding arbitration if it becomes necessary.

And remember, the first half of the word partner is "part," so don't be surprised if this happens.

**CLICK HERE**
**to return to**
**Table of Contents**

**CLICK HERE**
**to return to**
**Table of Contents**

# Chapter 18

# When should you scale your company?

**Published: Monday, June 30, 2014 at 1:00 a.m.**

With the stock market setting records and the economy sending some positive signals (finally!), an entrepreneur's thoughts can easily turn to ideas of growing their business.

It's a reasonable consideration in today's business climate -- but is it really a good idea for you? We all know the rule: Just because you can do something does not mean you should!

CLICK HERE
to return to
Table of Contents

Is your company scalable? How can you know? And is now the right time?

The word scale, in discussing the scalability of a company, means that the underlying business model offers the potential for economic growth. We'll refer to scaling in this context as growing a business beyond the initial unit.

There are many factors to consider when assessing scalability of your company. Here are some thoughts and questions on when and how to approach scaling your business.

Age of the company: Business age is certainly a factor. A relatively young, immature company may or may not be scalable, and the cost to discover which it is might be high. Unless you have previously scaled another business successfully, it may not be a good to consider scaling at this stage.

Management talent: Do you have a solid, reliable management team in place, with excess human capital? Many small businesses do not. Is it only you? Scaling a business might require you to take your eye off one ball and focus on another one. Can you do this without losing your momentum?

CLICK HERE
to return to
Table of Contents

Organizational skills: Are you well organized, with everything running smoothly in your business? You don't want to scale during turmoil. If you left for a month's vacation, would everything run like clockwork or would your business become a shambles?

Mindset to grow: Why do you want to expand? Are you of a right mindset to scale?

Assuming you are doing well financially and everything in your business is running great, know your why. Why are you going to do this?

Life can be a lot easier managing one business than many. Scaling a business is typically akin to starting a new business. The big difference is that you already have a playbook for success (franchise-like). Hopefully, you do have this all written down in your policy and procedures manual.

Finances: If your company has successfully navigated the growing-pains stage, is profitable and has the management talent, and you have the organizational skills and the right mindset to grow, do you also have the money to scale?

Do not bet the farm on a new location. What if you are wrong about the new location and you have to start feeding the new venue from the profits of your stable business? Now you have two problems.

Get a map: Have you done market research on your competition and their locations? Get a map and place markers where you are located, where your competition is located and where you want to locate.

Are the demographics and psychographics different from your primary business? Will you charge differently at this new location? Why will this be a good location for you?

**CLICK HERE**
**to return to**
**Table of Contents**

Do you expect to attract new customers from this geography? How many customers will you need and how soon will you need them to break even?

Is the new location nearby, across town, or in another city, state or country? Near is generally better than far from a management perspective of command and control. If you have to travel to visit the new location, how long will it take you to get there? Do you have to fly and, if so, did you budget for travel, airfare and hotels?

Overhead: Will you be amortizing (spreading out) your overhead across the new unit(s)?

This can make your prime location more profitable. Will you allocate your salary and management teams, and what basis will you use to compute these? Will it be 50 percent, based on time, based on sales volume, or some other metric?

It's time to call in your accountant if you haven't already discussed your expansion plans.

Do you want to place this new location under a different entity, such as an LLC? If so, it's time to call your attorney.

**CLICK HERE**
**to return to**
**Table of Contents**

Cannibalization: Will you be attracting new customers or just providing another convenient location for your current customers? Will you be cannibalizing sales from your primary location to your new location?

Will it be worth it? I have successfully scaled many businesses and thought it to be the most fun and the most financially rewarding aspect to owning a small business.

There have been other times when I resisted the temptation to scale and did just fine with one location, where I could concentrate and devote all of my time and effort without worrying about travel issues.

Many business owners succeed in building an empire. Many more fail miserably at scaling and jeopardize their initial business in the process.

Here's a useful tip from our local carpenter: "Measure twice, cut once."

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 19

# Sizing up competition and share of market

**Published: Monday, July 7, 2014 at 1:00 a.m.**

'My clients hate to do two things: do competitive research and develop business plans," says Bill Elias, one of our experienced SCORE mentors.

"Clients underestimate the importance of truly understanding the marketplace in which they compete. It is very difficult for a company to position itself and establish a unique or differentiating advantage unless one is aware of the competition and the nature of the market."

CLICK HERE
to return to
Table of Contents

Before explaining competitive market analysis, we need to define competition. Anyone who is trying to get a dollar that could be spent with you is a competitor. Online or offline, brick and mortar or virtual store, it doesn't matter.

Let's face it -- almost everyone has competition. Whether you have a new business or an on-going concern, someone is competing with your business for customers and their money.

This is not very different from playing a competitive sport or a game that you are trying to win.

There can be more than one winner, but you don't want to be a loser in this game. A loser is a company that cannot sustain its profitability and hence probably will not, and should not, continue to exist.

Back to the market analysis.

Let's use an example that is relatively transparent. Assume you publish a monthly magazine. Here is how to do a competitive market analysis.

CLICK HERE
to return to
Table of Contents

Step 1: Gather competitive data -- collect every competing publication you can find.

Step 2: Count -- add up the advertising pages in each publication.

Step 3: Rates -- find out what they charge. In this example, obtain competitors' rate cards and other information on their products, perhaps an editorial calendar.

Step 4: Total -- multiply the rates charged times the number of advertising pages to see what their approximate revenue is for that issue. As periodical advertising varies issue to issue, do this with at least three issues. Then multiply the three-month total by four to get an annualized amount of estimated revenue.

Step 5: Segment -- separate each publication's advertising into categories, such as real estate and restaurants. Compare each advertising segment with your publication and see how you fare against each competitor in these categories.

Step 6: Grand totals -- add the totals in each category of all competitors and also get a grand total of all competitive advertising.

Step 7: Market share -- compute the total advertising you have compared to all dollars spent in all of the competing publications. This represents your overall market share, expressed as a percentage. Now do the same for each market segment.

Step 8: Distribution -- how and where is each publication distributed? What are the demographics and psychographics of their audience and customers? How does your magazine align with these figures?

**CLICK HERE**
**to return to**
**Table of Contents**

The rest are more generic steps that apply to any business:

Step 9: Market trends -- is your overall market expanding or contracting? Are there specific categories (product lines) that are growing faster than others? Are there unmet needs that you might be able to fulfill?

Step 10: Internet and social media -- companies are increasingly using social media such as Facebook, Linked-In and Twitter, and their own company websites, blogs and newsletters. There is much you can learn from these sources.

Step 11: Review sites -- look at review sites if applicable and catch the buzz, news, and announcements portrayed.

Analysis

Analyze what you have found. Ask yourself what you need to do to attract some of these dollars from the market. Develop a strategy to increase market share in various segments.

**CLICK HERE**
**to return to**
**Table of Contents**

Select a few of the larger target accounts and do everything possible to gain their business.

Are your competitors solvent? In this transparent industry we selected, it is not that difficult to do an estimated P&L (profit and loss) for your competition.

For example, a magazine issue is 100 pages, with 45 advertising pages and 55 editorial pages, and is distributed to 12,000 locations or subscriptions, generating an estimated $X revenue. It is relatively easy to learn what it costs to print this issue using this quality paper and amount of color. The magazine staff is generally found in the first few pages, so you can see how large a staff they have and estimate payroll and freelance fees. Since they are in the same business you are in, use your own data to compute their data.

This may sound very involved and difficult -- it isn't.

But it is critical that you know where you stand in relationship to your competition. Know what your market share is and devise strategic plans to increase it.

These basics can be applied to most businesses, although some businesses are more transparent than others. Happy research!

**CLICK HERE**
**to return to**
**Table of Contents**

**CLICK HERE**
**to return to**
**Table of Contents**

# Chapter 20

# A few ways to find out what you don't know

**Published: Monday, July 14, 2014 at 11:28 a.m.**

The Socratic Paradox states, "I know that I know nothing," or "I know one thing: that I know nothing."

In collaboration with Bonnie Seitzinger, a Manasota SCORE mentor, CPA and author of the Lean Into Success program, I set out to understand this paradox. Bonnie and I developed a methodology and presentation based on learning "How to know what you don't know."

CLICK HERE
to return to
Table of Contents

All organizations have problems that often lay beneath the surface and are hidden from view. It is important to ensure that these problems do not remain undisclosed.

Andrew Grove, former Intel chairman and CEO, said, "Only the paranoid survive."

So what can you do and where should you start?

Prevent Problems: One strategy in growing a business is to prevent problems before they happen. We need to learn as much as we can about what it is we do not know, so we can prevent problems. We can't know everything with absolute certainty, but we can feel confident about specific things.

In some situations businesses fail because owners think they know more than they do. They may not be open to learning what they do not know.

There's a learning model developed in the 1970s that describes the stages of learning, going from incompetence to competence. The first stage, unconscious competence, is not knowing what you don't know. The next stage is conscious competence, which is knowing you have a deficit and knowing the value of developing skills to address that deficit. We want to focus on the not knowing as well as developing the skills to be in the know. Both are invaluable skills.

CLICK HERE
to return to
Table of Contents

Seek-out internal and external feedback to learn what you don't know.

The well-known entrepreneur Steve Jobs talked about the best ideas coming to him when he allowed his mind to become quiet for periods of time each day.

Try asking yourself two simple questions for a week and see what insight it provides to you. The Morning Question: What Good shall I do today? The Evening Question: What Good have I done today?

Take a contemplative minute by closing the door after each meeting or each lengthy phone call to give yourself a creative pause. Over time, daily contemplation practice can change the way you think. The results will come to you in the form of knowing what you don't know.

Developing and nurturing your own internal feedback system creates awareness, and awareness brings answers. These answers lead to new choices.

One of the best success principles, which sounds so simple, is to ask, ask, ask! This can be done in several ways. A healthy dialogue several times a year, one-on-one with employees, can be extremely revealing. You must have the ability to express your questions to employees and then to fully listen to their responses. Some entrepreneurs have an open-door policy and a culture of feedback and suggestion sessions. It's important to avoid complaint sessions. The goal is to have a positive culture of continuous improvement.

**CLICK HERE**
**to return to**
**Table of Contents**

Have strategic planning sessions, using a SWOT analysis to assess your business' strengths, weaknesses, opportunities and threats. Great ideas and learning what you don't know come forth with SWOT analysis.

Some businesses conduct focus groups with an outside facilitator to generate ideas and get their creative juices flowing. Include both inside and outside sources, employees and customers.

It's important to take time for long-term planning, which leads to learning about what you don't know. It also improves short-term decision making.

Gather actionable information from your customers. The restaurant industry does this very well with brief customer surveys.

Join a CEO Roundtable group. Goals are discussed and the group has a sense of accountability to each other. These roundtables help you "think outside the box" and explore possibilities with a divergent focus.

Another source of information about what you don't know might be trade associations and trade publications. These will help you "think inside the box" and explore possibilities with a convergent focus.

**CLICK HERE**
**to return to**
**Table of Contents**

Develop a dream team of experts. Include your attorney, CPA, banker, insurance agent and perhaps a trusted supplier. Prepare in advance and ask, ask, ask those questions.

Minor problems can become disasters unless they are discovered and solved as quickly as possible.

Stay curious. It's what keeps business owners on top of their game. Recognize your deficits. Be open to the value of the new skill of learning what you don't know. I bet you didn't know all of this.

# Chapter 21

# Finding manager yang for your start-up yin

**Published: Monday, July 21, 2014 at 1:00 a.m.**

IN CHINESE PHILOSOPHY, yin and yang are concepts used to describe how apparently opposite or contrary forces are actually complementary, interconnected and interdependent in the world.

Yin and yang also illustrate how these apparent opposites give rise to each other as they relate to one another.

CLICK HERE
to return to
Table of Contents

Many tangible dualities are thought of as physical manifestations of the duality of yin and yang -- such as light and dark, high and low, hot and cold, fire and water, male and female, and life and death.

In business, every yin should have its yang -- just as McCartney had Lennon! (Wait! What did he just say?)

Generally, an entrepreneur will have certain strengths and weaknesses. The entrepreneur will most likely be gung-ho, full of enthusiasm in launching his passion. But he probably will lack professional management experience.

For illustrative purposes, let's call the strengths of the entrepreneur the yin, and the potential of professional management the yang.

Balance is essential. Just as balance is central to yoga -- and life -- it is a critical factor in the success of a business. An entrepreneur might have attributes and talents such as determination and passion, enthusiasm and creativity, discipline and dedication and single-minded focus to succeed at all costs. The entrepreneur is willing to take a calculated risk with his money and bet on his ability to take an idea to fruition as a successful product or service.

CLICK HERE
to return to
Table of Contents

The odds greatly improve with more research and homework.

Successful deployment of experienced mentors, consultants, professionals, trusted advisers and knowledgeable friends will further enhance the success rate. Having expertise in the same industry also will greatly improve those odds.

But entrepreneurs often want to be successful in spite of themselves. The execution of their business plans, perhaps the most important component, is often overlooked. Chances are they don't have a well thought-out business plan. You will often hear them say, "It's in my head -- I haven't written it down yet."

If I had $1 for every great idea, my wealth would rival Bill Gates. Having a great idea is indeed a starting point, but that's all it really is. The ability to convince the right people to come on board and help execute the idea is where leadership begins.

In the early days, when entrepreneurs are getting their businesses off the ground, the have to be totally committed to the success of their projects. They must wear at least a dozen hats: direct the marketing, make the sales, manage the employees and handle all operations.

As the businesses take hold, intuitive entrepreneurs will eventually realize they are providing the yin and they need someone to provide the yang to succeed over the long haul.

A professional manager is the order of the day. Someone who is organized and can systematize the business is needed -- a traffic cop who can make sure all the lanes are moving at top speed and potholes in the road are promptly fixed.

**CLICK HERE**
**to return to**
**Table of Contents**

This personality type is rarely the same as the founder's. It is this introspective realization that will help the business rise to the next sustainable level. A professional manager should direct and coordinate the operations and the human and financial capital necessary to stabilize and safely grow the business.

The entrepreneur will want to grow, grow, grow, and the professional manager will want to know, know, know.

The better the balance of this yin-yang relationship, the better chance this business will have to succeed.

There may be a tendency to venture into new markets and new products or services. Caution will be the word of the day. Make sure that you have that strategic plan in place, pivot as needed, and don't outstrip your cash flow.

As a business consultant, one of the most critical and rewarding services is to help balance this yin-yang within a business to develop a team that can achieve optimum growth. A careful, detailed, in-depth analysis is necessary to reach this balance.

**CLICK HERE**
**to return to**
**Table of Contents**

Business owners must be open to all possibilities and see that they can improve their company's balance and their balance sheets simultaneously. This will have a direct correlation to long-term profits. Balance brings efficiency and results in a more effectively run business.

A good example is the NBA's San Antonio Spurs, who demonstrated this balance to upset the defending world champion Miami Heat last month.

LeBron James and Dwyane Wade are better individual players than any two teammates from the Spurs. But the Spurs' Tim Duncan, Tony Parker and Emanuel "Manu" Ginóbili proved to be the better-balanced team.

Ask yourself if your business is optimizing efficiencies and its bottom line. Does your business have a solid yin-yang balance?

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 22

# Six strategies to use to exit your business

**Published: Monday, July 28, 2014 at 1:00 a.m.**

WHEN YOU COME TO the realization that you want to get out of your business, the how and when include several options and variables to consider. Here are six strategies to consider for your exit: Strategy No. 1 -- We gotta get out of this place! You hate the business you are in and want out yesterday.

CLICK HERE
to return to
Table of Contents

Putting a good deal together usually takes a great deal of planning and time (perhaps a year or more). If you just want out, your business is losing money or your health has deteriorated, and you don't care about potential equity you have built up, you can shutter the business immediately, lock the door, take the cash, collect receivables, pay payables, pay off leases, offer severance, sell assets, and put an end to your misery ASAP.

This might be the quickest way out, but it's certainly not the most lucrative. In most cases it is the worst way to exit. Strategy No. 2 -- Sell to a third party. This strategy may take the longest time to implement, but it may provide the best return for the owner of a profitable business. You must gather current and historical financial information and statements. Profit & Loss, Balance Sheet, Statements of Cash Flow, Aged Receivables, Accounts Payable, and other schedules will need to be in order.

You and your accountant, or a business intermediary, will need to recast the financial information to help determine the true value of the business, including owner benefits. Be sure to list any personal items that will not be included in the sale. You'll need to look at industry multiples and come up with a reasonable asking price. Hopefully, your broker will produce an interested party.

CLICK HERE
to return to
Table of Contents

Assuming you strike a deal and agree on price and terms, you will go through a due diligence process confirming the information represented to the buyer.

Ideally, you will sell for the millions you think your business is worth and buy a condo on the beach! Strategy No. 3 -- Sell to your business partner(s). The good news is that your partner should already be familiar with the business. The bad news may be that your partner is familiar with the business. Depending on why you want to get out, you may be able to work out a fair deal for you and your partner. If the cash flow of the business is thin, you may get a smaller amount down and finance a good portion of the balance.

Your comfort level will vary based on your relationship with your partner and how viable the business is and is likely to remain for the term of your payout. Strategy No. 4 -- Sell to a competitor. Do you really want to sell to your competitor? A plus is that the buyer should be very familiar with your business and certainly your industry. A big minus is if the deal doesn't go through, you just opened your kimono to your competition.

A big plus for the buyer, depending on the type of business, may be the realization of economies of scale making his existing business more profitable (1+1=3). In this instance, and if you are a good negotiator, you may get a very good deal. Be wary of the buyer who wants to purchase your company with your own (money) receivables.

If buyers are scarce, this tactic could provide good incentive adding to deal appeal. Strategy No. 5 -- Sell to employees. This may make sense if there is a strong first or second person in charge, or if a management team is operating the business successfully.

An ESOP (Employee Stock Option Plan) may already be in place to financially execute this plan. This strategy can be fraught with many issues, including a lack of financial capability of your employees to consummate a deal. Strategy No. 6 -- Sell to a family member(s). Does your son really want to take over the business? Has your family member been working in the business? If more than one person is involved, do they get along with each other? Do you need to receive money from selling to a family member? Are you planning to stay on in a reduced role or consulting capacity?

**CLICK HERE**
**to return to**
**Table of Contents**

Think twice about this strategy and make sure the family member really wants to be in this business. Other factors: Regardless of the strategy you choose, you will have to enter into a "covenant not to compete" for a period of time in a limited geographical area, unless you choose option No. 1.

You will need to carefully consider price and terms, vet the buyer and bet the farm that you will be paid for the sale of your baby. And, in the end, if you're not retiring and are a true entrepreneur, you may want to do this all over again. Exit stage left -- and re-enter stage right!

**CLICK HERE**
**to return to**
**Table of Contents**

# Chapter 23

# Selling the company for maximum value

**Published: Monday, August 4, 2014 at 1:26 a.m.**

OKAY, YOU MADE THE decision to sell your business and no one has put a gun to your head. You want to maximize your equity upon sale. What should you do? And just as important, what shouldn't you do?

Norman Silverstein's primary expertise has been assisting buyers and sellers of small to mid-sized businesses. Norm has owned his own business brokerage company for over 10 years, merging it with another company in 2006. Having completed hundreds of business sales transactions, Norm is experienced in mergers and acquisitions, business valuations, performing due diligence, determining the real cash flow of a business, and everything that it takes to bring buyers and sellers to the closing table. Norm has been a SCORE certified mentor since 2012.

CLICK HERE
to return to
Table of Contents

From last week's column, "Six strategies you can use to EXIT your business" we will use strategy #2: Sell to a 3rd party to maximize your equity. Here is some advice from Norm on doing that.

Prepare your business for sale. Do come up with a purchase price. Placing a market value on a business will be the most important and perhaps the most difficult part of the selling process.

Don't overprice your business. Business owners often have misconceptions concerning the value of their business, believing that it is worth more than the market value. Owners tend to be too emotionally involved in their business, having spent a great deal of time developing it.

Do prepare a business presentation package. Prospective buyers will make the decision to purchase a business based on the potential future upside. They will establish a price based on past and current performance.

CLICK HERE
to return to
Table of Contents

Regardless of formulas and multiples to arrive at a price, one important fact remains true: A business is worth what a seller is willing to accept from a buyer.

Do have accurate current and historical financial information available (at least three years). This financial information should be recast to show the true profitability of the business, including owner benefits.

Do account for any cash in your business. Unless you can prove your receipts, don't expect to get paid for them. If the selling multiple is three that means every $1 you cannot prove receipt of will cost you $3 in equitable value.

Market your business Consider hiring an intermediary (business broker), rather than selling your business yourself. Use a business intermediary that already has contacts within your industry.

Don't advertise on websites that specialize in businesses for sale.

Maintain confidentiality. Don't tell your employees, suppliers, creditors, landlord or customers until you have a signed contract and need to tell them.

Show the business Show the business after hours, and make sure all employees are out of the facility. Do not introduce the potential buyer to your employees.

You need to make a good first impression. Make sure the office or workspace is clean and well organized, and that the facility has good curb appeal. If necessary: paint walls, replace carpet and furniture. Make sure the parking lot is clean, your business signs look new, and your warehouse or storage room shelves are numbered, neatly laid out, and well organized. Make sure all desks are neat and orderly, and list personal effects that will be retained by the seller.

CLICK HERE
to return to
Table of Contents

Evaluate the offer(s)

Vet the buyer. Obtain a credit report and personal financial statement, especially if financing is included.

Get an appraisal, if requested by the buyer, for furniture, fixtures and equipment.

Be able to defend your asking price and know how it was derived.

You may decide to sell at a later date. If so, the following will help increase the value of your business.

Make any improvements needed to make a good first impression when you show the business.

Increase your sales annually. Develop a strong sales force (if applicable), and diversify your customer base by size, quantity and geography. Avoid an erosion clause that would lower your price if an important key customer leaves.

CLICK HERE
to return to
Table of Contents

Replace family members, and let go of unproductive employees.

Develop an organizational chart, a strong management team and learn to delegate. Don't become too dependent on any one employee.

Have written procedures for operations (employee manuals).

Report all cash received by the business.

Sell off unnecessary assets and reduce unnecessary large purchases.

Keep your account receivables higher (shoot for 2x or more if possible) than your account payables, and don't have account receivables higher than 30-60 days.

Remove yourself from the business, and reduce the amount of owner perks.

Develop and/or improve the company's website, keeping your technology up to date.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 24

# How to know what to charge for a bologna sandwich

**Published: Monday, August 11, 2014 at 1:00 a.m.**

WHETHER YOU SELL products or services, you undoubtedly have confronted the question of how to price your wares.

CLICK HERE
to return to
Table of Contents

Pricing methodology is both an art and a science, with a little bit of good judgment thrown in. Establishing good pricing in the beginning is important, because it is easier to lower prices than to raise them. Some, but not all, of the variables to consider are: costs, customers, competition, quality and profits.

Costs: For starters, you must know your costs, both directly related to producing and selling the product or service and the indirect costs, which are everything else (overhead). Selling a product or service below cost results in a loss. Duh! But how do you know your true costs? With some products, it's easy, with others, not so much. If you have a restaurant, how much does it cost you to make and sell a bologna sandwich?

To have an accurate handle on your costs, create a spreadsheet and include everything. Start with direct costs, the costs of raw materials that make up the product. For that bologna sandwich, you need to know what the two pieces of bread cost, based on what you paid for the loaf of bread. Do the same for all the ingredients.

What are the labor costs involved? Keep track of every task completed for a period of time (a week, perhaps) to figure out exactly what it costs to make X number of sandwiches. Remember to include payroll taxes. This will give you your gross profit (or loss), based on your selling price.

CLICK HERE
to return to
Table of Contents

Now, factor in your overhead -- all of it, including debt service! Allocate your overhead to the lowest common denominator: in this case, making a sandwich. For example, if your overhead is $4,000 per month and you make 4,000 sandwiches a month (assuming this is your only product), then $1 of overhead should be considered an indirect cost for each sandwich produced.

Adding up your direct and indirect costs will let you know your true costs, fully loaded.

Customers: Customers are price-conscious. Are you going to have the lowest prices, the highest quality and convenience -- and what about service? Are customers willing to pay your asking price for your products/services? Will they pay more? Is there a line at your door?

Competition: What are your competitors charging for the same or similar products/services? How do you react when a competitor discounts prices? Under-pricing may be devastating to your bottom line; over-pricing may be even worse. Shop your competition, because you need to know what they charge.

Quality: If you charge more, is it because your bologna is really better? Do you want to be known for having superior products? Decide whether quality is your niche or if you are the low-cost provider.

Profits: Remember, you are in business to make a profit. But how much profit? How much should your sandwich sell for? How much is your sandwich selling for now? Are these prices comparable, and are you making a profit? If not, adjust accordingly.

CLICK HERE
to return to
Table of Contents

Consider what margins are common to your industry. Are you selling a commodity, something that can be had everywhere? If yes, then you need to price competitively. If your product is unique, or hard to come by, and you have few competitors, you can generally charge more. You can generally raise prices to cover additional costs or in response to increased market demand.

Get customer feedback: Find out where you fit in the positioning continuum. Are you thought of first, last or somewhere in the middle when a customer thinks of your product? Test price to see what works best. If you reduce your price $1, how much more will you sell, and is it worth it? See if it brings you increased market share. If you raise your price $1, how much less will you sell? Is this decrease acceptable?

Avoid price wars: Unless your strategy is to try to knock out a competitor, this is a zero-sum game. Pricing wars benefit the consumer, not you.

Coupons and Groupons: A coupon with a good offer will bring in traffic. But consider whether you are bringing in existing customers who would frequent your establishment anyway, only now at a lower profit. Again, you must know your costs so you will know how much you gave away.

CLICK HERE
to return to
Table of Contents

A Groupon or equivalent will pre-sell a fixed number of special discount deals and the Groupon company will keep half of the money. Some people will buy a Groupon and never use it, pure profit for you. Groupons may be a good way to attract new customers and will generate immediate cash flow, as you are paid up front.

Remember that if you are selling a product for $20, it will now cost the customer $10 with the Groupon, and you will get half of that, or $5. This is a 75% discount, less the Groupons bought and not redeemed. However, other items may be purchased from you at regular rates by the Groupon customer.

How much is that bologna sandwich? I'll take two, with mustard please.

# Chapter 25

# Business negotiations' goal should be win-win

**Published: Monday, August 18, 2014 at 1:00 a.m.**

If I negotiate a deal that I consider to be favorable for me, does that mean the other party didn't do so well? Not necessarily.

How do I know if I got the best deal possible?

CLICK HERE
to return to
Table of Contents

What is the secret to good negotiating? Should I try to get the best deal that I can and the heck with the other party? If our interests are opposed, and there is give and take, should I take as much as possible? If not, why not?

Example: I want to print brochures for my company, so I obtain three quotes. Prices are all over the place.

I select the lowest price. The job is printed on low-grade paper, resulting in poor quality. Consequently, I am unhappy. I don't think I got what I paid for. Maybe I forgot to specify the paper for the job; perhaps I didn't know what to ask for. The printer never asked.

Some things to consider:

Send out an RFP (Request for Proposal) and make sure you are getting an apples-to-apples, exact quote. The devil is in the details, so you need to include the exact parameters for a bid.

The lowest price isn't necessarily the best price.

Penny wise, pound foolish.

CLICK HERE
to return to
Table of Contents

There are some areas where you don't want to compromise, especially when safety is concerned. If you don't believe me, just ask Mary Barra, CEO of GM, about its massive recall, costing more than $3 billion, caused by using inexpensive but faulty ignition switches.

All small businesses have limited funds, some more limited than others, but limited, nonetheless. How you allocate those funds can make the difference between success and failure. Without deep pockets, a critical mistake can be your last.

Compare with other businesses similar to yours.

One of the best ways to determine if your spending is in line with other, similarly sized companies in your industry is to look at a breakdown of your expenses as a ratio.

Using data from Risk Management Associates, formerly known as Robert Morris Associates, you can look up your industry and compare your ratios to the sample data ranges. To do this, you need to know your industry's NAICS (North American Industry Classification System) code.

All banks have access to this information, as does our local SCORE chapter. This comparison will enable you to see how you stack up in relation to other similarly sized businesses in your field. Trade association data might also be available to provide comparative metrics. If your numbers are out of whack for businesses similar to yours, the strategy is to make meaningful adjustments that bring your company back in line within the average range.

Win-win. It makes sense to pay a fair price and have both parties involved in the transaction satisfied that they got a good deal. Often known as win-win, this mature thinking promotes complementary, sustainable relationships where each side gains value.

**CLICK HERE**
**to return to**
**Table of Contents**

Win-lose. This is often short-term and not sustainable. Yes, you might get a great deal once or twice, but if your vendor goes out of business, is that really going to help you? It certainly did not help them. If this happens, you'll have to find replacement vendors, and you may pay more in the long run for that privilege. And this doesn't even begin to consider any qualitative factors.

Lose-lose. Time to walk away.

My price, your terms, or your price, my terms. The relationship of price and terms can be an effective tool for negotiating and developing a win-win relationship. If the most important variable for your business is cash flow, perhaps you are willing to pay a little more for better payment terms.

Give and take is the key. This is often true in a lease contract in which you are looking for a fixed payment amount and might be less interested in the length of the agreement.

Ask the right questions and you'll get the right answers. If you ask good questions to better understand the other party, you will be in a better position to create options that are specific to the other party's needs. These options will enhance deal appeal.

**CLICK HERE**
**to return to**
**Table of Contents**

Anchoring. This is what happens when the other party says you will pay $12 to $15 for that widget, and you focused on the $12 and never heard the $15 mentioned. The best place for anchoring is overboard. Be open-minded and flexible. Perhaps the $15 will get you a better product with the bells and whistles that will work best for your business.

Favorable outcome. In the end, it is the favorable outcome you are seeking. There is nothing wrong with this outcome being favorable for both sides.

Be willing to compromise and make strategic trade-offs. Don't be afraid to walk away from a bad deal. Always know what your alternatives are.

Happy negotiating!

# Chapter 26

# My tips for networking with LinkedIn service

**Published: Monday, August 25, 2014 at 1:00 a.m.**

WHILE HAVING LUNCH, a friend suggested that I write about using Linked-In as a business tool. Though I'm not an expert on LinkedIn, I have increased my usage and my connections have grown from about 57 to more than 500 in a little over a year.

LinkedIn is the largest professional social network in the world, with more than 300 million connections, and it is great for building relationships and marketing a business.

CLICK HERE
to return to
Table of Contents

There are many books on using LinkedIn, but I will cover tips I have learned through personal experience, things that most people probably don't know that can be helpful to you for your business.

My comments are applicable to the free version only. Professional recruiters may pay thousands annually for various upgrades. These comments focus first on what you should do, then on how to search, on LinkedIn.

In online searches for your name, your LinkedIn profile will usually rank at the top of search results. Create and maintain a LinkedIn Profile.

Showcase your skills and experience -- think in terms of branding yourself.

Use a professional photo for your profile.

Use strategic keywords in your headline.

Complete your profile to build a strong professional identity.

CLICK HERE
to return to
Table of Contents

Keep your profile current and update it as changes occur.

Change your LinkedIn Web address to: LinkedIn.com/in/YOURNAME/ by going to your Profile page, choosing to "Edit" the page and then "Edit" the Web page name (below your image).

Include your email address under Contact Info.

Add connections liberally, by extending and accepting invitations to connect. You will benefit by connecting to your connections' contacts.

Endorse and recommend others.

Ask people you have worked with for recommendations.

Add links to relevant articles and blogs you have written.

Join user groups, up to 50.

Join your customers' user groups.

Start your own group, in which you control the discussion.

Participate in discussion threads in areas that interest you.

LinkedIn is not a résumé. Treat your profile like an ad. Highlight your work.

CLICK HERE to return to Table of Contents

Have five or more endorsements for your skill sets.

Create a business page and own the domain name.

Do not sell, do not promote.

How to search on LinkedIn:

By clicking on the dropdown box with 3 horizontal bars to the left of the main search box at the top of the page, you can focus a search on: people, jobs, companies, groups, universities, posts or your inbox.

If you search universities, for example, without putting in a specific name, your results will yield 25,162 universities. If you refine by selecting Harvard Business School, you can explore the careers of 69,728+ alumni. You can see where they work, what they do and where they live. You can select "More" to expand the details and view photos. Pretty neat!

Another way to search is by selecting the "Advanced" tab to the right of the main search box. For example, if I want to find CEOs to invite to my CEO Roundtable, I can de-select first connections and search on my second and group connections. On the left side of the page, I click on the "Title" input box and type in CEO, and then I select "Current" from the box that shows up below the Title box. I can scroll down to "Postal Code" and input my zip. A new input box labeled "Within" pops up, and I can select within 10 miles. Now I click on 'Search.'

CLICK HERE to return to Table of Contents

This search resulted in identifying 648 CEOs within 10 miles of my zip code. If I want second connections only, the return is 595 CEOs. First connections only reveals 26 results.

I can send a message to my first connections, and I can contact second connections and seek to establish them as first connections. I can then email or call them to invite them to the CEO Roundtable.

Using referrals:

From my search results, I may decide to consider Mary X. I've never met Mary, but LinkedIn indicates we share 13 connections. Before I communicate with Mary, I will look at her LinkedIn profile and decide whether I want to contact her as a prospect to join my CEO group. I select the highlighted "13 shared connections" link to see who we both know among my first connections.

If I decide that I do want to contact Mary, when I talk to her, I will mention that she may know Sara H and Andy F, my first-level contacts. She may or may not. The reason for this is that Mary might have received a business card at a meeting a year ago and can't recall Andy but she does remember Sara.

LinkedIn is a powerful business tool that has caught on for good reasons. Take the time to create your comprehensive profile and then experiment with the search capabilities.

You'll be glad you LinkedIn!

**CLICK HERE**
**to return to**
**Table of Contents**

**CLICK HERE**
**to return to**
**Table of Contents**

# Chapter 27

# Cash flow, and ways to avoid selling your car

**Published: Monday, September 1, 2014 at 1:00 a.m.**

*"I will gladly pay you Tuesday for a hamburger today."*

*– Wimpy from the "Popeye" comic*

**CLICK HERE**
**to return to**
**Table of Contents**

Wimpy was using credit before credit cards were around.

Cash flow represents the movement of money into and out of your business. The sources can be from operations, investments and financing. This is often considered the most important metric, because a business without cash is simply out of business!

There are only two ways to improve cash flow: more inflow and less outflow. Cash flow analysis (projections) can be used to determine the amount of start-up capital needed for a new business. Compute monthly, at a minimum, until positive cash flow is achieved.

There is often confusion about cash flow projections and budgeting; they are not the same thing.

A budget emphasizes what you expect to spend over a specific period of time (usually one year). Cash flow emphasizes when you expect to spend the money and is a real-world number.

A budget can be compared to a traffic light with clear signals such as stop, caution and go. A budget doesn't represent real-world numbers (only estimates) of what is expected to happen. Cash flow, however, is like a stop sign: You have to decide when to go, based on traffic, and the traffic is always changing.

**CLICK HERE**
**to return to**
**Table of Contents**

Run the stop sign and the results can be catastrophic. Let's examine cash flow in more detail.

Cash in -- Any money that comes into the business checking account, whether derived from cash received, accounts receivable collected, advances from a credit line, borrowed money (a loan), equity or owner invested funds into the business.

Cash out -- All business expenses paid out, including payroll, draws by owner, etc...

Change in cash position -- Essentially, your checking account at month's end, adding inflows and subtracting outflows to get an ending balance. This amount becomes your beginning balance for the following month.

It may be helpful to classify entries with labels such as cash from operations (either from sales or accounts receivable); and cash from equity, bank or other loans, or owner investments. This enables you to more easily track changes in different categories and make adjustments.

If you are fortunate enough to have a "cash-rich" business, as few do, then you have several options: You could pay down debt (if any), you could invest a portion of the excess cash and earn interest on these funds, you could pre-pay invoices requesting greater discounts from vendors, you could give employees raises, or maybe you could take more for yourself. How about a 401K plan?

If cash is tight in your business and you are experiencing a "cash crunch," you may want to do a cash-flow analysis more frequently, perhaps weekly.

Improving cash flow

CLICK HERE
to return to
Table of Contents

So how can you improve your cash flow? Here are 22 ways.

1. Sell more products or services. One of my favorite sayings is, "Sales cure all problems." This assumes that your margins are sufficient.

2. Be cautious when extending credit.

3. Accelerate accounts-receivable collections. Get on the phone, if necessary.

4. Charge interest for late payments.

5. Seek up-front payments or deposits, if possible.

6. Accept credit cards to get paid sooner.

7. Take vendor discounts if your cash flow is strong.

8. Delay payments to creditors or align payments with receipts.

CLICK HERE
to return to
Table of Contents

9. Negotiate favorable payment terms, such as 60 or 90 days or more.

10. Use alternate financing, such as factoring receivables.

11. Lease equipment instead of purchasing.

12. Establish and use credit lines from financial institutions.

13. Finance purchases.

14. Arrange private loans.

15. Sell an equitable interest in your business.

16. Optimize inventory levels. Use JIT (just in time) where possible.

17. Operate more efficiently.

18. Acquire goods less expensively.

19. Sell assets.

20. Cut workers' hours.

21. Outsource select business activities requiring less cash.

22. Get your billings out promptly.

**CLICK HERE**
**to return to**
**Table of Contents**

Many years ago, I remember having to sell my Mercedes Benz to make payroll. Fortunately, I owned the car and was able to get $17,000. I then leased a new car. Can you guess what happened? My employees saw that I had a new car and all wanted raises. Of course they had no clue what happened!

It is critical to know your cash position now as well as projections into the future. Develop a strategy to meet your short-term and long-term cash needs. For example, what will you do when business slows down? If you have a seasonal business, have you prepared for the lean months? Timing is critical to cash flow.

Whatever you do, do not run out of cash. Cash may be king, but cash flow is the queen. If you play chess and you lose your queen, it is usually game over.

Checkmate!

**CLICK HERE**
**to return to**
**Table of Contents**

# Chapter 28

# Why 'Don't reinvent the wheel' is bad advice

**Published: Monday, September 8, 2014 at 1:00 a.m.**

The wheel has been around for 9,000 years, give or take a millennium. According to Wikipedia, wheels are used in conjunction with axles; either the wheel turns on the axle, or the axle turns in the object body. The mechanics are the same in either case. To reinvent the wheel is to duplicate a basic method that has already been created or optimized by others. An attempt to reinvent it would be pointless and add no value to the object, and would be a waste of time, right?

CLICK HERE
to return to
Table of Contents

I disagree!

Whether used for moving giant stones to build pyramids or using the trackwheel to make music louder on an iPod, wheels serve many functions and have no doubt improved countless lives over the years.

The famous saying, "don't reinvent the wheel" conjures up the very basics of the simplest of products, the wheel that cannot be improved and should not be reinvented. While the very basics of a wheel depict its structure and its strength, a reinvented wheel can be a good thing. Due to the many uses a wheel can have, improvement is something that can and should take place for a wheel with a specific purpose in mind,

Consider the oval-shaped cams on an engine's cam shaft, an adaptation of a wheel. Now think about trying to harness the power of pistons with round cams on the shaft.

So, reinventing the wheel can and should be done continuously, with varying degrees of modification. As I like to say, "just change the spokes," to improve a product or method.

Can you imagine a life devoid of watches, whirring computer drives, Hula-hoops, gyroscopes, bicycles and cars? Countless improvements stem from reinventing the wheel.

CLICK HERE
to return to
Table of Contents

Such reinvention relates directly to your business, to your products, and to your success.

Can you genuinely improve any aspects of your business by reinvention, change, addition or deletion? Apple's reinvention of the cell phone made its own signature product, the iPod, obsolete. In 2005, the iPod accounted for 45 percent of Apple's revenue. The decision to combine the iPod and a digital camera into a cell phone made the iPhone one of the most successful products of all time.

With innovation after innovation, Apple figured out ways to simplify what others made complicated.

Another good example of this reinvention is evident with automobile tires. Tire evolution has produced tall tires, fat tires, tubeless tires, wide-oval tires, radial tires, low-profile tires, safe tires, rain effusing tires, long-wear tires, high-performance tires, racing tires, slick tires and low-rolling-resistance tires, to name a few.

Each change sought to improve upon the basic design to achieve greater speed, better cornering, blowout resistance, better looks and longer life. How about sustainable, recyclable tires? Perhaps tire-disposal fees will be eliminated in the future.

Now, doesn't this wheel-reinvention thing create a need for better brakes? How about rims made out of aluminum, steel or titanium, or fancy reverse spinners. Do you remember mirrored half-moons?

CLICK HERE
to return to
Table of Contents

Donut spare tires for short distances, run-flats and cigarette- lighter air pumps to temporarily re-inflate flat tires often replace regular spare tires.

Apply this reinvention thinking to your business processes, products -- everything you do.

Will product changes create new business opportunities (spinoffs) or will they disrupt or kill existing categories? Can you connect dots of existing technologies, perhaps with a twist? Think creatively, think strategically. Consult a patent attorney if you think you have something unique.

If you don't reinvent, your competition will surely surpass you. Experiment, make mistakes, test, test, test. But R&D should be done as inexpensively as affordable.

Think of reinvention as improving, though sometimes you may take a step backward. The important thing is to recognize your direction, forward, backward or sideways. Are you improving your product, method or services, or are you taking a step backward or sideways? Ask what else your product can be. Will your reinvention create a new paradigm, kill a category or is it simply an iterative improvement?

Everyone knows Post-it Notes, but not necessarily the story behind its success.

CLICK HERE
to return to
Table of Contents

Initially, this product was a failure by 3M to develop a stronger adhesive. The product adhesive stuck but could easily be removed without damage to pages or to the note. Today Post-It Notes are one of the most successful office products of all time.

Do reinvent the wheel. Change the spokes!

# Chapter 29

# Figuring out when it's time to fire customers

**Published: Monday, September 15, 2014 at 1:00 a.m.**

Have you ever done business with someone who was more of a problem than they were worth? Wouldn't you like to tell some customers to shop with your competition?

Some customers are never happy, no matter what you do for them. Fortunately, this is usually a rare occurrence and you probably love most of your customers, as I do.

**CLICK HERE**
**to return to**
**Table of Contents**

My dentist, a life-long friend since we were 5 years old, told me that he tells patients who repeatedly ignore his dental advice to consider going elsewhere because he can no longer help them. Is this too harsh? You be the judge.

I have turned down business that I perceived would not be worthwhile. I refer to these as "the best customer I never had." Unfortunately, I have also accepted business that turned out to be a big loser.

Some customers take up too much time, are never happy and are always complaining about something.

When you consider all the variables, you can definitely lose time and money doing bad business. When time is lost, you can never get it back, and you are left thinking, "If only I had realized this was not going to be a beneficial relationship, I could have nipped it in the bud."

Live and learn, that's the key.

Learn from your experiences and, in this case, your mistakes. Taking this newfound knowledge to the next step can have some promising outcomes.

**CLICK HERE**
**to return to**
**Table of Contents**

Here are some thoughts and strategies for you to consider for your business.

Do you know which business is profitable and which is not, by customer? Here's how to find out and what you can do about it. Rank your customers from most profitable to least profitable (quarterly or annually). This should prove to be an eye-opening exercise. It may be best to use percentages instead of dollars. To do this, you have to know your costs. (If you regularly read my column, then you already know how to do this.) Perhaps you should draw a line in the sand, or on your ledger or Excel spreadsheet.

Where black ink turns to red ink, consider doing the following:

Examine why certain customers are not profitable and try to come up with a solution. Perhaps you need to raise rates or sell additional products or services. If returns and restocking are creating a problem, consider charging a restocking fee. Is the client paying its bill on time, within their agreed upon terms? Perhaps you should ask for payment terms more favorable for you, maybe 15 days or COD.

Talk to your customers and be honest. Tell unprofitable or low-profit customers that you are not making money with their account and you cannot continue to lose money. Take emotion out of the equation. If the relationship is valued, and depending upon how badly your customer needs you, they may agree. This is especially true if your customer will not be able to get a better deal elsewhere.

Often, it is not about the money. The customer may just be a pain, and you may be over-servicing them.

**CLICK HERE**
**to return to**
**Table of Contents**

Attempt to salvage the business, if possible, but be prepared to lose a loser. In a professional way, of course, advise the customer that you no longer want to do business with them because they are costing you money (or that the aggravation is affecting your health). Shed this business. At first, this may sound strange. Certainly it will be uncomfortable. But shedding your worst customer or two may let you add several new and profitable ones.

Consider what you could do with the extra time if you don't have to waste it on problem clients. Could you sell to new, profitable accounts instead? Perhaps you just need to take some time off to relieve some stress.

If you have product lines or services that are weak, examine these as well. Unless carrying the product or service is critical to other key business transactions, consider dumping them and adding something that will strengthen your company. Now is the time -- just do it!

The bottom line: Ask yourself if this should have been the best customer you never had. Go with your gut.

Don't be afraid to say no. Don't cut price to the point where it just doesn't pay. Look at ways to replace unprofitable or troublesome customers and marginal products and services.

**CLICK HERE**
**to return to**
**Table of Contents**

Your business should always be improving. No loss leaders here. The only exception would be to influencer-type accounts or products and services that will help you get other, more profitable business.

# Chapter 30

# Small-business owners must know branding

**Published: Monday, September 22, 2014 at 1:00 a.m.**

Brand and branding strategy are complicated topics. Here are some tips you should know as a small business.

The American Marketing Association defines a brand as "a name, term, sign, symbol or design, or a combination of them, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of other sellers." Simple enough, right?

CLICK HERE
to return to
Table of Contents

Your brand resides within the minds of consumers, customers and prospects in a hierarchy (you are positioned first, second, etc., when your company/product is thought of). Your brand is composed of exposure to, perceptions of and personal experiences with your company, product or service. You can influence the public's attitude and behavior toward your brand through advertising, word of mouth and other means.

Having a strong, recognizable brand is invaluable and should be the cornerstone of your marketing communications. Brand messages should be clear, credible, confirming, and connecting, while motivating buyer loyalty.

Your branding strategy is present at every point of public contact. Some of your considerations and components should be:

Name development -- It should be memorable, evocative and differentiating. Beware of cultural differences if exporting.

Logo development -- Logos should be used consistently. Develop a style guide to help define how to use, where to use, colors to use, size, proportion and placement.

CLICK HERE
to return to
Table of Contents

Trademark™ or Register® your mark (please refer to my Herald-Tribune column on intellectual property and the small business, dated June 16, 2014).

Taglines -- "Please don't squeeze the Charmin," "Just do it," "The quicker picker upper," "Google it," "It Works!" Use memorable product attributes and benefits.

Corporate identity -- Everything you do helps build or detract from your identity. Use social channels to help in brand building.

Packaging -- Your packaging says a lot about your company. Think of Amazon and its smiling logo on its boxes, or how Apple products are packaged. Everything matters with your branding strategy.

Website design -- Do the most you can with the budget you have. Look at websites you like and copy their use of design elements with your message. You can use free templates offered by WordPress.

Your branding strategy should seek to increase awareness, build trust, position your product first in the mind of the consumer, continually build your brand and drive conversions (sales).

In a well-defined approach, market research (budget allowing) should focus on perceived value of your brand, surveys of customer awareness, attitudes, intentions to purchase and actual buying behavior.

Keep in mind what the competition is doing, as you will be measured against other similar choices. Your goal is to carve out a messaging niche that resonates with your target audience.

CLICK HERE
to return to
Table of Contents

**My personal experiences with branding**

Name development -- I love creating names out of thin air. In Orlando, I started a magazine called Orbus™. The name was a combination of Orlando and Business. My tagline was "Bringing Orlando and Business together." Orbus was a great success and was sold for seven figures within two years. Not too shabby.

But at first it sounded funny. What's an Orbus? After a short while, however, the business community would say, have you seen that article in Orbus about such and such? It really caught on -- it was unique and easily identifiable. There was no doubt that Orbus was positioned as "the" business magazine in Orlando.

Brand architecture and extension -- In the '80s, I published a group of magazines called Office Guides. These publications were real estate directories listing available commercial office space. The publications were supported by commercial developers (office and industrial) and product- and service-related advertising.

The first magazine was Office Guide To Tampa. In scaling this brand, the series was rolled out to Orlando, Miami and Broward and Palm Beach counties, the state of Florida, Denver, Colorado, and Phoenix, Arizona.

CLICK HERE
to return to
Table of Contents

The branding was kept consistent for the logo and the layout. The publication was given a $10 cover price, because nobody throws out a $10 magazine. The circulation was primarily controlled and targeted to company presidents and relocation professionals.

The Manasota SCORE podcast series, Been There, Done That! with Dennis Zink, is available on iTunes, Stitcher Radio, at Manasota.SCORE.org and now at SCORE.org (our national website), which receives over 250,000 unique monthly visitors -- great exposure.

The name Been There, Done That! effectively positions our podcast series by conducting feature interviews with business executives and thought leaders discussing their experience and knowledge on a particular business topic. These podcasts are also available at centreofinfluence.org.

Finally, where should you place your message for branding? Depending on your business, product or service, you should consider using print, TV, radio, outdoor, direct response, digital, mobile, social media, email, podcasts, YouTube and other methods to get your message out to the public.

Target your message to customers who will buy and then influence others to also buy your brand.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 31

# With eyes on your future, start by writing your obituary

**Published: Monday, September 29, 2014 at 1:00 a.m.**

Many years ago, I was asked to write my own obituary.

My initial reaction was: I feel healthy, I hope that I have more time left, and why should I do this anyway? It turned out to be one of the better exercises I have ever done. This exercise forces you to think about the big picture of your life. How do you want to be remembered? What have you accomplished, and more importantly, what do you want to do with your remaining time? Go ahead and try it.

CLICK HERE
to return to
Table of Contents

Here is a template you can follow:

(Your name) ____________, age __, died today from ______. He/She was a member of ____. He/She is survived by ______.

At the time of his/her death, he/she was working on becoming ___________. He/She will be remembered for ________. He/She will be mourned by __________ because ________. The world will suffer the loss of his/her contributions in the areas of _________, __________ and ________. He/She always wanted but never got___________. The body will be __________. Flowers may be sent to ____________. In lieu of flowers send ___________.

Some more help for thinking this through:

Historical: Make a list of what you have done (accomplished) that you are proud of. What have you enjoyed most that are your best-remembered occasions? Reflect on your successes, and celebrate them as near as possible to the accomplishment.

CLICK HERE
to return to
Table of Contents

Future: What is on your bucket list? (The term "bucket list" was coined by screenwriter Justin Zackham, who wrote the screenplay for the 2007 film "The Bucket List" about two terminally ill men who went on a road trip to accomplish a wish list of things they wanted to do before they "kicked the bucket.") List those things that you still want to do during your life. If your bucket list is not in writing, perhaps it is time to write it down. Put accomplish-by dates for each item.

Desirable but not existing: List the things that are desirable but do not now exist in your life. These are the basis for your goals.

Non-desirable and existing: List those things that exist in your life that you don't desire. These are your obstacles. Write them down and start thinking about how to remove them. Work towards making these changes. Start today.

Complications: List the complications that would arise if you died suddenly. Determine what you would need to do to avoid those complications, and then develop a plan to eliminate them. For example: What if you have a business with partners and there is a sudden death? Hopefully there is a buy-sell agreement that is funded with the insurance proceeds of the decedent. A buy-sell, properly structured, will require the surviving owner to buy and the heirs to sell the shares, thus preventing a surviving owner from ending up in business with a partner's spouse or children.

Goal setting: This is where your bucket list lives. A goal is a dream with a deadline. Goals should align with your life. Think of your goals as the "pot of gold" at the end of the rainbow. Goals must be specific, measurable and attainable with a time horizon. Express your goals in a positive and personal way.

CLICK HERE
to return to
Table of Contents

How to set your goals: Goals need three dates -- the date you set your goal, your target date to achieve your goal, and the date your goal is achieved.

Write down how you will benefit from achieving your goals. List possible obstacles and your strategy for overcoming these obstacles. What specific tasks or action items are necessary for your goal attainment? For each task, you will list a projected start and target date for completion and indicate when you have completed each item.

Use affirmations as to why this is a worthy goal and the value of accomplishing it. The mind is very powerful. The more you think about and visualize positive results, the more likely it is that you will achieve these goals. If you have been realistic with your timelines, then you should succeed close to these dates.

Track your progress. You must know when you have reached your goals.

Decades ago, I came across a terrific goal-setting form which I still use for the goal-setting process. It is one page, two sides, and I will gladly email it to you upon request. Write to me at centreofinfluence@gmail.com and ask for the goal-setting form. At link to it is with this story online at http://bit.ly/bizwkly.

CLICK HERE
to return to
Table of Contents

I sincerely hope that you achieve all of your goals, including all those on your bucket list, before you kick the bucket!

# Chapter 32

# Culture: it's not in ledger, but it affects the bottom line

**Published: Monday, October 6, 2014 at 1:00 a.m.**

Culture is an invisible force running through your organization. It's an unwritten set of rules for working together.

CLICK HERE
to return to
Table of Contents

Good organizational culture can breed harmony; poor culture can be disastrous. Culture can change, but usually that change is slow, evolving over time. Culture affects all stakeholders, including owners, investors, employees, customers and vendors.

In the beginning, a company's founder establishes its culture as an extension of personal style, beliefs and values. Early hires likely have an effect in the formative stages and help set the cultural tone.

Every employee has the potential to change the culture, for better or worse.

Culture is a significant factor in the success of a business. It is important that the culture and the behavior it engenders are aligned with the company's values, mission and goals. But it also must be able to adapt.

A good example is CVS Health Corp. CVS recently re-aligned its mission, values and product mix by deciding to no longer carry tobacco products. After all, CVS is a pharmacy, providing drugs to heal the ills and make people well. Selling tobacco products was inconsistent with the company's mission. I suspect the hit they took in sales was more than compensated for by their positive public relations exposure.

CLICK HERE
to return to
Table of Contents

Do you know what your company's culture is? What would you like it to be? How can you move it from what it is to what you'd like it to be?

Perhaps you should ask these questions and try this exercise:

1. What do you think your culture should be?

2. What is your company known for?

3. How do your employees behave?

4. What is your company's persona?

5. Circle as many of the following that apply to your business and feel free to add your own attributes: effective leadership, integrity, trust, empowerment, commitment, caring, open communications, teamwork, accountability, adaptability, effective processes, customer- focused, skills development, effective recruiting, effective retention, supportive of innovation, loyalty, non-discrimination, performance-based pay, fair.

6. Now give this list to your employees and ask them to (anonymously) circle the attributes the company has and to add any words that describe the culture as they see it.

Are there differences in your perception and theirs? I bet there are, and you need to learn why.

When employees talk to each other, are they generally happy or complaining, talking about the company in a good light or negatively? Are they enthusiastic?

CLICK HERE
to return to
Table of Contents

Do you truly listen to your employees and consider their input? Is your culture traditional, like McDonalds, or non-traditional, like Zappos?

Are company communications collaborative or dictatorial (as in, my way or the highway)? Is agreement the order of the day or is it permitted to challenge assumptions and offer solutions?

Consider variables such as your company policy for overtime, lunch time, vacation time, promotions, health insurance, profit sharing, 401(k) matching contributions, car allowance and other perquisites.

Walk around your office and observe what is important to your employees. Their desks and walls are telling. Do they have photos of their family, vacation pictures, sports memorabilia, framed letters, trophies or plaques? This may reveal information about employee values. Even the Wizard of Oz needs to look behind the curtain from time to time to see what's really there.

Is your culture inclusive or exclusive? Employee cliques are both inclusive for those in the clique and exclusive for those not in the group.

How is your company structured? Is there harmony among departments or are competing interests causing World War III?

CLICK HERE
to return to
Table of Contents

Sub-cultures, small groups that surface within larger groups, may have their own cultural attributes. Different departments often develop their own sub-cultures with conflicting goals within them.

How about your customers' expectations? How well do you service them? Think of businesses that service you impressively and those that don't.

And then there's cultural collision, what happens when companies merge and cultures collide. One of the more difficult aspects of a merger happens when everyone is physically together in the same building. The result is a cultural collision.

You now have two distinct groups trying to behave as one. Culture is a stubborn thing and resistant to change. Will one culture become dominant? Will a blend of cultures lead to inconsistencies in values for one group or the other? Will everyone get along and play nice in the new sand box?

This culture stuff is very tricky and critical to a successful merger. Seek help from business-culture experts when attempting a merger.

Job satisfaction often has a lot to do with the type of company employees work for. How are employees and their contributions valued? Pay is one thing, but benefits such as sick leave, group insurance, retirement benefits, vacations and profit sharing go a long way. Employees will often work for a company for less pay if the culture is meaningful and relates to their values, behavior and beliefs.

Culture may not show up as a line item on your balance sheet, but it certainly affects your bottom line.

**CLICK HERE**
**to return to**
**Table of Contents**

**CLICK HERE**
**to return to**
**Table of Contents**

# Chapter 33

# Achieving world-class customer service

**Published: Monday, October 13, 2014 at 1:00 a.m.**

Because last week was National Customer Service Week, here are a few tips on how to improve yours.

Your ability to satisfy your customers is crucial for many reasons, chief among them that, without customers, you are not in business. A satisfied customer is your greatest ally and will most likely continue to do business with you. They can be proponents of your business and provide referrals.

CLICK HERE
to return to
Table of Contents

A dissatisfied customer, on the other hand, may be a detractor and is likely to switch service and tell others about their poor experience with your company.

What can you do to improve your customer service?

1. Listen to your customers. They will tell you what they want. Identify customer needs by asking the right questions.

2. Provide solutions. Customers buy solutions to their problems, not products and services. Often, needs are emotional.

3. Care about them. Nobody cares how much you know, until they know how much you care -- about them.

4. Use the customer's name. Offer sincere praise or compliments, thank them for their business, and mean it.

CLICK HERE
to return to
Table of Contents

5. "Yes," should be your favorite answer. If you can help a customer within reason, just do it.

6. UPOD. Under Promise and Over Deliver. Do more than is expected.

7. Always respect their time. Be on time to appointments. Call if you are running late. Reasonable people understand that things can come up, as "life happens."

8. Request feedback. Ask what you can do to improve.

9. Properly train your employees. Employees are often your direct link to your customer and your first line of service. Train them well and treat them well. Customer service starts at the top.

10. Knowledge base. Does your staff know your products and the services you offer? Teach them to answer the customer's questions and not show off or confuse the customer. Tell the customer what they need and want to know. Show the customer the next step, as applicable.

11. Solve their problem. Make it easy for the customer to buy.

12. Develop a dependable supply chain and delivery process.

13. Answer your phone. Ask if you may place the customer on hold. Do not place the customer on hold for long periods. Take their phone number and call them back promptly after you have the answers to their questions.

14. Deal with complaints. Handle complaints promptly and courteously. Don't say "no problem." Giving the customer with something of value that is unexpected goes a long way toward building continued loyalty.

CLICK HERE
to return to
Table of Contents

15. Go the extra mile. As Home Depot often does, walk customers to the product that solves their problem.

Rating your business

Where does your business fall on the customer-service continuum?

Most people have no clue as to what constitutes excellent customer service. The customer-service experts at the DiJulius Group, broke companies down by the following levels of customer service.

Level I Unacceptable12%

Level II Below average29%

Level III Average38%

Level IV Above average18%

CLICK HERE
to return to
Table of Contents

Level V World class3%

The customer service

10 commandments

What does world-class customer service look like?

According to DiJulius, "You have to be excellent for five consecutive years. Everything counts: Is your messaging positive or negative?

This level of customer service embodies the 10 Commandments of world-class service:

I. Have an incredibly strong, inspirational service vision -- a service-brand promise that instills the service passion in all your employees.

II. Service culture -- find, attract and only hire people who have the service DNA.

III. The company is world class in team/guest/community/home -- walk the talk in all areas of one's life.

IV. Master the norm factor -- profiling guest (customer) and sharing that information so all employees can make them feel like VIPs, distinguishing new from returning customers.

V. Are zero-risk to deal with -- no hassle problem solving.

VI. Non-negotiable service systems -- minimum service standards everyone must follow.

VII. Anticipate service defects and above-and-beyond opportunities -- company-wide awareness of what to avoid and how to be a hero.

VIII. Daily pre-shift huddles -- mandatory five-minute daily communication meetings to ensure common and clear vision and goals.

IX. Train, train, train current staff and the next generation -- standardized training for new and existing employees.

X. Have an above-and-beyond legacy -- constant awareness by recognizing and celebrating your stories.

According to the DiJulius Group: Most organizations are in the dark about the quality of their customer service. Out of 300 organizations, 80 percent thought they had superior customer service, but only 8 percent of 3,000 customers thought they had superior customer service.

Customer service done right results in higher sales growth, more profits, brand loyalty, more referrals, less price sensitivity, higher employee morale and less turnover. The better the customer experience, the less price is an issue.

Please write me about your best or worst customer-service experience for a possible follow-up column in the future. It is always rewarding to hear from you.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 34

# It's time to give your business a tune-up

**Published: Monday, October 20, 2014 at 1:00 a.m.**

Just like a car, a business needs regular maintenance.

Unfortunately, unlike a car, you can't plug your business into a computer that can spit out a maintenance 'BizFAX' report advising what's wrong and what to fix, tweak or replace. Wouldn't that be nice?

**CLICK HERE**
**to return to**
**Table of Contents**

Well, tools, computer programs and consultants can provide some useful information about the health of your business.

But a word of caution: Remember that garbage in equals garbage out.

To take a reading of the health of your business, I suggest a periodic business tune-up that tries to accomplish three things:

1. Give you an understanding of the current health of your business.

2. Look at options to improve your business.

3. Make repairs or changes, as needed.

Understand the current health of your business

Start with a SWOT analysis that looks at strengths, weaknesses, opportunities and threats. Compare your business to others in your industry.

**CLICK HERE**
**to return to**
**Table of Contents**

Look at trade-association best practices and metrics, if available. How is your competition doing? At SCORE, we recommend using Risk Management Association data. Banks and other financial institutions pay handsomely to access this data, which they use to determine the financial capability of a business to decide whether to make loans or extend credit to it.

RMA ratio data helps to identify, assess and manage the effects of credit risk, operational risk and market risk on businesses. It enables comparison of your company with other same-sized companies in your space. How are you positioned financially compared to your competition? Pay attention to the comparative balance sheet ratios regarding assets and liabilities, such as: cash, A/R, inventory, fixed assets, liabilities, trade payables, debt, taxes and net worth.

Then, look at income data, such as gross profit, operating expenses, operating profit and profit before taxes.

Next, consider cash flow measures: cash from sales, cash after operations, debt service, interest coverage, etc. Circle or highlight major exceptions, plus or minus.

Also consider intangibles. My column two weeks ago addressed the effect culture can have on your profits. (See "Culture: It's not in ledger, but it affects the bottom line").

A word about Dunn & Bradstreet and the Better Business Bureau: It has been my experience that Dunn & Bradstreet has terribly inaccurate information. Most business people whom I have polled over the years do not pay attention to or respond to D&B requests. They are not a government entity, nor are they an official group of any sort. And the local Better Business Bureau has a paid-for membership that has little value other than that some people seem to think they are a quasi "official" entity. They are not. My experience with them is about the same as D&B.

CLICK HERE
to return to
Table of Contents

Once you know where you stand, you can move to step No. 2.

Look at options

to improve your business

Seek continuous improvement in all areas of your business by optimizing and simplifying all processes. Use meaningful metrics as a road-map formula. If unsure, ask your accountant to help develop your list of key performance indicators. Measure these metrics constantly. Determine what the next desirable level would be. Put your goals in writing, with expected completion dates that will guide you to achieve your desired results.

Have solutions for today and tomorrow. Innovation should be your motivation. If you're not fixing it, it's probably broken. Re-align core competencies.

Use possibility thinking to explore what else your business could be doing. Be creative and talk to trusted friends, associates, vendors, mentors and consultants. Ask them what they would do if they were you.

CLICK HERE
to return to
Table of Contents

Make needed repairs and changes

Fill in employment gaps and create a stronger team, where necessary. Include active change management. Assess your product mix and revise as needed. Review major vendor pricing and your pricing. Adjust to changing market trends, adapt and grow.

Improve your sales, cash flow and profits. Review your service component to achieve excellence. (See my column last week on "How to achieve world class customer service").

Update your message and Internet presence. Use time management to get more done by delegation of tasks you don't have to do yourself. Improve your skills and knowledge and obtain the necessary resources to succeed.

After you have made all of these positive changes, it's time to reward yourself for a job well done.

A first step

This exercise is the beginning of the process of reviewing your business, determining possible areas of improvement and making meaningful changes.

Put this exercise on your calendar again for next year, and repeat!

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 35

# Why can't employees think more like a boss?

**Published: Monday, October 27, 2014 at 1:00 a.m.**

Have you ever wondered why your employees see things so differently from you? Sometimes, you might think, they just don't get it!

The reason is simple: You have an employer perspective and they have an employee perspective, and often these views are polar opposites.

**CLICK HERE**
**to return to**
**Table of Contents**

Let's look at a few examples, starting with the most common issue.

**Pay**

Employer perspective: Your employee does a great job for you but you can only pay so much for the contribution. You feel that you are already paying fair market value and perhaps more.

Employee perspective: Your employee feels he is underpaid and that he does a lot of work for you and needs a raise.

Solution: Pay your employees in other ways. It may not cost you any more money, and although it may not be cash spendable as pay, it will have value to them.

Consider it "psychic pay." Learn what motivates your employee to work for you. Perhaps the employee just wants to feel valued. Maybe he has been with you a long time and wants to be respected for his loyalty and seniority.

Consider a title change (promotion), with new business cards. Reward his seniority with extra vacation or personal days. When deserved, make him employee of the month, with a special, reserved parking space. Add a printed certificate, either framed or ready for framing, to hang in his office.

**CLICK HERE**
**to return to**
**Table of Contents**

Maybe a different office with new or newer furniture, or a window office, if available.

There are many ways to recognize an employee for their contributions to your company without having to increase financial remuneration. Even public praise goes a long way.

**Performance appraisal**

Let's assume you have a formal performance appraisal interview process, on an annual or other frequency basis.

Employer perspective: A review doesn't mean you automatically get a raise or pay increase.

Employee perspective: I am being reviewed. I wonder how much of a raise I am going to get.

Solution: Separate the review process from raises. Who says an employee review has to be tied to a raise in pay? Have reviews mid-year and pay adjustments at year end. Your employees need to understand that these are two separate events.

**Responsibility**

Employer perspective: I gave you more responsibility because I know you are capable of doing the job very well and I trust that you will.

CLICK HERE
to return to
Table of Contents

Employee perspective: If I am assuming more responsibility, then I should be paid more.

Solution: When you give someone additional responsibility, consider restructuring duties and delegating some of the easier tasks to another employee.

**Pay inequity**

Bill makes more money than Sally, so Sally wants more money.

Employer perspective: You shouldn't discuss how much you get paid with other employees.

Employee perspective: Employees often discuss pay rates with other employees.

Solution: It should be taboo, even a firing offense, to discuss pay rates with other employees. Everyone has different backgrounds, education and experience, and pay is determined based on many variables.

This can put the employer in a bad situation, so it must be treated as confidential information that is never shared.

CLICK HERE
to return to
Table of Contents

**Bridging the differences**

There are ways to teach your key employees to think like an employer:

Explain to key employees why they need to have an employer mentality. They need to be in sync with the owners and with the company's strategic plan. They need to act as if they were an owner. They should think about what they would do if they owned the company and then act accordingly.

Tell them this is a way for employees to become recognized for their contributions to the success of the company and to differentiate themselves from the crowd. By thinking this way, they will become more valuable to the employer, be treated with more respect, and may receive more substantial raises when it's time.

One of the best ways to get employee buy-in to an employer's perspective is to have some form of profit sharing. This will make employees quasi-owners of the business.

I am not suggesting you necessarily part with stock or member units or another form of equity. The structure can be in the form of bonuses on a special project's results or in specific product or service areas. It must be measurable and verifiable, so employees see what they will get at various levels of success. Set goals and stretch goals and watch your employees succeed.

One way to structure profit sharing: Use year-end sales or profit goals, which can be expressed as percentages.

First, pick a profit-sharing contribution, perhaps 20 percent of the company profits. Then determine what percentage of the total payroll each employee receives.

For example, if Fred receives 5 percent of the payroll pie, he would get 5 percent of the contribution-sharing amount.

This could be distributed as a year-end bonus, or through an existing 401(k) plan.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 36

# Lights, camera, action: Promote your business

**Published: Monday, November 3, 2014 at 1:00 a.m.**

Last week, I attended a local Internet Marketing Mastermind meeting. This MeetUp group convenes every Thursday from 11:30 a.m. to 1 p.m. in the ITT building on Cooper Creek Road in the University Park area.

CLICK HERE
to return to
Table of Contents

Toni Nelson, president of Nelson Visual Productions, the guest presenter, taught us how to make the best use of video for a business.

According to Nelson, creating a video marketing strategy helps you to be seen and heard, locally and globally, 24/7. She said that 46 percent of the people who see your video will request additional information, and 72 percent are more likely to buy.

In addition, she stressed that a video is evergreen (it will last) for four years.

People viewing videos want three things: They want to be inspired, educated and entertained.

Just as the Chinese proverb states that a picture is worth a thousand words, a video is worth 1,800,000 words, according to Nelson. Viewers will stay 80 percent longer on your website and there will be 157 percent increase in organic traffic. Viewer demographics today tend to be the active 35 to 65 year olds.

Nelson says you need to do three things to succeed with video:

CLICK HERE
to return to
Table of Contents

Target your customer -- Reach the appropriate demographic, ask questions, and find where they hang out online. Interact on forums, in groups, and be where you need to be.

Know their problems -- Offer solutions to those problems.

Use different types of videos, as appropriate -- Use product demonstration videos, book trailer videos, testimonial videos (social proof), overview videos of your business and your team, promotional videos for events and the most important category, the leadership video.

This video explains who you are. According to Nelson, "It's like having a virtual cup of coffee." It helps build relationships and offers free tips. The 'About Us' video is the No. 1 page visited on websites. A year-end video, created to serve as a thank you video, is rarely done but is a good way to thank your readers, listeners or people you've done business with this past year.

Nelson emphasized that, just as you would build a house using a blueprint, you should plan four video production steps so you can get positive results:

Know why you are doing this and what you hope to accomplish.

Have your blueprint (your plan).

Express your "P" factor (personality).

Create your script.

**9 tips from Toni:**

1. Capture attention -- You only have two to four seconds to do this. The best way is to ask a question.

CLICK HERE to return to Table of Contents

2. Use an intro -- You have a maximum of five seconds. Use music (get permission or use royalty free music). Also use a visual in your website introduction.

3. Have good content -- Use FAQs (frequently asked questions) with short answers. Use Google alerts to find out what is trending in your business.

4. Keep it short -- Video length should be 1.5 to 3 minutes.

5. Use the lower third of the frame -- for streaming website information, such as upcoming events, your name or phone number.

6. Have a call to action -- "I want you to sign up for X." Tell your viewer what you want them to do next.

7. Practice before you record -- Use a mirror. Your body language is important. Memorize what you are going to say.

CLICK HERE to return to Table of Contents

8. Never wear stripes; solids are best. The attention should be on you, not your clothing -- no distractions. Keep it simple: white or grey shirt, nice slacks, no shorts. Women should wear earrings and necklaces that will not jingle during recording.

9. Re-purpose your script into an article or blog post -- Extract the audio and re-purpose it as a podcast. Use multiple platforms. Have someone video your speaking engagements and include sections in your videos. Post to LinkedIn and Google+.

**About your personality**

The "P" factor -- Some people freeze or are uncomfortable in front of a camera. You can help yourself by thinking of the camera as a person you are talking to. Relax, be yourself and have fun producing videos that can help you succeed in your business.

Get excited about what you are talking about. That will make a huge difference. Of course, if it's not really you, it won't work. Not everyone should be in front of the camera.

**In case you missed this**

Last week, Google chose Sarasota as Florida's eCity for 2014. Sarasota joins 49 other cities nationwide in being designated as a leading city this year. The independent research firm Ipsos analyzed the online strength of small businesses across all 50 states, weighing the use of blogs and websites, online sales and mobile friendly portals.

I'll bet YouTube videos helped put Sarasota on the map and make this prestigious list.

Lights, cameras, call to action!

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 37

# Know your destination and people will follow

**Published: Monday, November 10, 2014 at 1:00 a.m.**

JOBS, GATES, BUFFETT.

They were ahead of their time as creative thinkers and visionaries. Are you a visionary leader? Do you see things that don't exist? No, I am not talking about having an imaginary friend or seeing spots before your eyes. (Get your vision checked, if that's the case!) I am talking about having a vision for your business that probably only you can plainly see. Your vision may be illusory or unreal, and perhaps you are merely a dreamer. But your vision may be prophetic foresight and a prognostication of what will actually happen in the future.

CLICK HERE
to return to
Table of Contents

If you are indeed a visionary leader, then your job is to verbally paint a picture of the future for the troops. Explain what you and they are in the process of accomplishing with the business. If you do a credible job in this area, you may have loyal followers who will help your business get to the promised land, wherever that may be. Think of Apple's Steve Jobs -- who led what has arguably become the most successful company of all time.

But if you do a poor job of internalizing and explaining your vision, I am afraid you may fail to achieve your goal.

Let's face it, you can't do it alone.

Why is being a visionary leader important to the welfare of your company? Simply put, people want to follow a leader, someone who knows where he is going, someone with a compass and who understands what it takes to succeed -- someone who knows true north. People want to follow a person who can create, sustain and achieve long-term goals.

CLICK HERE
to return to
Table of Contents

A visionary leader should have command of the following skills:

Communication -- A visionary leader has to be an excellent, inspirational communicator and be able to clearly define both individual and team goals. Goals they set must be specific, achievable and understood, while instilling hope and confidence that the team will succeed.

Empowering relationships -- A visionary leader has to assemble the right team. He must understand the team's strengths and weaknesses, and choose team members based on complementary skills. The leader must have confidence in himself and the team and allow for mistakes. Hopefully, these mistakes will not prove to be expensive.

Strategic planning -- A strategic plan must be devised and implemented by the leader and have buy-in from all team members. A believable plan and a focus on results is essential. Progress must be continually tracked and adjustments made when deviating from the plan, unless it is purposeful pivoting. It's a good idea to solicit input from employees on tasks, which will further help establish employee buy-in.

General excellence -- Leaders must have high standards, live up to them, measure them, and yet be prepared to revise them, as needed, without sacrificing integrity.

Action -- Without action, nothing happens. The leader must lead and the followers must want to follow the leader. There has to be a higher calling than money. Engagement is a must. As in war, the leader is akin to the general who must be visible, determined, sensitive and protective of his front-line soldiers. "The boat won't go if we all don't row, together."

Charismatic persona -- The leader should exhibit a charismatic personality that unites the members in their cohesive, singular purpose to achieve the desired results. Enthusiasm goes a long way toward achieving success. It is infectious (in a non-Ebola way!) A good sign is when employees flock around the leader as opposed to ducking when he walks by.

**CLICK HERE**
**to return to**
**Table of Contents**

Cultural fit -- The team must embrace the corporate culture, be positive, and believe that success is only a matter of time, with a journey of getting from here to there.

In the beginning, a company's founder establishes its culture as an extension of personal style, beliefs and values. The culture and the behavior it engenders are aligned with the company's values, mission and goals, but it also must be able to adapt. (This was discussed in my column on culture, published Oct. 6, 2014.)

Visionary leaders to emulate include Bill Gates, Michael Dell, Richard Branson, Mark Cuban, Walt Disney, Oprah Winfrey and Mark Zuckerberg.

From Apple's "Think Different" commercial in 1997:

"The people who are crazy enough to think they can change the world are the ones who do."

I can't think of a more significant visionary leader than Steve Jobs. (I am an iFan. Can you tell?)

**CLICK HERE**
**to return to**
**Table of Contents**

# Chapter 38

# How to work with an accountant, Part One

**Published: Monday, November 17, 2014 at 1:03 a.m.**

MANY SMALL-BUSINESS owners do not know the best way to work with their accountant. I interviewed Jim Repp, CPA, and here are some of his suggestions.

From an accountant's perspective, what should a client do before starting his business?

CLICK HERE
to return to
Table of Contents

Establish a team consisting of an accountant, an attorney and a banker. Decide what type of legal entity to create (corporation, make a Sub 'S' election, partnership, LLC, etc.). Protect your assets — don't do it on the cheap! If you have to go to court, make sure it's set up properly by an attorney. Choose a banker to help you set up your business checking account.

Know what your entity is in order to have a final business name, and have your business address and phone number available before printing business cards and brochures.

When signing checks or other documents, is it necessary to use your title?

It helps to differentiate between acting as an individual or as an officer acting on behalf of an entity. Your business name (including Inc., Corporation, or LLC) should be on everything, including checks, invoices and letterhead. Sign all documents using your title (President, Vice-President, Managing Member, etc.).

When should an S election be made, if desired?

After discussing the matter with your accountant and attorney, and assuming you have decided to start a corporation or an LLC, if you decide to file an S election, form 2553 should be prepared and filed by the 15th day of the 3rd month after you start that business.

CLICK HERE
to return to
Table of Contents

Does it matter what state you incorporate in or form your LLC? Are there any tax advantages in one state versus another?

There may be tax and legal advantages that could be significant on a state level. Some states have a very high tax rate, and legal considerations may be significant. Some states don't have a personal income tax. Many companies choose to locate in Delaware or Nevada. Discuss this with your professional team.

How often should I meet with my accountant, and will that change as the business matures?

When you first start the business, you need an accountant to prepare the information, set it up correctly, and then, at the end of that period, sit down with you and explain what the different statements tell you: balance sheet, income statement, and cash flow. Understand what they mean and how you can use them. Everything is usable. Do it on a monthly basis initially, until you feel comfortable understanding these reports; thereafter you can review them quarterly.

Talk with your accountant at least quarterly to find out what his/her anticipation is of your tax needs. Estimated tax payments are going to be due quarterly during the year. You have to pay in at least 90% by the time you file a return. This is critical and can cost you penalties if you don't do it properly. If you base your payments on the prior year's taxes make sure you ask your accountant if the 100% or 110% payment is required either through quarterly or withholding taxes.

What should I expect to pay for accounting services?

CLICK HERE
to return to
Table of Contents

It's all over the board and it depends how you're quoted. Most small firms are very competitive; they try to keep their rates in the ball park unless there's a significant difference between the services being provided.

When you're quoted a monthly amount, you have to find out what's included in that monthly package. You have to be certain that it includes keeping track of the financial records. If you have sales taxes, the sales tax return must be filed quarterly. Will it include your payroll? (If it doesn't, somebody else could do it, or you could do it in-house.) Most firms, including smaller CPA firms and bookkeepers, will do this on a package deal.

A package usually includes financial statements and accounting, sales tax, and your payroll and payroll taxes. Although it varies everywhere, it's probably somewhere between $350 and $450 a month.

When should I do payroll in-house versus outsource?

Can you make more money or save more money by having it outsourced? If you only have one or two employees and have one or two payrolls a month, outsourced payroll can process it for about $40 a pay period. That's a heck of a lot cheaper than you trying to learn the tax laws yourself.

CLICK HERE
to return to
Table of Contents

How should I provide business information for my accountant? What should I give him, and how often?

If you're preparing for year-end taxes, your accountant will give you a list of what happened the year before or what they want. Avoid bringing in a shoe box full of receipts in disarray, because you're going to pay handsomely to have the accountant sort that stuff out. That's why they send you an organizer — they want you to pull that information together.

What you provide should be organized, accurate and legible. It also has to be useful to them. The worst mistake people make is to bring stuff in piecemeal. That's bad, because if somebody tries to prepare your return, thinking everything is there, they may get all set up to do it and start to record the data, only to find out something is missing. Then they have to call you. You may play telephone tag for a few days. Anyway, you can see the problem! It's very inefficient for the preparers to work on it if they don't have everything.

What's the best accounting software to use for my business?

Most CPA and accounting firms use QuickBooks and Peachtree. Both of them have been around many, many years. They offer sophisticated and flexible products. Most importantly, they are supported by local accountants who use them constantly with their clients. They know how to set it up and make it work for you.

Additional recommendations from my interview with Jim Repp, CPA, will appear in next week's BUSINESS SCORE CARD column.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 39

# How your accountant can help you succeed

**Published: Monday, November 24, 2014 at 1:00 a.m.**

*Second of two parts.*

THE FOLLOWING suggestions on working with your accountant are from my interview with CPA Jim Repp.

CLICK HERE
to return to
Table of Contents

**Q:** In reviewing my financial information, what is most helpful for me to know?

**A:** Everything! If you understand financials, you'll find out that a balance sheet tells you, on one particular day, what you own, all your assets, it shows your liabilities, which is the money you owe others, and your net worth.

These are all important numbers both to you and to a bank. It shows on one page how much of those total assets you own and how much of those your creditors own. Key elements are shown, to determine your cash flow.

The profit-and-loss statement is what everybody focuses on. What's the bottom line? Am I making money? That's certainly important, but you could be making a ton of money, and if you don't have the cash to pay your bills, you can go out of business. A lot of companies -- both large and small -- have gone down that path. It's important for you to get someone whom you can work with, who will give you proper advice.

The other financial statement is a cash flow statement. That's going to be more critical than anything. You should keep track of receivable balances and know their aging. Are you collecting the receivables? Same thing with inventory, is there obsolete stuff?

CLICK HERE
to return to
Table of Contents

If your inventory is going up and your receivables are going up, that means it's not coming in as cash, and you're financing somebody else's business. This is critical to watch.

**Q:** Could you explain what a cash versus an accrual system is, and when should you use one versus the other?

**A:** A cash system is the one we normally use as individuals. On our tax return, we recognize income that we collected. When the money comes in, we record it as revenue. By the same token, we only get to take deductions when we actually wrote a check or paid a bill.

Cash means just that, money coming in and money going out. It can be very distortive, because if you don't have the money to pay your bills, it looks like you're making more money than you actually did.

The only truly accurate method of accounting is the accrual method. When you incur the cost, even if you haven't paid it until the next period, you recognize that cost. When you make the sale, you recognize it as revenue. You put it in accounts receivable and record it as sales, even though you haven't collected the money. By doing it that way, you're actually matching your revenues with your expenses in the period they were incurred, not paid. That way you can tell if you're making or losing money.

As a business, I would definitely want to be on the accrual method. The problem is that it's harder to do because you have to record the payables and the receivables. However, you can make that adjustment to an accrual at the end of any period.

Your accountant will make journal entries. You can add those receivables that you haven't collected. You can add the payables that you haven't paid, and convert it to an accrual method. Some businesses, in some industries, use cash for tax, and also use accrual for books. This can be significantly advantageous to a company that hasn't collected on a big sale, and has paid the bills in advance for some of the expenses.

CLICK HERE
to return to
Table of Contents

It's more distortive, but it's simple. It was originally created for people to keep track of the records. You can provide your data, maintain on a cash basis, and have the accountant make the accrual only when you do a financial statement. What they will do is make a journal entry, and then the next day after that period ends, they do what they call a reversal entry, and it puts everything back on a cash basis.

**Q:** How should my accountant work with me to help me improve my business?

**A:** In addition to preparing your documents, your accountant can help you compare your financial information to a benchmark and review fluctuations in account balances. This comparison can be made against a budget. Your budget is your best guess at setting up a profit goal, and it provides a target to shoot for. If you don't have a budget, you can compare your information to the historic information.

If you're comparing the last year, for example, your profit and loss indicates what you did last year and that you're doing better this year. But last year could've been horrible. You could've lost your shirt, and you're comparing it to that. That's why you want to use a budget, and have a positive, realistic outlook, rather than aiming at the wrong target. You want to take that target and look at percentages.

CLICK HERE
to return to
Table of Contents

Look at ratios, so that on a profit-and- loss statement, you will see the ratios of your cost of sales and your operating expenses are the same, especially if you've got certain variable expenses.

If you know your material cost runs 40 percent, you should see that same 40 percent every month. If you don't, ask what happened. Do we have a bad batch of something that we made? These are the things that you have to get used to looking at.

Another option is benchmarks. Some companies use RMA ratio data. Risk Management Associates is a national firm that does analysis of thousands of financial statements in every industry. The power is in the numbers.

**One final note**

It's important that you communicate honestly with your accountant and ask him or her to explain and interpret how your business is doing and to make suggestions on what areas you need to focus on to improve your business.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 40

# Reverse-engineering your marketing plan

**Published: Monday, December 1, 2014 at 1:00 a.m.**

When most people think of reverse engineering, they probably have thoughts of disassembling some high-tech component or software code and learning what makes it tick, and then creating knock-offs for an unfair competitive advantage.

Reverse engineering is defined by Wikipedia as "the process of extracting knowledge or design information from anything man-made. The process often involves disassembling something (a mechanical device, electronic component, computer program, or biological, chemical, or organic matter) and analyzing its components and workings in detail."

CLICK HERE
to return to
Table of Contents

I am a fan and practitioner of a different type of reverse engineering: let's call it 'marketing reverse engineering.'

Example 1: Our SCORE podcast series, "Been There, Done That! with Dennis Zink," is available by free subscription on iTunes, Stitcher Radio and at score.org. Our goal is to increase our listenership and sign up free subscriptions.

We are reverse-engineering the marketing process with our podcast series as follows: 54 menu items are on the score.org national website. These represent the topics most commonly requested by visitors.

Doesn't it make sense to create and deliver podcast interviews on these topics that are already in high demand? This should substantially increase downloads and subscriptions.

Example 2: A financial institution wanted to target high-net-worth individuals who recently moved to the area. A list of new homeowners purchasing property over a threshold dollar amount was developed. These recent home buyers were given a free gift subscription to a local business magazine with a letter from the publisher. The letter both welcomed them to the area and as a new subscriber to the publication. An introduction was provided to the recipient about the financial institution that had arranged the gift subscription.

CLICK HERE
to return to
Table of Contents

What did this accomplish and how did the financial institution, the publisher and the new homeowners gain?

The financial institution reached its desired target in a creative way with a monthly, subliminal reminder. Every month, the recipients were reminded that this subscription was a gift from the institution. Many of these new homeowners proceeded to do business with the financial institution.

The publisher benefited by adding new subscriptions from a desirable demographic. The financial institution contracted to advertise in the publication in a prominent way on a monthly basis, providing additional advertising exposure and revenue to the publisher.

The recipients received a free magazine subscription, which helped to acquaint them with the local business community and provided an introduction to the financial institution.

Everybody wins!

**What you can do**

Research other successful companies in different markets and emulate what they are doing in your market. It's that simple.

CLICK HERE
to return to
Table of Contents

Cherry-pick the best ideas and implement them in your local market. Why? Because, there is nothing new under the sun. If the idea worked well in Atlanta, it has a good chance of working in Sarasota. Adjust this strategy for market differences such as geography and weather, and consider demographics, psychographics and other pertinent variables.

Use trade associations and trade shows.

If you belong to a trade association, you should read the association's publications. Next, talk to competitors in other markets, exchange ideas, find out what works and what doesn't work for them, and consider implementing similar products, services or processes in your market.

Over the years and in different industries, I always managed to get my money's worth from attending trade show and association meetings. I found the greatest value came from talking with other people doing the same thing I was but in other markets.

Reverse engineering your marketing efforts involves asking the right questions. Take the marketing strategy for your product or service apart and dissect it. Look at all the variables involved and ask, How can I make it better? Can I eliminate some parts or steps? Is there something that should be added or changed? Where is the synergy that I can leverage? Does this make sense?

CLICK HERE
to return to
Table of Contents

These are just a few examples. Now, think about your business and what you can do to reverse-engineer your marketing efforts.

If you email me and provide your name, email address, phone number and one short paragraph on what your business does, I will respond to the first 10 requests and provide one free idea on how you might reverse-engineer your marketing efforts.

# Chapter 41

# Monitor warning signs and be ready to act fast

**Published: Monday, December 8, 2014 at 1:00 a.m.**

When business is great, there is a tendency to take your eye off the ball and relax, perhaps too much. After all, the company is flush with cash, your employees are getting raises and morale is high. You are considering expanding the business and your spouse is in the middle of booking that trip to Tuscany.

CLICK HERE
to return to
Table of Contents

But what happens when things are not going so well for your business? What are some of the warning signs that you need to recognize immediately so you can do something proactively to right the ship as quickly as possible?

The following are 20 warning signs, in no particular order, that you should be cognizant of:

**Warning signs**

1. Cash flow is tightening or non-existent.

2. You are concerned about making the next payroll.

3. There is a downturn in sales.

4. Employee morale is down.

5. Employees are leaving en masse.

CLICK HERE
to return to
Table of Contents

6. Employee politics are a distraction.

7. Employees may be behaving more territorially.

8.Costs are increasing.

9. Profit margins are eroding.

10. There is more competition.

11. Customer complaints are up.

12. Productivity is falling.

13. You are paying bills late.

14. Vendor credit is drying up.

15. You are receiving collection calls.

16. You are not paying taxes on time.

17. You can't pay yourself.

18. Inventory levels are rising.

19. You lack direction.

20. If the company is public, you may see insiders selling stock.

CLICK HERE
to return to
Table of Contents

**What to do immediately**

What you need to concentrate on now:

The most important thing is to recognize the problem or problems early on, so you can take immediate corrective action. Knowledge is power, so gather all the information you can to help you avert a crisis.

Answer these questions:

How severe is the problem?

Can it be fixed?

By you?

Can you seek help from advisers, consultants, employees or other stake-holders?

CLICK HERE
to return to
Table of Contents

Can you diversify your customer base?

Is there a disruptive new technology affecting your industry?

Do you have a 30, 60, 90, 120 day strategic plan?

Can you cut costs without affecting your quality and service?

Can you renegotiate with your critical vendors?

Can you sell any assets?

Can you shed some office space or renegotiate your lease?

Can you refinance your loans, if any?

**What to do long term**

What you should do to avoid such problems in the future:

If your business is showing several of these warning signs, the last place you want to be is in denial. If you are hoping things will improve, and you bury your head in the sand, you are not facing up to your problems. Consequently, your business will most likely fail.

If you have an employee, no matter how senior, and they have a negative mindset, becoming part of the problem and not the solution, fire him or her.

CLICK HERE
to return to
Table of Contents

That will put everyone on notice that you are serious about taking whatever measures may be necessary to turn your business around. What you don't want to do is drag it out and let employees go, week after week, as you are forced to cut payroll. You don't need your employees updating their resumes at work, worrying that they will be next and bailing out instead of working hard for you.

**Emergency management**

It is time for emergency management 101 -- to hunker down, look under all stones, cut costs where practicable, and operate more efficiently.

Track your business vitals: sales, cash flow, costs, inventory, etc. Keep the business on a short leash. Monitor your key performance indicators more frequently (you are in the business equivalent of the ICU). Track monthly, weekly, even daily data as needed, to help you regain control.

Be honest with your employees (and yourself), and discuss your game plan to turn things around with their help. Let them know how much you value them. Reiterate that you care about them and their families, though this message should have been ongoing lest they believe you only care because your business is now in trouble.

CLICK HERE
to return to
Table of Contents

This may be a great time to bring in a turnaround specialist if you are not sure what to do, or if you can't do it yourself. You need honest answers from trustworthy sources and someone who understands business.

Stop the bleeding, stop it fast.

If you have had it, and you want out, know that this is not the best time to sell. In fact, it is the worst time. You may be tempted to throw in the towel and lock the doors. I hope you don't.

Know the early warning signs and take immediate corrective action. That way, you are much less likely to end up in a crisis again.

Good luck!

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 42

# To succeed, you must see your way to goals

**Published: Monday, December 15, 2014 at 1:00 a.m.**

My first encounter with the power of visualization occurred when I was 18. My goal was to drive a 1968 Pontiac GTO (Motor Trend magazine's car of the year) as my first car.

I found a photo of the car from an auto magazine and tacked it to my bulletin board. I viewed this photo daily and decided that I wanted the car to be turquoise and wrote down the accessories I wanted. I visualized driving the car to various places: to school, parking it by the basketball courts and taking my girlfriend to a drive-in movie. Popcorn with butter, please!

CLICK HERE
to return to
Table of Contents

Within a few months, I was driving my beautiful new GTO with all of the features I wanted.

That was pretty cool, considering I was only 18.

Years later, I used visualization to set goals, only on a grander scale.

If you watch athletes before a competition, sometimes you can get a glimpse of them using this technique. For example, in the Olympics, a pole vaulter may stare into space, nod his head as he imagines running faster, planting his pole and clearing the top bar. He runs through the vault in his mind before attempting the feat.

At some point in my early adult life, I discovered the motivational cassette tapes narrated and produced by Earl Nightingale.

Nightingale, in his raspy and well-known radio voice, (the voice of "Sky King" on radio and, later, on TV) said on a record called "The Strangest Secret" that, "We become what we think about."

CLICK HERE
to return to
Table of Contents

The "Strangest Secret" was the first spoken-word recording to win a gold record by selling more than a million copies. Nightingale writes, "William James said: "We need only in cold blood act as if the thing in question were real, and it will become infallibly real by growing into such a connection with our life that it will become real. It will become so knit with habit and emotion that our interests in it will be those which characterize belief."

Nightingale continues, " ... only you must, then, really wish these things, and wish them exclusively, and not wish at the same time a hundred other incompatible things just as strongly."

The mind has a way of working things through. If you want something badly enough, you'll do those things necessary to get what you want. Simple enough. But does it really work?

Yes, it does, but you have to be totally committed to succeeding. It must be internalized as the single most important thing for you to do. You must be consumed by this process.

We know that people often tend to be lazy or complacent. It's human nature. Following success, there is often a tendency to coast. Simply wishing to win the lottery or becoming Warren Buffett isn't going to make it so.

Here is a technique for effective visualization. It's a three step process:

Step 1: Have a worthy goal with a realistic time frame for achievement. Visualize your success. Think about this goal daily and often. Close your eyes and visualize what success will mean. Picture yourself enjoying the fruits of your labor.

CLICK HERE
to return to
Table of Contents

Step 2: Have a plan to achieve this goal. The more detail, the better chance your plan will have to succeed. Think it through. Walk mentally through all of the steps of your plan. Act as though it were already a reality. What road blocks do you have to conquer?

Step 3: Monitor your progress. Are you on course to achieve your goal within the estimated time frame? If not, adjust accordingly to get back on the straightest path.

I recently finished reading an excellent e-book, :Straight-Line Leadership" by Dusan Djukich.

Djukich postulates that the best way to get things done is to start now and be as direct as possible in going from point A to point B. Don't go in circles, as most of us tend to do, go direct. Draw a straight line from A to B. Follow this path.

Djukich gives a great example of someone who wants to diet and lose weight. He makes the point that all diets work; it is the dieter who doesn't work.

Entrepreneurs are often blessed with a strong and often unyielding desire to create and succeed. They start businesses when others warn them not to do it.

They risk their own money and are typically a tenacious breed. They believe in themselves. They will get knocked down and get up again and again.

CLICK HERE
to return to
Table of Contents

They seek to fill a need, they create jobs and they pay taxes. They truly deserve the spoils of their success.

They see what others don't see, because they are adept at using visualization as a tool to succeed. Now, you try it. I promise you'll thank me.

# Chapter 43

# Hiring choices can determine your fate

**Published: Monday, December 22, 2014 at 1:00 a.m.**

HIRING THE RIGHT PERSON for a job can make all the difference in a company's success, whereas making a poor employment selection can put a company out of business.

Becker

CLICK HERE
to return to
Table of Contents

I interviewed Dr. Thomas Becker, associate professor in management at University of South Florida Sarasota-Manatee, about employee selection.

Dr. Becker is an authority on the subject and has written many books and white papers on human resources.

Q: What advice can you provide to a small business owner about the hiring process and how to hire the best employee for a job?

A: Consider using cognitive ability tests -- intelligence tests, such as the Wonderlic personnel test. Test scores predict future job performance. Smart people tend to learn job knowledge faster.

CLICK HERE
to return to
Table of Contents

Second, assess the conscientiousness of the applicant -- the general dependability of the individual, reliability, coming to work regularly, being on time, completing their tasks or assignments.

Third, create and conduct structured interviews. Small businesses tend to have very informal and unstructured interviews. In many instances, they might as well flip a coin, because unstructured interviews are no better than chance. They open up the possibility of bias, because there is a tendency to hire someone who is similar to the interviewer, who is more physically attractive or who fits a demographic.

Q: What should you do if you made a bad hire?

A: Try to avoid that situation so you don't have to deal with it in the first place. Provide realistic job previews during the recruitment and interview process. Giving people an idea of the negative and more mundane parts of the job will help applicants screen themselves out.

In an employment at will state such as Florida, either party can terminate the relationship for whatever reasons they see fit. Find out why it isn't working out.

If it is something that can be remedied, address it right away. If you hired somebody who doesn't know how to do the job or doesn't seem motivated to learn, terminating them early probably saves everybody a lot of trouble.

Q: Should you hire slow and fire fast?

A: Be extremely selective. Your dilemma is that you may miss out on hiring a good employee.

CLICK HERE
to return to
Table of Contents

A: What should a small business do with perks and benefits to attract and retain talent?

A: Find out what an employee values. A perk for one person may be considered irrelevant by another person. Point out the benefits of doing what is incentivized.

Q: What advice would you give to an employer regarding the senior pool of candidates who may apply for a job?

A: Not surprisingly, older folks are more conscientious, coming to work on time, and are often more reliable. They may not have the energy of the younger applicants, but they can put their work ethic to good use.

Age discrimination and the employment act makes it illegal for an employer to discriminate on the basis of age, so long as the employee can do the job. So how old is too old? The answer is not in the number of years, but whether they just can't do the job.

Q: Do people tend to hire people like themselves?

CLICK HERE
to return to
Table of Contents

A: Yes, people tend to be biased with people more similar to themselves, but it's a much broader issue than that. It's also things like physical attractiveness.

People rate physically attractive people as more competent, even if the job performance is at or below someone else's. People tend to rate individuals in an interview as a result of first impressions. Sometimes first impressions are accurate, and many times they're not.

The real benefit of having a structured interview process is that it makes many of the errors in evaluation, including similarity, less likely.

Q: Should an employer fill the gaps by hiring the skillsets that his company lacks?

A: Absolutely. Hiring people that are better than you in those things that you are not so great at is a hallmark of a great entrepreneur.

In terms of the diversity issue, when it comes to filling the gaps, diversity is relevant to the extent that hiring people with different knowledge, skills and abilities, that are relevant to getting the job done, will help make your organization more successful.

Diversity is much more than an issue of demographics, it's making sure that you have people with the right mix of competencies to do the job.

I think some of the very best and most successful entrepreneurs realize that on a very intuitive level. Look at Bill Gates, Rockefeller, Oprah and Andy Grove of Intel. Many of them would have a right-hand person, someone who was very good at something that the entrepreneur was not.

**CLICK HERE**
**to return to**
**Table of Contents**

Q: What about hiring friends and family?

A: Are the people that you are hiring qualified for the job? If they are very suited for the position, that is different than hiring someone because they are a friend.

A founder may want to pass a business to a family member. The secret to it is making sure that the person you are passing the firm along to really knows what they are doing. If it is only because of shared DNA, understandably there is not only resentment, there is also fear.

Employees might ask, "Where are we headed, if this is a policy of the organization?" If you hire very competent people and include very competent family and friends in that pool, then nepotism has a much more positive connotation than if that is not the case.

Q: Any final thoughts?

A: Employee selection is one piece of the puzzle, but it is a very important piece, because one bad hire can cripple or sometimes destroy a small business.

**CLICK HERE**
**to return to**
**Table of Contents**

In order for employee selection to be at its best, it has to be integrated with the other HR functions, and all of HR has to be aligned with the mission and strategy of the company.

# Chapter 44

# So, you say you have an idea for a business

**Published: Monday, December 29, 2014 at 1:00 a.m.**

DO YOU HAVE AN IDEA for a business? If only I had $1 for every idea I have heard that never came to fruition, I would have a million bucks.

Depending on what stage of your life you are in -- just starting out, recent graduate, switching careers, recently terminated, just moved to Florida or recently retired -- your approach could vary greatly.

**CLICK HERE to return to Table of Contents**

Let's assume your idea has merit. What's next? We need to examine three key factors: your energy level and passion, your financial ability and the talent available to pull this off.

Energy level and passion: If you will love what you are about to do, that is certainly a big plus, but not a must. Your energy level may be partly attributable to your age and fitness. Being an entrepreneur can be demanding on your health and very time consuming. Yet studies have shown that an entrepreneur with passion has a better chance of success than one without it.

Financial capability: If you have a nest egg that you are willing to tap, you may be in an enviable position to start or buy a business. If you don't have the money available, then how much can you invest? What about friends and family, or other alternatives such as crowd funding, angel investors, bank and SBA loans? And then there are your credit cards: many may consider this a bad move, but remember that an entrepreneur is willing to risk his own capital for the promise of financial rewards.

Talent: Will you be the key player? Have you done this type of work or do you have expertise in this business segment? Who will you need to hire? When will this talent be required and how much will you have to pay? How much can be contracted?

**CLICK HERE to return to Table of Contents**

**Vetting the idea**

Now, getting back to your wonderful idea. Your chances for success increase in proportion to the homework you do.

Validate the idea. How? Think the idea through. Conduct surveys. Talk to people you trust and respect, and listen carefully to what they have to say. Get all the advice and input you can find.

Since all great documents are on one page, write the idea down on one page, list who your customer is and how you will make money. Don't worry about non-disclosure agreements at this stage.

**The market and competition**

How large is the market, and is it expanding or contracting? How many competitors will you have in the space? Do you know your customer persona and have you considered market demographics and psychographics? Do you know what the market wants? What do you want?

Consider business incubators, accelerators and co-work spaces for collaboration. Have a SCORE mentor help you, free of charge.

**If you have a job**

What if you are employed? You've heard the saying, "Don't quit your day job." Can you test your idea while you are gainfully employed? It isn't easy, but it's often doable. Some experts think you have to be "all in" right from the start. The commitment to full time means you can focus better and exclusively on your idea without the other job's distractions. Only you can decide which way is best for you.

CLICK HERE
to return to
Table of Contents

**Your goals**

What do you want to accomplish and what are your goals?

Are you going into a business because you have a passion for the product or industry? Is your goal to start and scale the business? Do you want to be bought out as part of your game plan? Is there a social calling? Do you want this to become a large company?

**To start or buy?**

If you have the financing, it is easier and faster to buy an existing business if the business idea exists in the market.

If it's a new idea, then you will have to do a startup. Having a comprehensive startup checklist will save you time, effort and money. Do you know how much money you will need for one-time, non-recurring expenses?

CLICK HERE
to return to
Table of Contents

Assuming your assumptions are correct, and they seldom are, when does your business plan show your break-even month? Do you have the financial wherewithal to pay your personal bills while you begin your new business? What if your break-even takes twice as long as projected?

**The Go-No Go decision**

Remember, just because you can, doesn't mean you should!

If you still feel confident that you can make this business idea work, then make your Go decision. Start and give it your all. Success may not be far away. This is a great time to start a business. It is less expensive than ever before. Good luck!

# Chapter 45

# What to do when it's time to be productive

**Published: Monday, January 5, 2015 at 1:00 a.m.**

*Time, time, time, see what's become of me.*

*While I looked around for my possibilities,*

*I was so hard to please.*

*But look around, the leaves are brown,*

*And the sky is a hazy shade of winter.*

*-- "A Hazy Shade of Winter," Simon & Garfunkel*

Our most valuable commodity is time. That just took 60 seconds of my life to write. I love Simon & Garfunkel.

You can't get time back. Unlike a bank account, you really don't know how much time you have left in your account.

Doesn't it make sense to make the best use of your time at work, play and sleep?

If you only had one month to live, I doubt your schedule would look anything remotely like it does this month.

Chances are good that you have been exposed to time-saving techniques through time-management classes or seminars. Has that helped you? Are you getting everything done that you would like to accomplish?

Let's look at productive versus unproductive time.

Consider anything you want to do that is linear, going directly from A to B, as productive time. Assuming you want to get to B and your starting point was A. There are some exceptions to this. Everything else we will consider unproductive time.

Productive time is disciplined time. You decide what, when, where, with whom and for how long.

Positive results are the goals, so decide what you want to accomplish before you begin the activity segment. After the activity, review whether the goal was partially or completely

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

accomplished. If the goal was not met, what can be done, if anything, to remedy or improve the desired outcome?

Unproductive time -- interruptions, distractions, unplanned and unwanted time spent. Accomplishing nothing (unless your goal is just sitting around and "vegging out").

Communications, such as writing or answering emails, making or taking phone calls, are not going to be discussed here. Neither is what software to use for time management, using checklists and the like. Depending upon with whom you are communicating, you can decide if these activities are productive or unproductive for you.

Having money helps convert unproductive time to productive time. How does this happen? If you can pay someone to do something for you, then you have saved that time for other, more important goals. Only you can decide what that is.

CLICK HERE
to return to
Table of Contents

That saved time essentially stays in your "remaining life" bank account, available for more desirable time-segment activities. Theoretically, if you can afford it financially, you should probably spend your "remaining time" any way you want. You may choose to go on more vacations, play more tennis or spend time with friends and family. I doubt that you will want to accumulate material things or be around people you can't stand to be with.

If you only knew what time you had left, these decisions would be crystal clear to you. But most people wouldn't want to know when their clock will be punched.

**Getting organized**

Draw a vertical line on a lined piece of paper -- On the left side, write all of the major activities you have planned or would like to accomplish in a given period (for example, this week or month). On the right side, draw an arrow pointing to those items that represent productive time you will spend. Can you figure out ways to only do what is on the right side and eliminate or delegate (pay someone to do) those things on the left side of the page?

How much time can you "save" and still be happy with the results achieved by others?

CLICK HERE
to return to
Table of Contents

Deciding is the key. Deciding what to do (goal setting) and what not to do is the key to success with this activity. Most business leaders just can't abandon their companies and play golf all day, though many would probably prefer to do so. Certainly, most employees can't afford to do this either. Gotta pay the bills, right?

Winning the lottery. I love when someone hits the jackpot and they plan on staying in their nine to five job.

Get a life!

As mentioned above, money is an enabler. If you are lucky enough to win the big one or inherited great wealth, I suggest that you figure out how to spend your productive time and enjoy life. Pay others to do everything else. If you want to play golf, then golf. If you want to go to Tuscany today, call your private pilot and leave at your leisure.

You can do almost anything with one exception, and that is, get time back what has already been spent. So thank you for the time you spent reading my column.

Time to go.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 46

# Ins and outs of leasing your commercial space

**Published: Monday, January 12, 2015 at 1:00 a.m.**

IF YOUR CURRENT LEASE is expiring this year or you have a start-up, you will have to consider what your needs are for commercial space. This could be retail, office, incubator, industrial or warehouse space or a combination of these, often labeled mixed-use.

CLICK HERE
to return to
Table of Contents

Things to consider when leasing space: How much space you need, what locations to consider, how long to lease, how much you can afford, and what other factors to be considered?

Leasing space may be your single biggest expense. This is an area where you should work with professionals specializing in commercial real estate and who know the local market.

Do you need to lease space? Depending upon the type of business you have, can you begin by working from a spare room at home? The positives: This will save you commuting time, auto expenses, utilities, insurance, lease payments and taxes. The negatives: Will you have a barking dog or crying baby in the background as you talk on the phone? Can you "go to work" and not be distracted by your home environment?

If you need to have professional space, then you have options of either buying a building, or leasing or sub-leasing the type of space needed for your business.

**Buying versus leasing**

If you have sufficient capital, buying a building may be a great choice. You will have flexibility, financial incentives and the opportunity to build equity if all goes well. Most new businesses will not and probably should not go this route.

CLICK HERE
to return to
Table of Contents

But partially owner-occupied buildings can result in landlords using the space they require and leasing the remainder to other tenants. This can provide a revenue stream and perhaps generate enough cash flow to make your space essentially free.

As your business grows and your space needs change, you can choose to occupy additional space in your building, assuming more square footage as your tenant leases expire. Eventually, you may be the only tenant in your building (owner occupied) and, hopefully, your building will be worth substantially more than you paid for it.

When it comes time to sell your business, you may decide to keep the building as an income-producing property. Being able to provide favorable lease terms to a prospective buyer of your business may help you sell the business faster and for a higher price.

Tip: Keep real estate owned as a separate business entity.

**Leasing space**

How much space should you lease and for what term?

If you anticipate rapid growth, such as doubling your business in a year, then you should opt for a short-term lease. You may pay a little more per square foot, but you have the flexibility to either renew on or before the lease termination date, perhaps at a slightly higher rate, or move to a different location.

CLICK HERE
to return to
Table of Contents

Tip: For a rapidly growing business, keep a short leash on the lease, with a one- or two-year horizon.

Try to estimate your space needs as best you can for multiple years, on an annualized basis.

Use 200-250 square feet per employee as a rule of thumb. Build in some extra space to accommodate your anticipated growth. Find out if there are other tenants in the building who might leave in the next year. Perhaps you can sub-lease additional space (if needed) in the same building, maybe at better rates.

If your business growth won't require additional space in the future, then a longer term lease, locking in a better rate, might be your best option. A well negotiated lease can be an asset for your business.

Tip: Hire a real estate attorney to read and explain the terms of the lease.

Is the lease for rentable space or usable space? Usable space is the space you actually occupy, whereas rentable space takes into consideration common areas such as hallways, bathrooms and lobbys. You need to know exactly what you will be paying for. Additional items that may be incorporated into the lease agreement include real estate taxes, utilities (trash, sewer, water), insurance and maintenance (called CAM, or common area maintenance) and other operating costs of the building.

CLICK HERE
to return to
Table of Contents

What if you can't pay? Is there an early termination clause? Under what conditions can you sublet the space? You will most likely be personally liable to pay the lease if you sublet and your tenant defaults.

**Alternatives**

An alternative to consider is all-inclusive executive office suites, which often come furnished and include access to office equipment, conference rooms and administrative services. If you need to share expertise, perhaps a low-cost incubator is the ticket. (Contact the National Business Incubator Association at nbia.org for more information.)

**Location**

Where should you lease? Location, location, location may be the three most important words for a retail establishment or perhaps a law firm that needs to be near a courthouse. Take parking into consideration for your employees and your customers. Will parking be ample for your needs? Can you negotiate several delineated parking spaces as part of the lease?

**Free rent?**

Can you get several months free rent? These negotiated amenities are usually market driven. Do you need the landlord to pay for TI (tenant improvements)? If the building is full, you will get very little in the way of concessions from a landlord. If the building is mostly vacant, negotiate all you can.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 47

# Why, when and how to take the big risks

**Published: Monday, January 19, 2015 at 1:00 a.m.**

How high above the ground are you willing to go to get that apple?

Entrepreneurs should understand the concept of risk and reward. It is generally the foundation on which every business venture is built.

**CLICK HERE**
**to return to**
**Table of Contents**

Risk comes in two flavors:

Dynamic risk: An opportunity for gain -- those related to managerial, innovative, political, or interpersonal risk. Dynamic risk involves risking the loss of something certain for the gain of something uncertain. It involves maximizing opportunities; every management decision has elements of dynamic risk.

Static risk: A potential for loss. This kind of risk is normally covered through insurance (example: the risk of a loss due to an automobile accident is covered by auto insurance).

Although entrepreneurs need to understand both types of risk and take the right steps to deal with each, we will examine dynamic risk in this column.

A quote from American author and professor John A. Shedd makes an important point about risk and reward: "A ship in harbor is safe -- but that is not what ships are built for."

Dynamic-risk guidelines, from SCORE mentor Richard Randolph:

Never risk more than you can afford to lose. Carefully identify the risk, the possible loss and the potential gain.

**CLICK HERE**
**to return to**
**Table of Contents**

Don't risk a lot for a little. Know where you stand.

Don't take risks to avoid losing face. Don't do something that may turn out to be more risky than the possible return. Don't throw good money after bad.

Don't lose control over your emotions in a risk situation.

Don't take risks for reasons of principle.

Don't take risks for punitive reasons. Don't stick your neck out to hurt someone else or to "get even."

Don't use other people as an excuse for inaction. Always take the burden of action into your own hands.

Don't fall in love with any specific potential deal! When you're in love, you don't think rationally -- you see what you want to see, not what is.

Know what you want to achieve by understanding your goals. As Yogi Berra once said, "If you don't know where you are going, you'll end up someplace else."

Plan ahead. Set your personal limits in advance and stick to them. Don't panic into under- or over-risking.

Do your homework first. "If you fail to plan, you plan to fail!"

CLICK HERE
to return to
Table of Contents

Construct a best-case outcome, a worst-case outcome and a most-probable outcome. If you can live with the worst case, then go ahead with the risk.

Stack the odds in your favor. Take all reasonable precautions, plan thoroughly and eliminate as many factors as possible. An entrepreneur takes calculated risks, not chances.

Get advice from people who have no stake in the outcome.

Bet on yourself.

Identify key result areas for your success. Take limited, controlled risks toward your goals every day.

Have alternatives whenever possible. Develop backup choices and a contingency plan. What would you do if the worst happens?

Be willing to walk away from any potential deal if you can't get what you want. Think win-win.

Listen to your gut and follow your instincts. This will lead you correctly most of the time.

CLICK HERE
to return to
Table of Contents

Observe reality and work with it. Don't be overly optimistic or pessimistic; don't fight against reality.

Here are other quotes to think about.

"Deal with reality as it is -- not as it was, or how you wish it were," Jack Welch, CEO of General Electric from 1981 to 2001.

"A man should look for what is, and not for what he thinks should be," Albert Einstein.

"The truth does not change according to our ability to stomach it," novelist Flannery O'Connor.

"Facts do not cease to exist because they are ignored," Aldous Huxley.

"Facts are stubborn things; and whatever may be our wishes, our inclinations, or the dictates of our passion, they cannot alter the state of facts and evidence," John Adams.

"Face reality as it is, not as it was or as you wish it were. Be candid with everyone. Don't manage -- lead. Change before you have to. If you don't have a competitive advantage, don't compete," Noel M. Tichy and Stratford Sherman, from the book about GE, "Control your destiny or someone else will," 2005.

"In the fight between you and the world, back the world," Frank Zappa.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 48

# Florida needs strategy to encourage exports

**Published: Monday, January 26, 2015 at 1:00 a.m.**

ONLY 1.5 PERCENT OF United States companies have ever exported. Of those that have, 58 percent have exported only to one foreign market, either Canada or Mexico.

The percentage of the United States' gross domestic product that is directly related to exportation is 10 percent, while the percentage in Canada, the U.K., Germany and China is significantly higher.

CLICK HERE
to return to
Table of Contents

I spoke with Charles "Chuck" Steilen, a local resident who spent 28 years in Hong Kong and China as a marketing educator at the Chinese University of Hong Kong.

He worked as a marketing consultant, a management trainer of executives throughout Asia and as a writer for the Hong Kong South China Morning Post. He also was a consultant to the Hong Kong government's Trade Development Organization.

Steilen helps U.S.-based companies understand international marketing and has developed an integrated strategy for assisting and advising first-time exporters.

Here is what he had to say about starting up exports.

Q: What can a company do to research the feasibility of becoming a first-time exporter?

A: A certain amount of research is required up-front in order to group companies by product lines and to identify needs and opportunities in specific countries.

It is also important to identify importers of these products into a given country. Much of this data is already available, and this is not a difficult task. One possibility is to have students from business schools get involved in this process.

CLICK HERE
to return to
Table of Contents

Q: What is the importance of having first-time Florida exporters?

A: Developing first-time exporters is critical to the creation of jobs in Florida. A number of countries offer great potential for exports from Florida, including at least 18 in Europe and Asia, eight in Central and South America, five in Southeast Asia, plus Australia, New Zealand, China, India, the United Arab Emirates and Israel.

Q: Why don't more U.S. companies export?

A: I have heard every imaginable excuse since my return to the U.S., from "The U.S. market is big enough for my company," to, "I don't know anything about foreign markets" or, "I don't think I have sufficient resources to export."

Q: Are these valid reasons?

A: There is no integrated export strategy offered by the U.S. or the state of Florida with the objective of creating a first-time exporter.

To tap into the many opportunities that exist in these markets, Florida simply needs to develop an integrated export strategy.

Q: What prevents Florida from having this type of strategy?

CLICK HERE
to return to
Table of Contents

A: There are several reasons:

The U.S. Department of Commerce and Enterprise Florida both have opted to concentrate their efforts on existing exporters.

There is no centralized location or entity to develop a targeted statewide exporting strategy for potential exporters.

The Small Business Development Center has been given the responsibility of developing potential exporters into first-time exporters. Florida has SBDC offices in a variety of locations. Each provides a variety of educational and consulting services to small- and medium-size enterprises. Exporting is only one of these.

Each SBDC office functions as an independent unit and does what is necessary for its own area. Each SBDC location will offer a seminar on exporting. It is left up to Enterprise Florida or a particular location to offer a trade mission.

Q: What is the SBDC Strategy?

CLICK HERE
to return to
Table of Contents

A: Each SBDC office, which has a multitude of products and services to offer within its own market area, is operating as an independent sales office for the state.

But there is no corporate entity responsible for creating and executing a comprehensive export-marketing strategy in order to create a first-time exporter. Although the export-focused services provided by the SBDC are good, they are a fraction of its total services.

Q: What is the problem with this strategy?

A: This is comparable to a major corporation having only regional sales offices without having a headquarters to oversee marketing, research, creation of support services for customers, development of advertising and promotional services.

Q: Isn't that the role of the U.S. Department of Commerce?

A: One could argue that the U.S. Department of Commerce provides research regarding overseas markets, and that Enterprise Florida's job is to promote trade missions to various countries, and the role of the SBDC is to provide some assistance to a particular company if it needs help.

Q: Isn't this an integrated export strategy?

A: No way. What we have is a corporate structure that has been developed with the hope that each individual "sales office" (SBDC) will actually sell something within its own area through workshops on exporting. Enterprise Florida would hope that these companies participate in these trade missions.

Q: Hasn't the state built the structure to fit the strategy?

A: It has been reversed. Under existing conditions, there will never be an export strategy for creating a first-time exporter.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 49

# What board members do for their companies

**Published: Monday, February 2, 2015 at 1:00 a.m.**

A BOARD OF DIRECTORS is a body of elected or appointed members who jointly oversee the activities of a company or organization. A board's activities are determined by the powers, duties and responsibilities delegated to it or conferred on it by an authority outside itself. These matters are typically detailed in the organization's bylaws. The bylaws commonly also specify the number of members of the board, how they are chosen and when they meet.

CLICK HERE
to return to
Table of Contents

But the bylaws rarely address a board's powers when faced with a corporate turnaround or restructuring, when board members need to act as agents of change in addition to their traditional fiduciary responsibilities.

In a company with stock, the board is elected by the shareholders and is considered the final authority in its management. In a non-stock entity, the board is also the highest governing authority.

Board members are sometimes chosen by the board itself. The board of directors' governing duties establish policies and objectives for the entity as set forth in the bylaws and the laws of the state. Generally, the board is responsible for selecting, supporting and reviewing the performance of the CEO.

The board's financial responsibility includes maintaining adequate resources, approving annual budgets and determining compensation of management. The board is also expected to maintain a fiduciary responsibility to all its stakeholders. Legal responsibilities of boards may vary with the organization. Typically, publicly traded companies face more responsibilities.

Usually, the board will select one of its members to be the chairman. I function as board chairman of Manasota SCORE and have recently been asked to chair another board. So I thought this topic was timely and interesting.

CLICK HERE
to return to
Table of Contents

What should a company look for in assembling a board of directors, and what qualities should board members have? These are my 24 suggestions.

A board member should:

Have a long-term view of strategic objectives.

Provide creative and visionary thinking.

Create and improve value for shareholders.

Support management.

Have oversight of the organization.

Have a balanced focus on bottom line and sustainability.

Understand changing customer expectations and be customer focused.

Know the performance of the competition.

Encourage idea flow.

Plan for succession.

Assemble board members with diverse backgrounds.

Foster open debate by asking thoughtful and pertinent questions.

Offer constructive feedback.

Attend director meetings and be prepared.

Be loyal, enthusiastic and yet prudent.

Build horizontal relationships with other synergistic entities.

Possess industry, regulatory and other related expertise

Offer opinions honestly and constructively.

Avoid conflicts of interest.

Understand legal and fiduciary responsibilities.

Possess leadership qualities.

Be a problem solver.

Accept, suggest and encourage change when appropriate.

Be willing to compromise.

**Board meetings**

How long should a board meeting last? In my experience, two hours is about the longest you can corral a board, because attention spans wane.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

## Board retreats

Board retreats can serve several purposes, including promoting camaraderie and bonding among the board members, solving problems, developing strategic objectives and reviewing the organization's performance.

## Committees

Board members are often asked to get involved with select committees or to weigh in on specific issues.

For example, a governance committee may come together to review prospective new board members, dismiss inactive members, shore up weak areas, strategize, review and revise governance rules.

CLICK HERE
to return to
Table of Contents

## Insurance

Many boards buy directors and officers liability (D&O) insurance to protect themselves against lawsuits. Boards have a duty to act in the best interests of the shareholders, avoid potential and actual conflicts of interest and avoid intermingling of corporate and personal assets. Generally, board members of non-profits are unlikely to be personally liable for the organization's actions.

## Annual meetings

In for-profit corporations, the board announces the annual dividend, oversees election of corporate board members, elects or appoints officers and key executives and may amend the bylaws, if needed.

## By the numbers

Select an uneven number of board members to avoid ties. For a small organization, five to seven board members may be enough. You may want nine to 11 for a larger, more complex organization.

CLICK HERE
to return to
Table of Contents

## Non corporations

An alternative to a formal board of directors may be to assemble an informal advisory team consisting of vendor(s), customer(s), company professionals including your attorney, accountant, banker and financial adviser. This group would not be subject to the formalities of a corporate board of directors.

Another option is to become part of a confidential CEO Roundtable group.

## Sobering statistics

According to 772 directors surveyed by Kinsey in 2013, only 34 percent comprehended their company's strategies. A mere 22 percent were completely aware of how their firms created value. Finally, just 16 percent claimed a strong understanding of the dynamics of their firm's industry.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 50

# Making search engines find your business website is spelled SEO

**Published: Monday, February 9, 2015 at 1:00 a.m.**

As host of the Small Business Success podcast series, Been There, Done That! with Dennis Zink, I recently interviewed Scott Gonnello, who wrote a book titled "Common SEO Mistakes: Basic Edition."

CLICK HERE
to return to
Table of Contents

Scott is a consultant, author and speaker specializing in search engine optimization, better known as SEO.

**Q:** Scott, what is SEO?

**A:** Search engine optimization makes your website more efficient so it communicates better with the search engines. This helps your ranking and placement on search engine results, such as Google's.

**Q:** Can you explain how Google ranks a website?

**A:** Google uses many algorithms, little pieces of code that help determine whether your Web page is usable.

Some important variables are: Is the content well written and appropriate for its audience? Is there enough content? Are there links? Are there pictures, and, if yes, are they using the proper alt tags (alternative text descriptions of the pictures)? Are more people going to this site and staying, or are they bouncing off a page too fast?

CLICK HERE
to return to
Table of Contents

These algorithms help determine if your business will show up in a search.

Q: Why is SEO important to a business?

A: It's important to show up on the first page of the search results if you want your business to succeed on the Internet.

Everything is relative with search engines. Getting to the first page in Sarasota might be easier than in Manhattan for the same product. It is relevant to who your target market is, what you are selling, and what's the competition and the baseline for that industry and that location.

**Q:** What is the most basic mistake you see companies making?

**A:** A lot of companies are missing the most basic tie-in to the search engines, which is an XML (Extensible Markup Language) site map. When you produce a new page, document, image or content, an XML site map notifies the search engines with updates, and the search engines index these pages. It's a basic communication notifying them every time you do something new.

**Q:** Which search engines have the greatest market share?

**A:** Google owns more than 70 percent of the market. It's the No. 1 search engine in the world.

Yahoo, Bing, AOL, some of these smaller ones have 1 to 2 percent, at best. We optimize for Google. If you rank on Google, you will get on the other search engines' results.

**Q:** How do you learn about SEO?

**CLICK HERE**
**to return to**
**Table of Contents**

**A:** The problem is, with the 200 algorithms that Google uses, 10 percent are changing every week, so 20 of those algorithms are brand new each week.

If you read something today that was written three months ago, it could be totally false now. Google algorithms keep off companies that don't belong in a search. In effect, if you're doing something wrong and you don't realize it, you could be hurting your ranking without even knowing it.

**Q:** This sounds very complicated.

**A:** Yes, it's meant to be that way, which is why Google is so successful.

**Q:** Why did you write a book about the mistakes?

**A:** I found that some mistakes never change. It's easier for me to teach people what not to do, initially, to get going, than it is to try to tell them something that doesn't work today.

**Q:** What are some types of SEO scams?

**CLICK HERE**
**to return to**
**Table of Contents**

**A:** If somebody emails you out of the blue and says, "We can do your SEO and get you on page one" -- stay away. If somebody is sending you unsolicited mail, stay away.

Talk to other businesses that are doing SEO through other companies and find out about them. You should get multiple quotes. Today, you can literally set up a website, buy a domain, put the website up and be online within 24 hours or less, but it might not show up in a search.

**Q:** What should a business do to have its website rank high with Google?

**A:** Have a good foundation, with quality content, good images, good linking to other sites and other foundational items in your website, and your XML site map, and you should do pretty well.

**Q:** What can you learn from Google that can help?

**A:** Google helps you find what you are looking for so you don't have to think that hard.

You'll notice when you start typing in a search, Google shows you several examples of what other people have searched for and what's trending. You just click and go from there. Google is telling you what ranks high in that search list.

**Q:** Is SEO a one-time expense?

**A:** It's an on-going process.

Keep in mind the XML site map that calls Google back to your website when there is something new. If you're not doing new things on a regular basis, the search engines are not coming back to see you. Out of sight, out of mind.

**CLICK HERE**
**to return to**
**Table of Contents**

Google thinks, "If you don't care about your website, why should we?"

**CLICK HERE**
**to return to**
**Table of Contents**

# Chapter 51

# When and how to say, 'You're fired'

**Published: Monday, February 16, 2015 at 1:00 a.m.**

"You've fired."

Donald Trump has made those two infamous words his mantra in the successful TV show "The Apprentice."

If nothing else, Trump is decisive. Most business people hire fast, and fire slow. Generally, speaking, they would experience better results if this scenario was reversed and they hired slow and fired fast.

**CLICK HERE to return to Table of Contents**

Terminating an employee is a big deal.

I have included a few scenarios and things to consider:

But maybe things will improve: Hoping is never a good business strategy. Let's face it, once you know an employee is not cutting it, it's probably time to part ways. The sooner the better. It will save you time, aggravation and money.

Firing an employee is no fun: Unless you are sadistic or an evil person, firing someone is never a fun event. In fact, most employers will put this confrontation off as long as possible. It's in the same league as public speaking: generally distasteful, to be avoided at all costs or as long as possible.

Yes, but he or she has a family: So, does this mean that a breadwinner gets a pass because they have dependents? This shouldn't affect your business decision. Do what you need to do.

**CLICK HERE to return to Table of Contents**

I'll bet that some of you will fire someone after reading this column. The light will go on and you will realize that you shouldn't wait any longer. Get up the nerve and just do it.

You're fired! It won't feel good as you are saying these words, but you will feel better knowing you finally did what you needed to do.

You operate a business, not a social club: Do what you gotta do. Do it soon. Do it now.

Employees acting badly: I recently heard about a holiday party where one of the employees had too much to drink. She made a scene, was acting poorly, and had to be terminated the next day. Employee theft and other bad behavior must not be tolerated, and dismissal must be swift and immediate.

Resistance: Often, employees will make a case as to why they have been off their game and will try to negotiate a second chance, a reconsideration of your pink-slip decision. Rarely will things work out. Stick to your guns, and terminate.

Be unemotional, be quick and make sure that the person is escorted out of the building and doesn't have time to take or erase company files.

Have a termination checklist to be sure that all ID badges, parking passes, keys, phones, computers, vehicles, samples, uniforms, files and materials are returned. Immediately remove the terminated employee from voicemail, networks, computer and office access. Provide a brief explanation, and be emphatic that your decision is final. Say you are sorry and wish them well.

If it takes more than 15 minutes, you are taking too long. Immediately afterward, advise your staff that the terminated employee is no longer with the company.

**CLICK HERE**
**to return to**
**Table of Contents**

References: You don't want to be sued, so keep references to a minimum. For the employee's prospective employers, acknowledge that the employee worked for you and confirm their position. That's it! If you want to provide a reference, I suggest you do it verbally.

Documenting doesn't hurt: It's a good idea to document everything, issue warnings and allow for corrective action, when feasible.

Non-compete covenant: If the employee was calling on key accounts, was in sales, or has the capacity to hurt your business, make sure you have an employee agreement protecting your trade secrets, including a covenant not to compete so you don't lose business or employees.

Having this agreement will help if you need to take legal action, although it won't guarantee victory. If you don't have an employee agreement in place, it is too late to create one while showing the employee the door.

Consult your attorney. Be reasonable on the geographic area and length of time for a non-compete covenant. Have the employee acknowledge that they can find employment notwithstanding the terms of this agreement. Have a lawyer prepare a blanket agreement that you can modify or fill in the blanks with new hires.

**CLICK HERE**
**to return to**
**Table of Contents**

The rare exception: Sometimes an employee's work may suffer due to a short-term personal issue. This may include a situation such as a separation or divorce, childrens' issues, sickness or death in the family -- temporary distractions. By all means, be sensitive to your hard-working, loyal employees and stand by them if possible. Talk with them and discuss what the problem is, try to help, offer support and provide time off if needed.

Time to say goodbye: Provide the terminated employee with a final pay check that includes any severance and accrued benefits such as vacation pay, and conduct a brief exit interview.

**Avoid problems**

Spend more time and effort making the best hiring decision. This will pay off in spades. If you make a good decision in the hiring process, you will be less likely to part ways due to a lack of productivity or other reasons.

Have a regular company review process and let the employees know how they are doing and ways they may improve.

Learn how to be a better interviewer, have other key employees involved in the decision and use objective screening tests.

Let the candidate talk, then listen carefully.

Depending on the position, pull out that employee agreement including your covenant not to compete.

You're hired!

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 52

# Business' success is a question of balance

**Published: Monday, February 23, 2015 at 1:00 a.m.**

JUST ABOUT EVERYONE had a bicycle when they were growing up. Many still do. Do you remember the experience when you took off those training wheels? If you went too slow, you would fall over. If you went to fast, you could lose control and crash.

Business is a lot like riding a bike. It's a question of balance. (Incidentally, The Moody Blues had an album with this name in 1970.)

CLICK HERE
to return to
Table of Contents

Success depends on properly balancing what sometimes seem to be opposite extremes.

**To go forward, plan backwards**

If I want to meet someone for coffee tomorrow at 8 a.m., I have to plan the following tasks: how long it will take to drive to the meeting considering the likely traffic conditions at that hour, decide when to leave my home, decide when to wake. I've left out the routine tasks at home, such as shaving and showering, which also have to be taken into consideration. If it takes you longer than expected to do one task, you have to move faster or eliminate some of the other tasks or you will get to your meeting late.

We used to call the business equivalent of this example management by objectives, or MBO. Decide where you want to be, by when and what you have to do to get there. Make adjustments as you veer off the path to get back on target. This is what you do for budgeting, sales, paying bills and planning many aspects of your day, your business and your life.

The more you plan and follow that plan, the more likely you will succeed, close to schedule.

CLICK HERE
to return to
Table of Contents

Given the choice of let's have fun versus let's work hard, most people would chose to play. But you have to pay the bills, so you are forced to do the work before you get to play. I am not suggesting that you shouldn't have down time or vacation breaks. We can't work 24/7, at least not for long. We need our sleep, to be refreshed and start anew the next day. Self-discipline is required to keep things in check.

**Moving your best sales rep into management**

When you promote your best sales representative into a management role, you take your best sales rep off the street and hope he or she will do a good job as a manager. That's a possibility but certainly not a probability. What is the correlation between someone who can sell and someone who can manage?

If your sales rep can train others to extend the cumulative sales reach for your business, then this is a wonderful thing. If your sales plunge and your sales people leave en mass, then the result of your best laid plans may not be what you expected.

**Profits and quality**

Say you own a restaurant that is very busy and profitable. You buy quality food and you are known for having reasonable prices. You decide that you need to charge $1 more per alcoholic beverage to increase profits. You significantly improve your margins, while keeping your food prices intact. You have improved profits and have not sacrificed quality.

But if, on the other hand, you start buying lesser quality food to squeeze your margins, then you may temporarily increase profitability, but you also will have sacrificed quality.

CLICK HERE
to return to
Table of Contents

Shouldn't the goal be to maximize sustainable profits? Ideally, you would charge an amount that would maximize your profits and not affect your quality.

**Long term versus short term**

You can increase short-term profits at the expense of long-term growth. For example, in a public company, the CEO may be paid a substantial bonus in cash or stock to bring in projected profits this quarter or this year.

**Work versus play**

This incentive drives the CEO to push sales, cut expenses and focus on the short-term results. This can have detrimental effects on the long-term sustainability of the company. It can permanently affect the brand.

These are just a few of the many choices we face in our businesses. Another great example is employee pay. Do you get better results if you pay more? Perhaps, but it is not guaranteed.

In all of these examples, it is a question of balance; finding the right mix, having a balanced life, sustaining profits without hurting corporate longevity.

CLICK HERE
to return to
Table of Contents

Recently, General Motors had a massive recall that was a result of saving pennies at the expense of its reputation and lost lives. This should make you think twice.

When you make these business or personal decisions, think of our local talent, Nik Wallenda, and remember: It is a question of balance.

# Chapter 53

# In this game of cards, no shortage of aces

**Published: Monday, March 2, 2015 at 1:00 a.m.**

WHEN I WAS A KID, MY older brother, Steve, asked if I wanted to play a card game called 52 pick-up.

When I said yes, he tossed a deck of playing cards on the floor and said, "Go pick 'em up." This small business column is my 52nd for the Herald-Tribune's Business Weekly. That's one year of tips and suggestions to help you operate and grow your business.

CLICK HERE
to return to
Table of Contents

So, I'm throwing down my favorite 52 tips from the past year. Pick up the ones that work for you.

All small businesses have limited funds, some more limited than others, but limited, nonetheless. How you allocate those funds can make the difference between success and failure.

Without deep pockets, a critical mistake can be your last.

Ask the right questions and you'll get the right answers.

Be willing to compromise and make strategic trade-offs.

Don't be afraid to walk away from a bad deal.

Always know what your alternatives are.

Understand changing customer expectations and be customer-focused.

CLICK HERE
to return to
Table of Contents

There are only so many plates you can spin before you have to hire someone else to spin a plate or two for you.

If you are the owner, CEO, or top person in your company, you should work your way out of every task/job that you are able to delegate. Your goal should be to get an acceptable replacement who will get the task done, even if it will be different than the way you would get 'er done.

As you grow, you should be working more on your business than in your business.

Most of the things on your To Do list are probably things you should not be doing.

Just because you can, doesn't mean you should.

Have you ever thought of creating a To Don't List -- a list that has all of those things you shouldn't do?

You should spend your time doing whatever advances your business.

Don't reinvent the wheel, just change the spokes. Just a small change to a proven strategy might make all the difference in the world.

Prioritize by doing first things first, and second things never. Always do the most important thing for your business first, and when that's done, the second one will become the first.

Count everything that's countable and then determine the most important metrics for your business, aka key performance indicators, or KPI.

**CLICK HERE**
**to return to**
**Table of Contents**

Every business should develop its most important numbers. Measure them consistently and constantly.

Hire slow, fire fast.

Inspect what you expect from others.

"About right" now is better than exactly wrong later.

Hire smart rather than manage tough. You can't change people and shouldn't try.

Hire for attitude and train for skills.

Do the right things rather than do things right.

Be effective first, efficient second and solve the right problems.

To solve a problem, you have to be aware of the problem.

**CLICK HERE**
**to return to**
**Table of Contents**

Learn how to know what you don't know. Easier done than said.

Nobody cares how much you know, until they know how much you care -- about them!

Create written goals. The "what" must have a "when." Write specific, achievable, worthy goals (the what) with realistic dates for accomplishment (the when).

Use divergent thinking to explore possibilities and convergent thinking to drill down.

Bet on the person with past successes in the industry.

Try to improve just a little, maybe just one thing, every day.

Your business will die. "When" is the big issue.

Keep your break-even number as low as possible and make your mistakes as inexpensively as you can.

If this was a cake walk, everyone would do it.

Creating a business plan greatly increases your chances of succeeding in your business.

Develop the habit of doing those things that unsuccessful people don't do.

Hire the best you can -- they will always find a way to make you money.

CLICK HERE
to return to
Table of Contents

Without profit, your business doesn't continue to be in business.

Cash flow is the life blood of your business. When you are out of cash (blood) your business is dead.

There is no talent needed to lose money. Anyone -- yes, absolutely anyone -- can start and run a losing business.

Hoping will not affect your profits.

Sooner is better than later, but later is better than never.

A manageable amount of debt can be your best friend.

A business without profits will eventually fail (when the cash runs out).

Being a slave to a losing business is hell!

Scaling a business might require you to take your eye off one ball and focus on another one. Can you do this without losing your momentum?

CLICK HERE
to return to
Table of Contents

Do not bet the farm on a new location.

The entrepreneur is willing to take a calculated risk with his money and bet on his ability to take an idea to fruition as a successful product or service.

The entrepreneur will want to grow, grow, grow, and the professional manager will want to know, know, know.

Have a strategic plan in place, pivot as needed, and don't outstrip your cash flow.

Thanks for reading my column this past year. I hope you have benefited from my advice.

# Chapter 54

# 'Shark Tank' lessons for all you minnows

**Published: Monday, March 9, 2015 at 1:00 a.m.**

I LOVE WATCHING "SHARK Tank" at 9 on Friday evenings on ABC. When my son, Robby, is home from college, we watch it together.

The show begins with impressive wooden double doors automatically opening and selection of entrepreneurial company founders walking down a long corridor flanked by sharks in large aquariums. The company owners begin their pitch in front of five or six entrepreneurs, called "sharks." Either none, one or more of these successful business people (typically three to four men and one to two women) might invest in the pitched businesses.

CLICK HERE
to return to
Table of Contents

The sharks are millionaires and billionaires who have made their fortunes in one or more varied businesses. They are flush with cash and, hopefully, the knowledge it takes to succeed in various business enterprises.

The pitched business usually start out, "Hello, sharks, our business is So and Such and we are seeking $X dollars for Y percent of our business."

At that point, I ask my son, "How much are they valuing their business for?" Being a math wiz, Robby quickly computes the requested business valuation.

The business owners who are seeking funding from the sharks explain what their business does. They usually provide a demonstration or product samples. The sharks ask many good questions, such as: What are your current sales? Whom are you selling to? Are there any Internet sales? How long have you been in business? What does it cost you to make the product (or provide the service)? How much are you selling the product for? What are your margins? How much have you invested?

CLICK HERE
to return to
Table of Contents

I frequently pause the show and my son and I discuss the viability of the business and whether we would invest in it and how much we would be willing to pay. Is the business being under- or over-valued? What markets would benefit from this product or service? Are there questions that have not been asked that should be?

We carefully listen to the sharks and their proposed offers so we can learn how seasoned entrepreneurs view new or young business opportunities.

This is a terrific teaching opportunity for me and a learning opportunity for my son. All the while, we have fun with this entrepreneurial exercise.

**ASPECTS OF SHOW**

Some interesting aspects of the show include:

Great exposure There are times when the participating businesses walk away empty- handed, with no shark investing in their business. The sharks individually explain why they are not investing in this business and then state, "and for that reason, I'm out!"

The enormous national exposure for these businesses and their products may help participants get investors outside the "Shark Tank" or help them sell more products via the Internet or other outlets. In one particular example, an entrepreneur with a wine-related product made millions without the participation of shark investors. They referred to this as "the best deal that got away." Some sophisticated investors don't really want to make a deal with the sharks and are on the show just for the exposure it affords.

CLICK HERE
to return to
Table of Contents

Funding success Sometimes two or more sharks join forces and do a joint-venture deal. It's fun to watch the dynamic between sharks if they like and pursue the same deal. Sometimes they fight each other (hence the name sharks) and sometimes they join forces. Each week "Shark Tank" looks back at business deals that were made in the past, in which the sharks helped the business become very successful.

The sharks benefit How brilliant to have a platform where business deals are presented to potential capable investors. The individual notoriety from the show undoubtedly brings other deals to the sharks.

This exposure is, as Master Card would say, "priceless."

**OTHER AVENUES**

Some thoughts on other ways to attract venture funding:

Local sharks Why not have local "shark tanks" that can help with early stage funding of businesses?

CLICK HERE
to return to
Table of Contents

Accelerators In the past decade, business accelerators have cropped up around the United States to help worthy businesses obtain seed funding. Typically, seed funding is provided in a three-month to one-year program, with amounts ranging from $20,000 to $120,000, and accelerators retain 2 to 10 percent equity, with the average at just over 7 percent.

Usually, an educational component to nurture the business is included. There are instances in which SCORE mentors provide education to businesses in conjunction with accelerators.

Ways you can benefit Operate your business as if you were going to be on "Shark Tank."

Know your numbers backwards and forwards. Know your costs, break-evens, profit margins and be able to answer the questions that the sharks pose to entrepreneurs.

Have your 30- second elevator speech down pat. If you believe that you are good enough, apply to be on "Shark Tank."

If your growth has been stratospheric, there is always Inc. magazine's list of the fastest growing companies.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 55

# Cost versus control, and how to outsource

**Published: Monday, March 16, 2015 at 1:00 a.m.**

OUTSOURCING CERTAIN tasks and functions might enable you to concentrate on your core competencies while saving time and money and improving your bottom line.

As head of your company, you should focus on those things that maintain the firm's competitive advantage and outsource just about everything else. Your goal should be to stay lean and keep your overhead down. This is especially true for a new business that needs to keep its break-even point as low as possible.

**CLICK HERE**
**to return to**
**Table of Contents**

Don't go into deep debt despair. Necessity is the mother of invention, so think positive -- anything is possible.

Cost versus control are competing variables. How much money will you save by outsourcing? How much control will you sacrifice? Only you can decide what is right for your business: what tasks to outsource and what to do in-house.

In general, tasks that are repetitive, specialized or require expertise should be outsourced. Bookkeeping, data entry, IT, Web design, graphic design, payroll, legal and accounting are some obvious choices. Other services to include are public relations and advertising.

For every square foot of office space that you will not need to house employees, you will save money on the cost of the space, utilities, payroll, taxes, health care, workers comp and more.

For example, a new business might not need office or warehouse space. I once started a business in a one-room sublet space. My friend Donald wanted to downsize and I paid a very reasonable couple hundred dollars to get the business started.

**CLICK HERE**
**to return to**
**Table of Contents**

Months later, when he vacated the suite, there was a second room available, with a view. A vendor who called on me just couldn't believe I didn't have warehouse space and was operating out of this small "incubator" space.

My mindset was to outsource just about everything possible, including billing. I only hired when it was an absolute necessity, and I was careful about whom I hired. I knew that I couldn't afford to make expensive mistakes.

So how should you decide what to outsource?

You can't do it all, nor should you try. Outsource everything tedious and repetitive, as well as those tasks that you can't do well or don't want to do. Let go, delegate and take a deep breath. Remove yourself from low-level operating tasks.

Check references, and put agreements in writing. Don't assume anything. Remember, agreements prevent disagreements. As stated above, the operative words are cost and control; many times these are at odds.

Costs should determine many of these decisions if control is not the main reason you need to keep functions in-house. For small businesses, professional services such as accounting and legal should almost always be outsourced. You can even outsource chief financial officer functions today.

CLICK HERE
to return to
Table of Contents

You should maintain quality standards for outsourcing. Create agreements that clearly outline the responsibilities to be provided, including quality standards and delivery times. Include penalties for late delivery and provide incentives for superior performance.

Be ready to change, if needed.

In my example mentioned above, I eventually decided to bring billing in-house as my billing contractor became less reliable. I needed to better monitor (control) receivables coming into the business.

Don't become dependent on any one person in an important role. Today, more than ever, security risks should be a major concern. Stay on top and limit sensitive documents to those employees and vendors on a need-to-know basis.

Be cognizant of time-zone differences and language barriers in seeking offshore help. Many companies have turned their customer-support functions over to less-costly global talent pools in India and other countries. Use the extended hours afforded as a competitive advantage if this is strategically important for your business.

CLICK HERE
to return to
Table of Contents

Concentrate on sales. Additional sales most often cure all ills in business, so concentrate on bringing in more business and creating new revenue-generating activities. Remember, nothing happens until someone sells something. So, have a budget, a business plan, a strategic plan and monitor exceptions, taking corrective action as soon as possible. Iterate as needed and improve your business daily. Track key performance indicators as often as needed, but at least monthly.

In summary, the benefits of strategic outsourcing should result in improved growth, productivity and profits -- and fewer headaches. You should realize both short- and long-term benefits and efficiencies. If a task or function is important and contributes to operational performance, then do it in-house. If the task or function is not of strategic importance and contributes to operational performance, then outsource it.

# Chapter 56

# Why content is king of website marketing

**Published: Monday, March 23, 2015 at 1:00 a.m.**

IF YOU ARE IN BUSINESS today, you must have a Web presence.

## Facts

***CONTENT METRICS***

*According to the Content Marketing Institute, eight*
*content metrics should be measured:*
*1. Reach -- How many unique visits are there?*
*2. Geography -- Where are*
*they coming from?*
*3. Mobile -- Are they coming*
*from mobile searches?*
*4. Engagement -- How much*
*time is spent with your content and what's the bounce rate?*
*5. Heat maps -- What are the*
*user click patterns?*
*6. Page views -- How many*
*pages are being viewed?*
*7. Sentiment -- What*
*comments are left?*
*8. Social sharing -- Is your*
*content being shared on Facebook or other social media?*

**CLICK HERE**
**to return to**
**Table of Contents**

One of the most important decisions in setting up a website is choosing someone to design, create and update your site. Within that context, you must focus on areas including search engine optimization and social media. These decisions are costly and time consuming, but necessary.

**CLICK HERE**
**to return to**
**Table of Contents**

Of utmost importance is the degree to which your website will be working for you. You need to consider many variables, especially the ability of your website to get the word out to your audience. You want your Internet presence to distinguish your business from your competition. It must have "calls to action" that move interested viewers along the buying continuum funnel from just looking, to new and, eventually, repeat customers. Efficiently converting browsers to buyers is your goal and the ultimate measure of your success.

The more I learn about this process, the more I know that content is indeed king. Good content can increase your brand's reach and your bottom line. Great content displayed creatively can do even more.

Google's Panda update of its search-engine software sought to penalize poor-quality content in its search-result rankings.

According to the Content Marketing Institute, content marketing costs 62 percent less than traditional marketing and generates three times as many leads. Content marketing has a return on investment that's three times that of paid search. To develop an integrated content- marketing strategy, each piece of content used in your website must be part of a larger plan. You must make content work for your brand.

Important things to consider:

As I indicated in last week's column on strategic outsourcing, work on your website, including content creation, might be good to outsource.

**CLICK HERE**
**to return to**
**Table of Contents**

Have valuable content on your site. Valuable content targets your audience and is search- engine friendly. Remember, content marketing is marketing.

Use Google AdWords. Signing up for Google AdWords is free. You only pay when someone clicks your ad to visit your website, or calls you -- in other words, when your advertising is working. Develop a reasonable budget and test, test, test.

Keyword research is a critical component to an integrated search-engine optimization strategy. You need to know what people are searching for so you can target the right audience. It is likely that mobile searches submitted verbally (ie: through Siri) will be different than expected. People express themselves differently when they're speaking compared with when they're typing.

Preemptively develop answers to the most common searches or questions asked in your industry.

Use one keyword for each page of content you are promoting.

See what terms are searched for most (high search volume) and what terms have the least competition to improve your chance to be selected. Keyword research should fuel your content-generation strategy. Google has keyword-contextual targeting tools that seek to bring your message to the right customers when they are online.

**CLICK HERE**
**to return to**
**Table of Contents**

Decide if your content is going to be that of a thought leader or designed to promote brand awareness. Are you seeking engagement or customer retention? Content should be focused, high-impact and be optimized for search engines. Your goal is to provide value to your audience.

Determine what you expect to accomplish with your content- marketing strategy. Is your audience large enough to justify the time and expense that will be involved in creating it?

It's a good idea to develop a content marketing checklist.

Have a style guide for the content. Know the tone of your site. For example, will it be formal or conversational?

It's important that your audience can find what they are looking for, that your content is readable, understandable and also sharable. Make sure there is a call to action, and a place for comment.

As you can see, it takes a lot of thought, time and effort to develop quality content for your site. But this all-important content will be valuable for your audience and, ultimately, for your bottom line.

**CLICK HERE**
**to return to**
**Table of Contents**

**CLICK HERE**
**to return to**
**Table of Contents**

# Chapter 57

# Dealing with 5 working generations at one time

**Published: Monday, March 30, 2015 at 1:00 a.m.**

LAST WEEK, I interviewed Tricia McLaurin, a subject-matter expert and human resources consultant with Paychex.

CLICK HERE
to return to
Table of Contents

He specialty, generational characteristics in hiring and managing employees, proved to be enlightening.

This is an extract from that interview, highlighting both interesting and useful information on the two youngest generations: the Digital Natives and the Millennials.

As the older generations retire from the workforce, the younger generations fill those gaps and move up and expand their presence throughout the employment continuum.

According to McLaurin, this is the first time in recorded history that we have five working generations. As with anything new, there is a learning curve.

To make the workplace more successful, it's necessary to incorporate the distinctly different strengths of each generation. Management must identify how they can help and where each generation's strengths and weaknesses are. Then managers must provide assistance and support in areas of concern.

The five distinct generations working today are:

CLICK HERE
to return to
Table of Contents

1. The Silent Traditionalists -- 70 years and older

2. The Baby Boomers -- 51-69

3. The Generation X'ers -- 35-50

4. The Millennials -- 16-35

5. The Digital Natives -- birth-15

**The Digital Natives**

Granted, the Digital Natives are a little young and can be found more as hobbyists seeking to be entrepreneurial or providing technological help to their parents. According to McLaurin, "This group is technologically literate and savvy but functionally illiterate. They have experience with almost every technological gadget that there is, so they give us a glimpse of what technology could look like in just a few years. They are very willing to try new things. They have never not known technology, and so they embrace all possibilities.

We've seen children starting their own businesses, coming up with ideas on how to do things if for no other reason than they want money now. So we see the entrepreneurial spirit alive and well in some youngsters. Younger CEOs, younger presidents of companies and an opportunity to say, this was non-existent so I created it and now we have it."

In dealing with this group, McLaurin advises, "Embrace some of the fundamentals that we automatically assume. Some statistics show that these Digital Natives cannot tell time unless its digital, and don't know how to make change without the use of electronics. Some of these things that were core fundamentals to us may not be to them. It's important to know that they're speaking the same language and embracing the same fundamentals as you do."

CLICK HERE
to return to
Table of Contents

**The Millennials**

According to McLaurin, there is a vast difference in millennial technological ability. Much study has been dedicated to understanding who they are and how they operate.

"Millennials are incredibly savvy with regards to technology. However, they have not learned some of the fundamentals that we consider most important for in-person communication. They have difficulty being able to represent themselves well, if it is not through social media or a technological device."

Millennials and Digital Natives embrace the viewpoint of "Don't judge me for how long I've been here, or how loyal I've been, but judge me for the content of my work."

Millennials often look to be supervisors and managers within one year or less, while other generations may have strived for years to reach the same positions. That paradigm shift has also affected how they expect to be treated. Hot buttons such as flex days and flexible time may be what they want.

CLICK HERE
to return to
Table of Contents

Millennials are efficient communicators as they have always made presentations. They embrace the technological advancements that have been made over the years.

They are the "What's in it for me?" group, so they are consistently looking for a better way, a better opportunity, and therefore have been cited as very innovative, because they will find a way to get it done quicker and easier, while maintaining quality.

Millennials expect rewards that are particular to them.

To get their attention, don't talk about the big picture, about how it affects the entire workplace and how everyone benefits. To get them to buy in, explain how it helps them.

Technological advancements and monetary compensation will always move them. They have an expectation to be lured with the benefits that will cause them to want to work hard and to turn-down your competitors. According to McLaurin, "Millennials like things fast, bright, exciting and energetic. They are not the ones who will sit in an eight-hour conference. They'd much rather join a conference call or Web-X than come to the boardroom and have a meeting."

Understanding these generational characteristics and applying the appropriate tools can make your workplace more successful by identifying, implementing, and embracing their differences.

Next week we will focus on the other three groups: The Silent Traditionalists, The Baby Boomers and the Gen X'ers.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 58

# Generational differences in the workplace, Part 2

**Published: Monday, April 6, 2015 at 1:00 a.m.**

LAST WEEK, I COVERED generational characteristics in hiring and managing employees, and focused on Millennials and Digital Natives (the two youngest groups). This week, I will focus on the three older groups: Silent Traditionalists, Baby Boomers and Generation Xers. This is an extract from my interview Tricia McLaurin, a human resources consultant with Paychex.

CLICK HERE
to return to
Table of Contents

To make the workplace more successful, the distinctly different strengths of each generation must be incorporated. It is important to know how communications differ from generation to generation and, most of all, to know how the different generations would like to be heard, rewarded and appreciated.

The five distinct generations (and ages) in the workplace are:

1. The Silent Traditionalists -- 70 years and older.

2. The Baby Boomers -- 51 to 69.

3. The Generation Xers -- 35 to 50.

4. The Millennials -- 16 to 35.

5. The Digital Natives -- birth to 15.

**The Silent Traditionalists**

CLICK HERE
to return to
Table of Contents

Let's start with the most mature generation, the Silent Traditionalists. According to McLaurin, "they are the penny-pinchers, focused on money, how much things cost and what is being spent. This can be attributed to being raised by parents who lived through the depression and taught them to be fiscally responsible with their spending."

Silent Traditionalists have experienced more change than ever, because of the mandates in the workplace to incorporate technology. This group embraces face-to-face communication. They like to touch, to feel an agenda or memo in their hands, as opposed to using devices as the only means of communication.

To communicate with a Silent Traditionalist, keep the human interaction.

According to McLaurin, "The Baby Boomers are considered to be the most liberal group. Although this can be positive and advantageous in certain scenarios, they're sometimes looked at as hard to reign in. They appreciate independence, and opportunity and sometimes that overwhelms productivity."

They want to be in groups. They want to embrace, get to know and tag-team. They prefer to meet in a conference room rather than to attend a conference call or webinar.

**Generation X**

The Generation Xers are the most moody. They were the ones who first had independence and were entrepreneurial. According to McLaurin, however, "Because that great, big American Dream did not always work out as expected or as told by their parents, they're very bitter about where they find themselves in their career path and with certain aspects of their work-life balance."

CLICK HERE
to return to
Table of Contents

They appreciate technology, digital learning options and remote campuses for classes. They want options, such as personal versus technological.

These three generations all appreciate face-to-face interpersonal communication.

Some questions and answers with McLaurin about them:

**Q:** Would some of the generations be better suited for certain types of positions than others?

**A:** Silent Traditionalists currently hold positions such as CEO, president, president emeritus in organizations that they have been with for a long time. They embrace working as long as they can before retirement. The next class of Silent Traditionalists are returning to the workforce. They're starting encore careers because they've retired from their first career choice. They are looking to remain active and supplement other income. They want to stay focused and be involved with the workplace.

**Q:** What might be the greatest impact we're seeing with these generations?

CLICK HERE
to return to
Table of Contents

**The Baby Boomers**

**A:** For the Silent Traditionalists, it is their knowledge and information. They're a walking wealth of reference. They are the ones who have often been there since the company began. They help us see where we're going, because they understand where we've been.

In the age of Baby Boomers, females entering the workforce had a positive impact. They are the team players, the ones who you can give the vision to and they will run with and embrace it. They're always optimistic.

Generation Xers provide the entrepreneurial spirit. They're independent thinkers who can be trusted to take a project from start to finish with minimal supervision and get it done. They are willing to take chances, to bet on the company and on themselves. They will put in the time and invest in the bigger picture.

**Q:** What are some effective ways to reward each group and let them know they are appreciated?

**A:** Silent Traditionalists desire longevity benefits, such as security and health benefits. Acknowledge that they are doing a good job. Vacation time is viewed as a reward for their hard work.

Baby Boomers are looking for appreciation, too. Publicly acknowledge how their contributions affect the workplace. Baby Boomers make up the largest portion of the workforce (45 percent) and they want to see opportunities and equality.

Generation Xers desire monetary rewards and portable options such as gift cards, stock options and tuition reimbursement. These are forms of remuneration that they can benefit from and will also inure to the workplace. They want to work their schedule, perhaps start earlier and leave earlier. The important thing to remember is to let them choose.

From the Silent Traditionalists to the Digital Natives, the workforce is more diverse than ever. This unique situation allows you to choose the best person for the right job for your business.

**CLICK HERE**
**to return to**
**Table of Contents**

**CLICK HERE**
**to return to**
**Table of Contents**

# Chapter 59

# How can I know if my website is doing its job?

**Published: Monday, April 13, 2015 at 11:59 a.m.**

SEVERAL MONTHS AGO, I interviewed Scott Gonnello, who is an expert on search engine-optimization.

Scott has been a repeat guest on my nationally syndicated podcast series, Been There, Done That! with Dennis Zink, available on iTunes, Stitcher Radio, score.org, Manasota.score.org and other distribution channels.

CLICK HERE
to return to
Table of Contents

I interviewed Scott on website performance analytics / Google analytics.

**Q.** How do you analyze website performance?

**A.** There are many ways to analyze a website. No. 1, if sales are going through the roof, if phone calls are coming in, if there are a lot of email requests, those are all ways to verify that a site is working. To get more technical, drill down into Google Analytics. There's a wealth of data Google tracks that provides pertinent information on how a website is performing.

**Q.** What is Google Analytics?

**A.** It's tracking software. Incoming website traffic provides data regarding visitor site duration, number of users, the bounce rate and pages viewed per session. This information can be used to play detective, so to speak, to see what's working and what's not working on the site.

**Q.** What is a bounce rate?

CLICK HERE
to return to
Table of Contents

**A.** A bounce occurs when a visitor hits the site, sees one page and leaves. Now, that bounce rate ties in with the time on the site and number of sessions per user. A high bounce rate and a low session time on the site means something's not right. Visitors come and go quickly. This could occur for several reasons, such as: spam sites hitting; it's not the page visitors were looking for; it's not the company they were looking for; or they're not impressed with that one page and they leave.

**Q.** Is having Google Analytics the same as SEO?

**A.** The answer is absolutely yes and no. Having a library card in your wallet doesn't make you smarter unless you actually read books. Companies may think they're doing SEO by having analytics but the reality is, unless someone is looking at those numbers and doing something with them, it's not SEO.

**Q.** How are analytics used to help SEO?

**A.**. View incoming traffic and the number of users per month. Is that number going up or down? These metrics delineate traffic patterns and trends, what's working and what's not. For example, a site may have a high bounce rate. This may indicate people don't like the site, unless of course the phone is ringing off the hook from that bounce rate. You have to understand how to interpret the numbers and trends.

**Q.** How can the phone ring off the hook with a high bounce rate?

**CLICK HERE**
**to return to**
**Table of Contents**

**A.** If there are online sales, visitors may search for a page online, find one page, make the call or place the order. In this case, that's not a bad bounce rate.

**Q.**. What should the average website owner view in Google Analytics?

**A.** When I talk to clients around the world, they don't really understand the analytics. They may say, "We have Google Analytics in our site for new customers," and they don't really know what to look for or how to use the data.

Starting with the basics, there's two sides: one is the audience side, indicating who's looking, from where and when; and the other side is acquisitions, how visitors are finding the site.

On the audience side, the overview tells many things, such as how many people came to the site, how long they stayed, how many pages they viewed and the bounce rate. This provides information that can help discern trends and patterns.

The acquisition side tells you where visitors are coming from, how they're finding the site through the search engines, referrals, and other websites.

**Q.**. Is one of the keys, as in any business metric, to understand what you've been doing and try to improve regardless of what that number is?

**CLICK HERE**
**to return to**
**Table of Contents**

**A.**. Sure. Tracking these numbers is a good way to focus on parts of a website that aren't performing well. If there's a page that has a very high bounce rate, look at that page and make it better. Consider a call to action for visitors to do something once they get there.

**Q.** What's the difference between users and sessions?

**A.**. Users track the people that visit. If 10 people visit, that's 10 users. Let's say each person goes back twice in a 30-day interval. So you've got users of 10, but you have sessions of 20. Generally, what you find is users indicates one number and sessions are slightly larger because visitors came back and looked again. Google tracks IP addresses, so Google knows when visitors come to the site for the first time or if they're returning. It's that returning viewer that creates a higher session rate.

**Q.** What is a landing page?

**A.** A landing page should function like a table of contents, indicating what's in the site. It can list products and services with bullet points and links to pages. It's a place to learn more "about us" and who's part of our team. A landing page provides a call to action, a menu, where visitors can look, find, click and go.

**Q.** What general advice would you give somebody who wants to know about analytics?

**A.** Add Google Analytics into your website so Google can start tracking. There's a free code that Google will provide. The second most important thing is to observe the trends and use them to help make decisions to market your company better.

**CLICK HERE**
**to return to**
**Table of Contents**

**CLICK HERE**
**to return to**
**Table of Contents**

# Chapter 60

# There's help to reach a world of customers

**Published: Monday, April 20, 2015 at 1:00 a.m.**

A NEW PARTNERSHIP between State College of Florida, Manatee-Sarasota, and Manasota SCORE offers local businesses that could benefit from exporting their products an opportunity for help to research and plan to begin selling their products abroad.

The free program will be under the guidance of SCF adjunct instructor and SCORE mentor Charles Steilen.

CLICK HERE
to return to
Table of Contents

To qualify, businesses must be in the Sarasota-Bradenton area, have 10 or more employees, have been in business for at least three years and be first-time exporters.

The application deadline is July 15. The program will launch at the beginning of the Fall 2015 semester, on Aug. 18.

This program was initiated by Manasota SCORE, in cooperation with Amy Santos, SCF department chairwoman of business/technology. Steilen, who has extensive experience in international marketing, will guide participating SCF students, who will be enrolled in undergraduate programs in international business and trade and in technology management.

Participating companies will collaborate with students to help select a product and a targeted market and to develop an export strategy and action plan, taking into account the challenges and estimated cost of executing the strategy.

Steilen said he is excited about providing students with real-life, engaging educational experiences and about helping companies boost sales by entering new markets.

CLICK HERE
to return to
Table of Contents

"We need to get people excited about exporting," Steilen said. "Only 1.5 percent of all U.S. companies have ever exported and, of those, 58 percent export to only one foreign market, typically Canada or Mexico."

He is concerned that only 10 percent of the U.S. GDP is driven by exports, whereas the U.K. has 27 percent; Canada, 27 percent and Germany, 40 percent.

"Although we tend to blame the other side for taking jobs away from us, we cannot be defined as an export-driven country, given these figures," he said. Ninety-five percent of the world's customers live outside the U.S.

Steilen hears many excuses for not exporting and wants people to overcome these defense mechanisms. The comments he frequently hears are: "The U.S. is such a big market that I need to first expand to other parts of the states," and "I don't know if I can supply additional markets, " and "I know nothing about foreign markets."

He also said he feels it is critical to get young people involved in this process now, so when they graduate they can directly influence employers down the road.

Steilen, who now lives in Sarasota, has been a marketing professor for 45 years and spent 30 years in Hong Kong as a marketing consultant and management trainer. He directed the Asia Pacific Institute of Business at the Chinese University of Hong Kong, assisting Asian organizations and American companies with import activities. He also served as consultant for the International Trade Development Department of the Hong Kong government.

I am especially pleased and proud about this program, as I know I played a part in making something worthwhile happen in our local business community.

**CLICK HERE** to return to Table of Contents

My Jan. 26 column entitled "Florida needs strategy to encourage exports" was followed within days by an Enterprise Florida news release, "Florida SBDC Network, Enterprise Florida Partner to Help State Businesses Expand Overseas."

As my friend Sara Hand, founder of Spark Growth and the Station 2 Business Innovation Center in Bradenton, says, "Dennis gets stuff done."

I worked closely with Santos and Steilen to help develop this program. My hope is that local businesses will get stuff done to expand our region's export footprint.

Companies that are interested in the SCF program should contact Santos by calling 752-5511 or emailing her at santosa@scf.edu in time to complete the application process before the July 15 deadline.

Participating companies must designate one employee who will hold an introductory meeting with the student and instructor, serve as the liaison between the student and the company and attend the student's final presentation at the end of the course.

**CLICK HERE** to return to Table of Contents

# Chapter 61

# Business pilots know a checklist can prevent a crash

**Published: Monday, April 27, 2015 at 1:00 a.m.**

IF YOU WANT TO START A business, it's a good idea to have a checklist to guide you.

Just as pilots don't leave the ground without their checklist, neither should you, lest you risk an early demise.

CLICK HERE
to return to
Table of Contents

There is no guarantee that a checklist, in and of itself, will make your business successful. But your chances are greatly enhanced with a comprehensive list.

Here are some of the questions you should ask and the answers you should include on your checklist.

**Your business concept**

What is your business idea and does it make sense in this market? Does the business product or service exist in this market or other markets, and is it viable? If it isn't something new, how many competitors will you have?

If you are not sure, seek help from mentors who can help you determine if your business concept makes sense.

Are you familiar with the industry? Is there a trade association for this industry?

**Do the numbers jibe?**

CLICK HERE
to return to
Table of Contents

Have you figured out how many units or services you have to sell to break-even and make a profit? Have you projected how long it will take you to get there?

Do you know what your cost structure (direct and indirect costs) will be? Do you have the ability to go without pay for an extended period of time? Is your confidence level for success so high that you are willing to quit the paying job you have?

Do you have or can you get the resources to bring your concept to fruition?

This is a two part question: Do you have the financial resources available, both money and credit. Do you have, or can you assemble the talent needed? Will you have to share your equity with others?

**Sales and marketing costs**

Is your sales strategy based on your website? Do you have sales people who can sell? Have you explored how much you will have to pay to attract and retain competent sales people? Have you separated start-up, one-time, non-recurring costs from repeating costs?

**Professional fees**

Have you selected an attorney, an accountant, and a banker and budgeted for start-up and on-going professional fees?

**Overhead costs**

CLICK HERE
to return to
Table of Contents

Do you need a physical place to conduct business? Have you estimated administrative costs you will likely encounter as your business grows? Have you budgeted for payroll, taxes, insurance, rent, utilities, etc? Will you have to train employees?

**Technology costs**

Will the business require computers, point-of-sale systems, special software or other technology?

**Intangibles**

This may be the most important consideration. Do you have the drive to be a successful entrepreneur? Have you done anything like this before? Are you persistent, creative, goal oriented?

**The start-up checklist**

In creating your start-up checklist, do as much as possible in the following areas. Complete projections as indicated for 3 to 5 years. Most people won't do this, so the more you do, the better your chances for success.

CLICK HERE
to return to
Table of Contents

Profit and loss -- monthly year one; quarterly years two and three; annually years four and five.

Balance sheet -- monthly year one; quarterly years two and three; annually years four and five.

Statement of cash flows -- same frequency as above.

Source and application of funds -- same frequency.

Know your break-even point.

Conduct a comprehensive competitive analysis.

Develop market-share projections.

Create collateral materials.

Create a working prototype as applicable.

Formulate the strategies to be deployed.

**Your business plan**

It should contain all of the preceding information, plus a detailed description of the business, biographies of the management and key personnel, plus an executive summary.

Other tasks to be performed include the following (the first four require appropriate professional assistance):

**CLICK HERE**
**to return to**
**Table of Contents**

Create a unique trade name and make sure it's not already being used.

Determine the business' legal structure -- LLC, corporation, partnership, etc.

Decide your legal name, address, phone number and email address.

Obtain the necessary licenses -- city, county, state, federal.

Hire necessary personnel.

Be flexible and make adjustments.

**The Business Model Canvas**

This alternative to the formal business plan might be better as a starting point to determine the viability of your business.

The BMC lists nine variables on one page: key partners, key activities, key resources, value proposition, customer relationships, channels, customer segments, cost structure and revenue streams.

**CLICK HERE**
**to return to**
**Table of Contents**

The canvas can generally be completed in one to two hours.

It's a great tool for start-ups, especially when the concept isn't crystal clear and incorrect assumptions need to be changed.

The BMC is meant to be adjusted (iterations made) before (and even during) launch, while adapting to altered market conditions and customer demand.

Remember, it is better to fail, fail often and fail inexpensively at the beginning, when there is still time to make less-costly corrections and revisions to your plan.

# Chapter 62

# There's planning, and then there's strategic planning

**Published: Monday, May 4, 2015 at 1:00 a.m.**

Strategic planning, most broadly, means defining a goal and allocating resources to move toward that goal.

CLICK HERE
to return to
Table of Contents

Strategic planning is analytical (it involves finding the dots); and strategy formation involves synthesis (connecting the dots) via strategic thinking.

It has been my experience that most companies do not have a strategic plan, at least not in writing.

As a business owner, you have to know where you are going; have a game plan outlining how you will get there and when you will arrive.

As circumstances change, and they will, you adapt your compass readings to these changes. It is perfectly OK to change your itinerary.

A strategic plan can provide a useful focal point that moves an organization enthusiastically toward its mission, vision and goals.

Is your company ready to undertake this process?

The questions

Some questions to ask before you begin:

CLICK HERE
to return to
Table of Contents

• Do you have access to a skilled facilitator (internal or external)?

• Do you have adequate time to do the research on the business environment and competition?

• Is there adequate time to involve stakeholder engagement in the process?

• Does the company have a leader for the strategic planning process?

• Is there a budget available to allocate to this process and implementation?

• Will you have buy-in from everyone necessary to accomplish this strategic plan?

• Is there commitment to the process, including remaining flexible?

• Is there an understanding of the process and expectations for how the plan will be used?

Strategic thinking

So where does strategic thinking fit in?

Strategic thinking guides the process of strategy formation. Expressed in very simple terms: A strategic plan should address three questions. 1. Where are we now? 2. Where do we want to be, and when? 3. How will we get there?

Where are we now?

CLICK HERE
to return to
Table of Contents

This is your situation analysis. Gather input from internal and external sources. As you develop company intelligence, include information on the market environment and the competition, including competitive pricing.

Do a SWOT analysis, analyzing your company Strengths, Weaknesses, Opportunities and Threats.

Use industry sources such as associations, trade periodicals and online data to fill in information gaps. Interview key executives and employees.

The goal

Where do we want to be?

List your organization's goals. Think of the acronym SMART: Goals should be Specific, Measurable, Achievable, Realistic and Time-based.

Goals should take advantage of your unique value proposition in relation to your competitors. What is your competitive advantage?

CLICK HERE
to return to
Table of Contents

Use creative thinking to explore possibilities without constraint. Brainstorm, focus on business trends and consider new ideas, what you can add, change or eliminate.

Ideas should be aligned with your mission and values. Know what your customers want and meet their needs.

Improve your customer base and customer satisfaction by providing more value.

Include a financial forecast that is based on your recent historical financials, accommodating changes being proposed. This is your new budget.

The path

How will we get there?

This is your strategic action plan, including tasks and activities that are clearly defined. The plan should identify who will do what, by when. What has to change to get there?

Progress should be measured constantly, and adjustments should be made as variables change. Be sure to allocate adequate resources to accomplish your goals.

Your strategic vision represents your company's future and underlies your company focus, capabilities, market position and activities to pursue.

Consider possible constraints such as: costs, time, company fit and growth potential. Which opportunities are short- or long-term, which ideas have the highest return-on-investment and what is involved in implementation of the plan?

CLICK HERE
to return to
Table of Contents

Strategy examples

Some examples of specific strategies are: To pursue an export strategy with one product to Brazil by the second quarter, to cut manufacturing costs 8 percent by September, to develop two new products by Oct. 1, to develop new markets for product x by March, create a new advertising and public relations campaign by this summer, to refine distribution strategies by January.

Measuring results

The payoff is in dollars. According to the website About.com (about money), in organizations where employees understand the mission and the goals, businesses experience a 29 percent greater return.

When there are none

Many companies lack the ability to execute a strategic plan. One major reason for this is the failure to create a framework that is necessary for follow up. Without this accountability, action items and follow up plans and actions won't happen.

CLICK HERE
to return to
Table of Contents

The best plan is one that actually gets implemented.

Remember, if your company is not going forward, it is going backward.

# Chapter 63

# Decisions: making and influencing them

**Published: Monday, May 11, 2015 at 1:00 a.m.**

HOW DO YOU MAKE A good decision?

Have you referred to someone or heard someone referred to as a decision maker?

Well, everyone makes decisions. Let's look at various processes of group decision-making that affect your business.

CLICK HERE
to return to
Table of Contents

Recently, I participated in a session of the Gulf Coast Community Foundation's Gulf Coast Leadership Institute led by Dr. Richard McCline of the J.W. Fanning Institute for Leadership Development at the University of Georgia. We spent a day working to understand the various aspects and intricacies of the decision-making process.

Dr. McCline guided our group through six types of decision-making approaches along a continuum from unilateral decisions, limited participation and highly participatory decisions.

The following six decision processes begin with the one with the least group participation, called Directive, through a continuum culminating with the most participatory, called Consensus Through Deliberation.

Participatory simply refers to the degree to which members participate in the decision-making process. It includes listening and understanding different points of view in a process that is fair and inclusive.

At some point, a decision must be made, even if the decision is simply not to decide.

CLICK HERE
to return to
Table of Contents

The six approaches to decision making outlined by Dr. McCline and their best uses are:

1. Directive -- The leader or most powerful member in the group makes a decision and tells others.

Best use: In a crisis situation, where lack of an immediate decision could result in a catastrophe.

This "my way or the highway" approach is sometimes needed in times of crisis.

2. Minority Rule -- A few select members discuss the issue and decide. The larger group agrees to follow the recommended decision.

Best use: When the total group cannot or does not need to make a decision.

This approach works best when the trust levels are high.

3. Expert Recommendation -- An expert is consulted and the resulting advice is followed.

Best use: When members lack the necessary knowledge or skill.

"It's useful in the cases where the group cannot reach consensus and agrees to defer to an expert, usually an outsider," said Christine Caldwell, president of the, Integrated Healthcare Group.

4. Input -- A leader asks for input from others before making a decision but controls the decision.

Best use: When the group wants minimal involvement and they trust the leader to decide.

CLICK HERE
to return to
Table of Contents

A completely new idea may result from a trigger-response to a participant's input.

5. Majority Vote -- Members vote on alternate proposals and the one with the most votes becomes the decision.

Best use: Differences cannot be resolved or time is limited.

"The majority vote is only as effective as the informed majority," said Jenny Townsend, president of Suncoast Connections.

6. Consensus Through Deliberation -- All significant views are discussed, including conflicting opinions, to achieve mutual understanding. Members agree they can at least live with the decision.

Best use: When everyone is committed to the group decision.

"This is a good way of fostering group decision making, but it often takes more time," Mark Gordon, managing editor of the Business Observer of the Observer Media Group, said.

**The Agreement Scale**

CLICK HERE
to return to
Table of Contents

A polling of the members in the decision process, taken by a show of hands, a secret ballot, a verbal acknowledgment or an abstention, may show outright agreement ("I am for it") or disagreement ("I am against it") or one of several additional degrees of positive or negative sentiment, such as: "I can live with it," "I am neutral," or "I'll go along with it."

**Involving stakeholders**

A stakeholder is anyone who may experience the effects of the decision, positively or negatively. Involve stakeholders in your meetings by inviting them to attend. Better understanding will lead to more buy-in for the process and the decisions made.

The four I's in stakeholder -- The criteria for deciding who is one:

Impact -- Are they affected.

Interest -- Anyone who has shown a positive interest.

Influence -- Anyone who has the power to influence or block what your group wants to accomplish.

Intelligence -- Someone who has special intelligence (knowledge) that is needed and is willing to help.

Steps in working with stakeholders:

Determine who the stakeholders are. Who might have the influence to block decisions? Who cares about these issues in a vital way? Who would be most directly affected? Who has the knowledge and willingness to carry out the decisions made?

CLICK HERE
to return to
Table of Contents

Reach the appropriate stakeholders. Come up with a strategy to reach the stakeholders by using environmental scanning (monitoring internal and external environments).

There will be "supporters" and "obstructors" for various decisions. It is critical to have a common goal or focus to obtain needed support.

Work with the stakeholders. There are positive and negative stakeholders.

Beware the saboteur or obstructionist participant in the group decision process who may have a hidden agenda, be a naysayer or disrespect the process. It may be a good idea to meet in advance, one on one, with a known or suspected dissenter and ferret out their position. You might pre-negotiate what is acceptable for them to agree with the group decision.

**And then there's government**

The U.S. government provides an interesting view of many of the dynamics of group decision making gone awry.

CLICK HERE
to return to
Table of Contents

For example, in electing our president, majority rule in the popular vote doesn't determine the outcome. The Electoral College does.

And then there's pork -barrel politics, in which a lawmaker's key vote for a bill is secured with money or a project for that lawmaker's home district. The pork usually has nothing to do with the original bill.

Simply put, it is bribery.

# Chapter 64

# Public speaking tips: Transform your fear into energy

**Published: Monday, May 18, 2015 at 1:00 a.m.**

IN MY EIGHTH-GRADE English class, I had to memorize and write without error this famous Shakespearean speech made by Mark Anthony. One misspelled word, misplaced comma or period, and I would fail.

CLICK HERE
to return to
Table of Contents

Today, through websites such as TED and TEDx talks (TED.com and TEDx.com), you can watch well-known thought leaders such as Bill Gates talk about "Innovating to zero" and lesser-known people such as Ken Robinson, whose speech on "How schools kill creativity" has been watched by over 32 million people since June 2006.

My question to you is: Do you enjoy speaking to groups, making presentations, introducing yourself, making a 30-second elevator speech? The odds favor that you would probably rather die than make a speech to a large group.

I love making speeches to large groups, the larger the better. But it wasn't always this way.

I recently interviewed Bob Turel, a 40-year veteran professional-development trainer and a SCORE mentor with our Pinellas chapter. Here are some excerpts from our podcast about how to make effective presentations. (The podcast "Been There, Done That with Dennis Zink" is available on iTunes.

**Q:** What is an effective presentation?

**A:** I would define an effective presentation as anytime you're wanting to get your message across to an audience and, in fact, you do. There are a lot of different ways to do it, but the bottom line is your audience has to not only perceive but be able to understand whatever message it is you're imparting.

CLICK HERE
to return to
Table of Contents

**Q:**: Do you have any set amount of time that you would suggest to prepare for a 20-minute presentation?

**A:** A 20-minute presentation is probably about average for when you're speaking before a chamber of commerce or some kind of a board or internally in a committee for a company.

I recommend using your smartphone in video mode every time you practice. This way, you're objectively seeing what you're practicing. If you have an audience or someone there to help you, hopefully they're giving you feedback and you're able to see the areas in which you can improve.

As a general rule, if you're going to do a 20-minute presentation, you want to be able to practice that presentation at least 10 times. That's a significant investment in time, but you're better off running through it so that you really know the essence of your speech. You don't have to look down and read it when the time comes.

**Q:** What's your opinion about using a PowerPoint presentation?

**A:** I'm not a big believer in PowerPoint anymore. I'm old enough to have been around when PowerPoint came out, and like most people I really got into it. Now, my philosophy is, if it supports the speech or the presentation, use it sparingly. And not with all the frills and fancy stuff that happens with flying in and transitioning out.

PowerPoint should be graphical and it should only support the points you're making occasionally, infrequently, throughout your presentation. I suggest no more than three bullets per slide, and each bullet shouldn't have more than four or five words.

CLICK HERE
to return to
Table of Contents

The point is they are prompts. I'm the show. I want them to watch and listen to me.

**Q:** One of the things that we're asked about all the time is making an elevator pitch or an elevator speech. What do you suggest?

**A:** You really want to grasp the concept of 30 seconds because you have about seven seconds, 10 at the most, to grab your audience's attention. If you don't do it by then, by the time you get to 30 seconds or, for goodness' sake, all of a minute's time, they won't even be paying attention anymore.

The idea is to condense your thoughts, to be crystal clear and as concise as possible.

**Q:** What about memorizing your speech?

**A:** Like an effective actor, if you memorize your lines, if you really know them, you're able to get the essence. You're not necessarily reading them line for line, but what you're able to do is use your face, your body, the tone in your voice to emphasize the entire point you're making throughout your presentation.

CLICK HERE
to return to
Table of Contents

The whole purpose of memorization is to have it (the content) in your gut so that you're able to speak with aplomb, variety and passion about your subject.

If you don't know your subject, then you're going to be looking down at a piece of paper, saying, "Hold on a minute, guys, I need to refresh where I am."

It's better to memorize, to practice as I've indicated, and then you walk onto that stage speaking from your heart, your soul, wherever you're coming from.

**Q:** When you look at your audience, are you looking at anyone in particular or focusing on someone in the back of the room?

**A:** It's an interesting concept in looking at people. When you look at your audience, I always divide it into three. I pick someone in the right field section, to use a baseball analogy, and I look at that person. The concept is if I look at you and there are 10 people around you, they all feel like I'm looking at them.

Same thing goes if I were looking to my left -- whoever is around would feel like I'm looking at them as well. You pick a person, you look into their eyes, you don't spend a lot of time there, but it makes it look like you're making a sincere attempt to communicate with that person and the people in their immediate surrounding area.

**Q:** What is the biggest challenge for nonprofessional speakers facing an audience?

**A:** The biggest challenge in nonprofessional speaking is fear.

**CLICK HERE**
**to return to**
**Table of Contents**

**Q:** What do you recommend to overcome the fear?

**A:** Join Toastmasters. You want to be able to practice on a consistent basis with people who are going to give you supportive feedback. Nothing helps you gain control like practice.

If you think you can do it but you've never done it, you're going to find a real nervous energy about speaking. Practice helps you become better at it, but not necessarily a professional.

I prefer instead of using the word overcome to use nervous energy. If you're willing to look at fear and say, "That's just energy, that's just me being a little bit flighty because I don't usually stand in front of 200 people."

But if you're willing to move, to learn how to breathe properly, if you're willing to do things that are going to help you relax and actually transform the fear into powerful energy, once again through practice, you won't have to overcome it. You'll actually incorporate it.

In case you're wondering how I did memorizing the "Friends, Romans, Countrymen" speech in eighth grade, I passed.

**CLICK HERE**
**to return to**
**Table of Contents**

# Chapter 65

# As many solutions as there are conflicts

**Published: Monday, May 25, 2015 at 1:00 a.m.**

*You say yes*

*I say no*

*you say stop*

*and I say go go go"*

*- The Beatles, "Hello Hello"*

THIS WEEK'S COLUMN ON resolving conflict came about through my participation in the Gulf Coast Leadership Institute.

According to David Hooker, public service associate of the JW Fanning Institute for Leadership Development, "a conflict exists when two ideas are trying to share space. The unifying feature of every conflict you've ever been in, is that 'you' were in it.

"Unresolved conflict is like oil in a bag, it always seeps through and is a little slimy."

There are five identifiable sources of conflict:

1. Data Conflicts -- Lack of information, misinformation, differing views on the data's relevance or different interpretations of the data.

2. Interest Conflicts -- Perceived or actual competition over interests.

3. Structural Conflicts -- Unequal authority or control of resources and time constraints.

4. Value Conflicts -- Different ways of living, ideology, worldview or different criteria for evaluating ideas.

5. Relationship Conflicts -- Miscommunication, strong emotions, stereotyping or repetitive negative behavior.

The nature of the conflict may vary. Clarifying the nature of the conflict may provide possible approaches to a resolution.

If the disagreement is over:

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

Facts -- seek to validate the data, which will help to clearly illuminate disputed issues. Resolution may be achieved when facts are supplemented or corrected.

Methods -- Remind the other person that you have common objectives and that the disagreement is over means, not ends. Examine each other's proposed methods to achieve the goals by looking for common ground.

Goals -- Describe conflicting goals clearly. Sometimes clarification of desires will reveal a solution.

Values -- Suggest values be described in operational terms. Often the same words and concepts mean different things to different people. Resolution may be difficult because values are not often compromised.

CLICK HERE
to return to
Table of Contents

As part of the course material on conflict and the retaliatory cycle, the handouts referred to a book entitled "Talk it out: Four Steps to Managing People Problems in Your Organization," (Daniel Dana pp, 162-163, 1990).

**The Retaliatory Cycle**

1. A Triggering Event -- any verbal or nonverbal behavior by someone from the community who has a "reputation" that causes a reaction.

2. Perception of Hostile Intent -- People perceive that they are being attacked.

3. Defensive Anger -- The natural and automatic emotional response to being attacked.

4. Counter Attack -- The person from the community feels a need for an aggressive response directed toward the initiating individual as a self-protective measure.

5. Repetition -- All of the parties continue to attack and counter attack. This sequence then becomes an endless loop from which there is no natural escape. Each participant feels unable to safely stop the cycle without accepting defeat. This is the anatomy of a fight and the community loses. (Sound like the U.S. Congress?)

CLICK HERE
to return to
Table of Contents

**Best solutions**

What is the best way to handle conflict?

According to Hooker, "Compromise is for losers, because neither side is fully satisfied. It is okay if it is the only way to go forward. Describe the conflict in a way that nobody is wrong." Compromise is often chosen as a solution to conflict, perhaps because it is an easy way to resolve conflict, but it may not be the best way.

Force -- Win/Lose -- Using force may be useful when quick action is required. With force, one's goals may be achieved at the expense of others'. And it stops exploration of new approaches. There tends to be little commitment and the result is often a temporary solution.

Avoidance -- Avoiding a conflict may be useful when the risk outweighs the gain. It can work if something is not worth making an issue, or if others can solve the problem more effectively. It may be useful to postpone action until more information surfaces. Avoidance can restrict input and often provides a temporary solution.

Compromise -- Compromise can help break an impasse. Because everybody gets something, it shows good faith. Compromising does not probe for underlying causes and rarely reveals new information. Principles and ethics cannot be compromised.

**CLICK HERE** to return to Table of Contents

Accommodation -- Win/Lose -- Accommodation may be useful when issues are not important to you. Accommodation can preserve harmony, avoid disruption and prevent competition. It may result in sacrificing your own point of view and it limits creative resolution. Someone who accommodates too much may be underestimated or considered a pushover.

Collaborate -- Win/Win -- Collaboration is the mutual exploration of approaches to seek resolution. Collaboration often gains commitment and can result in a permanent solution. However, the collaboration process may be time-consuming, as it requires participation from others.

Conflict is resolved when...

Both parties "lose" -- Feelings get hurt, physical or verbal violence may ensue and things generally get worse.

One party "wins" and the other "loses" -- One person gets hurt and the other gets his way. One person may use physical or verbal violence, the other person may give in or retreat. However, the disagreement does get settled.

**CLICK HERE** to return to Table of Contents

Both parties "win" -- No one gets hurt and there is no physical or verbal violence. Each person expresses his or her feelings and thoughts and each person lets the other know he or she is listening. Suggestions for settling the disagreement is offered and one option is agreed upon. The disagreement gets settled, perhaps by a compromise.

But I still don't know why you say goodbye, and I say hello.

Dennis Zink is a volunteer, certified mentor and chapter chair of Manasota SCORE and Chair of Realize Bradenton. He is the creator and host of Been There, Done That! with Dennis Zink, a nationally syndicated business podcast series. He facilitates a CEO roundtable for the Manatee Chamber of Commerce, created a MeetUp group, Success Strategies for Business Owners and is a business consultant. Email him at centreofinfluence@gmail.com.

# Chapter 66

# Employee engagement and reducing turnover

**Published: Monday, June 1, 2015 at 1:00 a.m.**

EMPLOYEE ENGAGEMENT is an important part of an organization's function and culture. Your employees need to be engaged and adequately prepared to satisfy your customers.

The best way to know if your employees are engaged is if they come to work and do their job with a great attitude.

**CLICK HERE**
**to return to**
**Table of Contents**

Do your employees feel that they are part of the organization as a whole?

Keep them engaged by encouraging their feedback, recommendations, suggestions and ideas on processes and procedures.

If employees feel like they're a part of the organization, part of the mission and what they do matters, they are going to be more engaged and happier in their jobs.

Customer service is a huge part of engagement. Make sure that your employees who interact with customers feel good about your organization.

**Reducing turnover**

If your employees are engaged, then low turnover is one of the benefits to be derived.

Turnover is expensive. Some of the costs of turnover include lost productivity, advertising expenses to post the job, time spent reviewing résumés, scheduling and interviewing candidates, on-boarding, orientation, job training and other intangible costs.

**CLICK HERE**
**to return to**
**Table of Contents**

It is important that your company offers a competitive compensation plan. Conduct a market analysis to get an idea of what the salaries and benefits are for different positions in your industry. Your benefits package and other employee perks need to be competitive for employee retention and company growth.

Make sure that, as a manager, you stay involved with your employees. If you see that an employee who was engaged is backing off, not participating in meetings, maybe doesn't give a lot of feedback anymore, or becomes negative, those might be signs that that employee is not happy. Perhaps it's time for a heart-to-heart meeting to discuss any problems.

They may not feel like they're valued or respected in the workplace. Maybe they feel there's a lack of growth or opportunity. As a manager, it's important to develop the skill level of your employees, provide continuous opportunity and let them be creative. There are a variety of reasons besides compensation that could be a reason for an employee feeling less engaged. Maybe an employee is uncomfortable with their manager or the way their manager communicates with them.

Communication skills for managers are vital to ensure that employees feel like they are having a one-on-one dialogue and it's not just "do this" or "do that" as a one-way street.

Employees appreciate the opportunity to learn new skills, stay engaged on a daily basis and be an integral part of the organization.

**Mission statements**

Most organizations have a mission statement that outlines the purpose of the organization. It answers the questions of what your organization stands for, what you believe in and what your values are. It is important for your employees to be a part of that mission. Problems arise when the mission and those values are not executed or communicated to the employees.

CLICK HERE
to return to
Table of Contents

If the organization has gone through downsizing or some economic downturn, there are probably concerns about layoffs. It is important for owners and managers to come together and be the cheerleaders for the company. The message should be, "We might have had some tough times, but this is what we're going to do. We're lean, mean and ready to go forward into the future. This is our message and we want you to be a part of this success."

**HR and other policies**

It is important to have clear-cut policies and for your management and HR team to understand boundaries -- what they can and cannot do -- to regulate the workplace.

Create an employee handbook outlining do's and don'ts -- including a social media policy. This policy should be monitored and communicated to employees. Meet and discuss what the company rules are regarding social media.

Company policies are the first line of defense and exist to protect your business. It is important to communicate clearly what your company stands for from the moment a prospective employee considers working for you. This process may begin as early as when a prospective employee views your website or the first time they schedule an interview.

CLICK HERE
to return to
Table of Contents

Make sure that the on-boarding process is smooth and not chaotic. See to it that an applicant opening the front door is welcomed.

Your mission, values and company culture represent your organization. Create the type of environment conducive to attracting and hiring the best and brightest. Have a consistent message throughout the employee life cycle until they leave your company.

Do the best you can to develop a desirable company culture. Be certain that your employees understand that they are an important part of that culture.

Doing these things will pay big benefits for your company.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 67

# Be a master of your business' numbers

**Published: Monday, June 8, 2015 at 1:00 a.m.**

If your banker asked you, "How's it going?" You might answer, "Great!" Or, you might be able to say, "Fantastic, our sales are up 21 percent over last year, we just had our best quarter ever."

Do you know which numbers you should monitor for your business?

CLICK HERE
to return to
Table of Contents

Here are some suggestions for you to consider. Many variances exist by industry. Understanding and using financial ratios (a relationship between two or more values expressed as a percentage) for financial analysis can help you improve your business. The value is derived from tracking these numbers on a consistent basis; every month, quarter, year. Ask "what can I do to improve these ratios?"

There are valuable ratios for liquidity and solvency, financial leverage, asset utilization and turnover, profitability and market value. Here is a short list of some of the more common ratios and numbers you should understand for your business.

• Sales -- Current sales, previous year's sales; percent change (increase or decrease) compared to year-to-date (YTD).

• Profits -- Current profit, increase (decrease) over last year.

• Operating profit margin (ratio) –- total pre-tax profit generated from operations.

• Margins (gross margin) -- Selling Price of an item, less the Cost Of Goods Sold (COGS).

• Net profit margin – A profitability ratio (how much profit is left for every $1 in revenue after taxes). Net Profit / Net Sales.

CLICK HERE
to return to
Table of Contents

• Costs -- cost of sales (aka cost of goods sold or COGS) includes variable costs and direct costs linked to the sale, but not fixed costs such as overhead.

• Markup and margin -- If your markup is 50 percent, then your sales price will be 50 percent above the item's cost (think cost). If your margin is 50 percent, then 50 percent of your sales total is profit. (Think selling price).

• Inventory -- (inventory turnover ratio). How many times a business turns its inventory, expressed as ratio over a period of time, ie: annual. An efficient retailer will have more turns.

• ROI -- Return on investment. This measures the success rate or profitability for each dollar spent.

• Accounts receivable – Days Sales Outstanding (DSO). An average of how many days it takes to collect money after the sale is made. Accounts Receivable / Total Credit Sales x Number of Days. Accounts Receivable Buckets - Know the amount of money and the percent that is in each collection bucket; (Can be expressed in 30 to 90 day increments) current, 0 to 30 days, 31 to 60, 61 to 90, 91 to 120, over 121 days.

• Debt-to-equity ratio -- Determines financial leverage. Total Liabilities / Shareholders Equity.

• Current ratio -- A liquidity ratio illustrating the ability of a company to pay short-term (one year or less) debt. The higher the better. Current Assets / Current Liabilities.

**CLICK HERE**
**to return to**
**Table of Contents**

• Quick ratio -- Measures a company's short-term debts with its most liquid assets (cash and cash equivalents). Current Assets – Inventory / Current Liabilities.

• Cash ratio -- The amount of cash available to pay current liabilities. Cash / Current Liabilities.

• Return on Equity (ROE) – The amount of net income returned as a percentage of shareholder equity. Net Income / Shareholder's Equity.

• Burn rate -- The rate at which you are going through cash each month.

• Price to Earnings ratio (PE) -- Price per share / Earnings Per Share (EPS). This ratio is widely used for public companies and the markets. High-tech companies often have very high PE ratios, reflecting high and often over-valued perceptions of the underlying equities.

• Market-to-book ratio – Market Value per share / Book Value per share.

• Key Performance Indicators (KPI's) -- Additional numbers to track for your business. Track numbers specific to your business or industry. Count everything that is countable in your business. Then ask is this a meaningful number to track on a consistent basis? If it is, then keep monitoring those numbers. You will be surprised at what you can learn from this exercise. Hint: Look for relationships among your KPI's.

**CLICK HERE**
**to return to**
**Table of Contents**

Will you know what to do if your ratios are not improving?

You may want to discuss this with your accountant to make sure you understand what you are looking at. For example, if your sales have been decreasing, it is obvious you need more sales. It may be less obvious if you have increasing sales, but you are running out of cash. Perhaps your money is sitting in inventory, or maybe your customers are paying more slowely than they had been. You may want to talk with a qualified consultant who can advise you on strategies you can use to take quick corrective action.

The longer you wait, the harder it will be to right your ship. Wait too long and it may become impossible. This is why you need to monitor these numbers on a regular basis.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 68

# What to know about OSHA and safety at your business

**Published: Monday, June 15, 2015 at 1:00 a.m.**

Recently, I interviewed Laurel Ferguson who works for Paychex and who is a subject-matter expert in safety and loss control. She has degrees in occupational safety, environmental health and safety; degree certificates in crisis and disaster planning; and is a certified safety professional and CHMM and hazard materials manager. She has over 35 years of experience working with Eastman Kodak Co. in the health safety environmental division.

CLICK HERE
to return to
Table of Contents

Q. What is OSHA and how does it relate to operating a small-business?

A. OSHA was formed in 1972. The letters stand for Occupational Safety and Health Administration. OSHA is a government agency that oversees the safety and health requirements that companies have to meet. There are very specific safety regulations that OSHA enforces through its specialized divisions. Its outreach division advises small-businesses on regulations that specific businesses have to meet. This is similar to what a safety consultant would do if you wanted to pay them instead of OSHA.

OSHA also has an enforcement division. If something goes wrong, they will come to your place of business and do an inspection. If they drive by and they see you doing something wrong, they're going to stop and they're going to do an inspection. OSHA can fine your company for a violation of the regulations.

Q. What does an employer need to know about OSHA?

A. OSHA applies to every company. There isn't a company in business that doesn't have at least one OSHA regulation that applies to them. For example, everyone has to know how to get out of a building in an emergency and also know where they're supposed to go once they're out of the building so they can be accounted for. This is one of the primarily regulations that applies to everyone. There are many other regulations that apply unilaterally across the board.

CLICK HERE
to return to
Table of Contents

Q. What would an employee need to know about OSHA?

A. OSHA is there to protect their health and safety and to make sure that the company they work for is doing things properly. For example, if you work on a piece of equipment or machinery, it has to have very specific guards to protect you from getting your fingers cut off. If you work with chemicals, there has to be specific information available to you on what the hazards of those chemicals are and how to obtain that information at a company level.

There are many things that OSHA does to protect employees. Its primary goal to make sure that everyone goes home at the end of the work day in as good or better condition than they came to work that morning.

Q. What are some of the problems that a company may face as it relates to OSHA?

A. There are several regulations that apply to most companies. For example, if one of your employees is injured, OSHA has specific processes to document the circumstances of that injury or that incident. Depending on how many employees you have in your company, other regulations may apply.

Q. Does a company pay when OSHA comes to inspect?

CLICK HERE
to return to
Table of Contents

A. No, they should never be paying OSHA under any circumstances. OSHA is a governmental agency that provides a service for the health and safety of the employees.

Q. Does a smaller company have to comply with OSHA the same as a larger company?

A. There are regulations that are size dependent, but most of the regulations apply if a company has a specific exposure. For example, does your company have a forklift? If you don't have one, you don't have to comply with the regulation. But if you do have one, then you must comply. In this case, the size of your company doesn't matter. There are a couple of regulations that are size dependent. If you have 10 or more employees, there are two or three regulations that would kick in if you have that type of exposure.

Q. Can you tell me more about OSHA's documentation requirements?

A. There are very specific forms and requirements that OSHA has for documentation. For example, personal protective equipment. If your employees wear personal protective equipment, you must document what protective equipment you have and why you need it. If you have chemicals, you must have what we call safety data sheets for each one of those chemicals and information available to your employees on the hazards of those chemicals.

CLICK HERE
to return to
Table of Contents

If you have more than 10 employees, you must have an emergency action plan in writing that specifically designates all of the responsibilities. If you have fewer than 10 employees, you still have to have a plan; you just don't have to write it down.

Q. Are there state or local requirements?

A. There may be requirements for individual states. In some cases it's down to the county or the city level. For example, California has a regulation that applies to every company that has a location in the State of California. It's call the IIPP or the injury, illness, prevention plan. New Hampshire has a requirement that if you have more than 15 employees on your payroll, you have to have a safety committee. There are very specific things that some states regulate more stringently than others.

Q. What are the risks if a business doesn't follow OSHA regulations?

A. If somebody gets hurt, OSHA is going to find out about it because there are requirements for reporting accidents and injuries. If an employee visits the hospital, that medical provider may have to call OSHA.

OSHA will do an inspection. If an employee does not feel safe in the workplace, it's their right to call OSHA and OSHA will contact that company. If the allegation is serious enough, OSHA will come and knock on your door.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 69

# Is your timing right? Tips from SCORE mentors

**Published: Monday, June 22, 2015 at 1:00 a.m.**

The idea of being an entrepreneur is becoming more popular every year.

The success rate of entrepreneurs is not very good, but with the guidance or coaching of someone who has already ‘Been There, Done That’ (a shameless plug for my podcast series on iTunes), the odds increase dramatically. Considering that SCORE’s mantra is to help businesses start, grow and succeed, I asked our local SCORE mentors for tips they would provide to an entrepreneur who is about to start a business.

CLICK HERE
to return to
Table of Contents

• Don't hire in your own image; hire to your weaknesses, not your strengths, and always, always check references thoroughly, no matter how impressive the candidate seems.

• Include paying yourself in your business plan from the outset. If you plan to work for nothing during the start-up, you're kidding yourself about the viability of the business model.

-- Judith A. Sedgeman,

Sedgeman Consulting LLC

• Every entrepreneur must take the time to do a "zero draft one-page" business plan. Writing helps to clarify your plans and to explain yourself and idea to investors.

• Any market research on competing or similar products and potential competitors is better than none. I've seen too many entrepreneurs think they have a market, when in reality they can't possibly make money.

CLICK HERE
to return to
Table of Contents

-- Bob Theis

• Think it through before you take any action

• Listen to those you respect and who are successful in their own right. Don't hesitate to ask for advice.

-- Lionel Margolick

• Cash is king.

• Good financial analysis with a strong focus on cash management (including use of scenarios) is essential to a no-surprises business model. Timing of revenues, sales, costs and expenses is key. This is important in a corporate model-mindset but is mission critical and ‘life threatening’ for small businesses.

• If it is to be, it is up to me.

• A CEO needs to wear many hats during start-up and when looking to change the structure in a ‘growth mode’. This is particularly important when the business owner/operator is moving from a ‘corporate’ infrastructure model-mindset to a small-business model.

-- Pat Loftus

• If you think you have a new and innovative idea that’s never been thought of before, think again. Unless you’re Steven Hawking, odds are somebody else has thought of it or even tried it. It’s your job to figure out why it doesn’t already exist before investing a lot of your own time and money.

CLICK HERE
to return to
Table of Contents

-- Fred Dunayer

• Make and follow an electronic TO DO list.

-- Bob Wolfe

• A successful business uses POEM: Plan - Organize - Execute - Motivate,

-- Dave Tompkins

“To the entrepreneur, however, the customer is always an opportunity. Because the entrepreneur knows that within the customer is a continuing parade of changing wants begging to be satisfied. All the entrepreneur has to do is find out what those wants are and what they will be in the future.”

CLICK HERE
to return to
Table of Contents

-- Ron Tucker, a reference to the "E Myth" (page 74, Michael Gerber)

• When vetting your business idea, listen to your friends, but remember they will want to support you, so their comments may not be honest or helpful. The people you really need to listen to are the ones who will invest in your business. When money changes hands, the rubber truly meets the road.

-- Larry Gavens

• Be realistic, conservative and maybe even somewhat pessimistic when you prepare your cash-flow projections.

-- Bob Bertelsbeck

I watched a six-minute TED talk (TED.com) that featured Bill Gross, the CEO of Idealab. Having started more than 100 companies, Gross wanted to find the common denominator for successful companies. His research was based on 200 successful and unsuccessful companies.

He offered five key variables, ranked from most important to least important:

1 - Timing – Is the consumer ready for what you have or are you too early, early, just right, or late?

2 - The Team – Its ability to execute and be adaptable to change.

3 - The Idea – How good was the idea.

4 - Business Model – Was there a clear path?

5 - Funding – Can you get the money to make it happen?

In summary, having a good idea with adequate funding will not ensure success. Most significant is the timing of the idea, paired with a strong team. Obtain advice from SCORE Mentors by adding SCORE's free mentoring service to your business team.

**CLICK HERE**
to return to
Table of Contents

**CLICK HERE**
to return to
Table of Contents

# Chapter 70

# What is a non-profit and do you want one?

**Published: Monday, June 29, 2015 at 1:00 a.m.**

It is my experience that most people don’t understand why someone would start a non-profit business. In my nationally syndicated podcast series, "Been There, Done That! with Dennis Zink," I interviewed an expert in non-profits, Jack Dunigan, chapter chairman of SCORE’s Southwest Florida chapter, which is in Ft. Myers.

CLICK HERE
to return to
Table of Contents

Q: What is the difference between a non-profit and a business?

A: Non-profit organizations often have the idea that in order to be a non-profit they don't have to make money. Non-profit organizations, like any business, have to make money. They have to be able to meet budgets, including payroll. They have to pay for the objectives and the activities of their mission.

A big difference between a non-profit organization and a business is that, if I own a business and there is money left over (quarterly, semiannually or annually) then, as the owner, I can take some or perhaps all of that money as a bonus or distribution. In a non-profit organization, I cannot do that. That money belongs to the organization. The IRS regulations are specific that there can be no inurement to the benefit of an individual, which means I can't take that money. I can get paid for the work that I do, but the money always belongs to the organization.

If you decide to close a non-profit, that money has to be given to another non-profit. Non-profits are permanent and are never allowed to distribute the funds or any assets to the members. It has to remain in the non-profit sector. They do have to make money. Their revenues have to exceed their expenditures, or they ultimately will fail in their mission.

Q: What is a 501(c)3?

CLICK HERE
to return to
Table of Contents

A: 501(c)(3) is the IRS number for those tax-exempt organizations of religious, charitable and educational institutions. It is the most prevalent type of non-profit organization recognized as a tax-exempt organization by the Internal Revenue Service.

One of the problems with tax-exempt organizations is understanding where they qualify as tax-exempt. There's one guiding factor, and that is the intent to spend a major portion of money influencing legislation. 501(c)(3) organizations are expressly prohibited from spending a major portion of their revenues influencing legislation. The IRS is rather reluctant to define what "major" means. It's usually around 10 percent. Exceed that percentage and risk being in danger of losing your tax exemption.

Q: What if you lose your non-profit, tax-exempt status?

A: If you lose your tax-exempt status, you cannot give tax-deductible receipts to any of the donors. Revenues that you receive will be treated as income and will be taxable at a normal corporate or business rate. Depending where you are in the United States (it varies from state to state), you would owe federal and local taxes.

This very seldom happens. The IRS is reluctant to remove an organization's tax-exempt status and provides ample room to correct any default.

Q: What are some of the factors to consider in starting a non-profit versus a business?

A: There are about 1.6 million non-profits in the United States. The first question to ask is "Do you really need to do this?" It's not only complicated, it can be expensive to start a non-profit. Is there a non-profit that might parallel what it is you want to do? Perhaps you could either work for them or in conjunction with them. The second question is, "Are you suited for a non-profit?"

CLICK HERE
to return to
Table of Contents

Q: Are you required to have a Board of Directors?

A: Yes, it is required by law to be managed and overseen by a board of directors of no less than three people. Board members are responsible for the fiduciary responsibility to the IRS and to all of the constituents, to execute the non-profit according to its purpose that got them the tax-exempt status.

The board oversees the organization and makes sure that it remains consistent with its vision. Its financial responsibility means funds have to be spent in accordance with the stated purpose of the organization. Board members may not be paid to be on the board; however, they may receive reimbursement for travel and other expenses.

Q: Are you seeing more non-profits moving towards earned-income?

A: Yes, but money earned from non-related business expenses can be subject to tax and must be reported differently.

Q: How does one make money?

CLICK HERE
to return to
Table of Contents

A: The Catch 22 is you can't do anything till you get some money and you can't get anybody to support you until you do something. You're probably going to have to work and fund the start-up yourself. It is exceedingly difficult these days to raise money. With the proliferation of non-profits, there's a huge demand for money and fewer places to get it.

Q: What forms do I need to file with the state and IRS?

A: Articles of incorporation. You can have an attorney draft them or review sample non-profit forms at the Secretary of State website. Include some rather broad statements about what it is that you're going to do. Always include the clause that you are going to pursue any and all activities authorized and allowed for tax-exempt organizations. As you evolve, you may want to take on things that you didn't think of in the beginning.

To meet IRS regulations, include a statement that says, "No profits can inure to the benefit of an individual." There also must be a clear statement of non-discrimination against anybody.

File an application form 1023 for tax-exemption with the Internal Revenue Service. The IRS will not grant tax exemption permanently for at least two years. They will grant a temporary tax exemption. They want to see that you're actually going to do something and that what you're doing is consistent with what you said you were going to do.

Form 990 is a tax return for tax-exempt organizations. This form has to be filed every year in your state and to the federal government.

Q: What does it cost to start a typical non-profit?

A: Estimated legal fees for the Articles of Incorporation will run $1,500 and up. Depending upon the state, you may have to reserve the name. Filing the articles with the state costs approximately $75. The filing fee to the IRS for form 1023 (to gain recognition as a tax-exempt organization) is $400 to $800. You will also have normal business costs, such as advertising, business cards, brochures, public relations, etc.

CLICK HERE
to return to
Table of Contents

We are beginning to see a big push toward more earned-income initiatives. People get tired of being asked to donate limited funds to numerous organizations. Here’s to sustainability!

CLICK HERE
to return to
Table of Contents

# Chapter 71

# How to succeed at leading change to a small business

**Published: Monday, July 6, 2015 at 1:00 a.m.**

Last Friday, I graduated with the Gulf Coast Leadership Institute Class of 2015. It was an excellent experience I shared with 22 enthusiastic and talented classmates.

CLICK HERE
to return to
Table of Contents

The Gulf Coast Community Foundation and the J.W. Fanning Institute for Leadership Development at The University of Georgia provided superb leadership throughout the 45-hour course.

The topic discussed in our last class was leading change, and our graduation gift was the book “Leadership on the Line,” by Ronald A. Heifetz and Marty Linsky (Harvard Business Review Press). This topic was especially relevant to me because I work to be a business alchemist and change agent who always looks to improve products and processes.

We examined the types of change, explored why change sometimes fails, reflected on the leader’s role in affecting change and considered what might be involved in a specific "change effort."

Control was a big part of the discussion, because change can be planned or "just happen."

Change may be incidental or fundamental.

Incidental change involves doing more or less of something that you were already doing. It is reversible and is usually triggered by an event or circumstances.

CLICK HERE
to return to
Table of Contents

Fundamental change requires seeing things in a different way. It is permanent, results in something fundamentally different and is often driven by a vision of what could be.

Change efforts can fail for many reasons. Some of the typical explanations include a lack of buy-in, politics, poor timing, a bad idea, lack of adequate funding, differing values and a lack of vision and leadership.

In our Leadership Institute discussion, we looked at two types of leadership problems and challenges: technical and adaptive. Technical leadership applies to current know-how supplied by "authorities." Adaptive leadership deals with learning new ways to do things and presents an issue for the "people with the problem."

• Technical problems – These require a change in routine behavior or performance. The problem responds predictably to interventions. Conflicts tend to resolve or lose priority. People find ways to live with the status quo.

• Adaptive challenges – These require a change of heart or mind. The problem persists despite attempts to fix it. Conflict persists and resurfaces from time to time. Crises arise because issues have festered.

There are four quadrants of change. It may prove helpful to list these four areas when considering change:

1. Things you want and you currently have.

2. Things you don't want and you currently don't have.

3. Things you want but you currently do not have.

4. Things that you don't want but you currently have.

The challenges of leading change include managing the environment and managing yourself.

• Managing the environment – Operate above the fray, court the uncommitted, cook the conflict, place the work where it belongs.

• Managing oneself -- Control your need to control the situation and your desire for importance.

Distinguish the "role" from your "self." Try not to get defensive and take it personal when criticized. Find your fortress of solitude (like Superman), a place where you can regularly go, relax and reflect on the day's journey and the events ahead.

While leadership is often depicted as a glamorous endeavor or an inspirational calling, there are many risks involved, including survival. Some may want to thwart your efforts and remove you from the role. People may have to give up familiar things, change their habits and ways of thinking. A hostile environment in which the status quo is sacrosanct may be in place. Resisting change is therefore a normal reaction to fighting for turf.

A leader reacting as events unfold may elect to view various perspectives objectively and ascertain "what is really going on."

Learn where everyone involved stands. Court those who can help and those who can point to fatal flaws you may not have seen or considered.

It is important to "keep your friends close and your enemies closer." Diminish destructive potential and harness their energy. Be willing to accept casualties. Minimize employee stress and ease tensions by pointing to the promising future in a post-change world.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

Neutralize or remove those who would undermine your initiatives.

In summary, lead positively and courageously. Inspiring creative solutions can transform an organization. Positive change will not only effect the troops, but as the leader you will experience the meaning and rewards it gives to you in your life.

Lead on!

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 72

# Project management: On time, below budget

**Published: Monday, July 13, 2015 at 1:00 a.m.**

At breakfast with my good friend and fellow SCORE mentor Richard Randolph, we discussed a new course he is preparing to teach at USF–Sarasota/Manatee in the fall. USF will offer an introductory course in project management.

PM is used by businesses of all sizes. Research shows that using PM methods reduces risk, cuts costs, and improves success rates. Good PM can:

CLICK HERE
to return to
Table of Contents

• Reduce the chance of a project failing

• Ensure a minimum level of quality

• Free up other staff members

• Provide a single point of contact to run the project

n• Encourage consistent communications (among staff and vendors)

• Keep costs, timeframes and resources under control

The Project Management Institute reports that effective project management decreased failed projects by 31 percent, delivered 30 percent of projects under budget, and delivered 19 percent of projects ahead of schedule.

What is a project?

CLICK HERE
to return to
Table of Contents

A project is a temporary endeavor to create a unique product, service or result. Defined by three constraints: time, budget and deliverables (the output/results of the project). Work that is ongoing (preparing invoices, production) is not a project.

Time – Every project has a specific due date or end point. This is when all the required deliverables are fulfilled or when the project owner terminates the project.

Budget – The initial budget is determined by evaluating the expected cost to fulfill the deliverables by the specified time. Costs include materials and supplies, subcontracted work, overhead expenses (permits, legal and government fees), people (skills, talent, labor) and communication/reporting to achieve the deliverables on time.

Deliverables – The final output/outcome of the project work. Project deliverables include a measure of quality – how good the work is.

Project scope

The complete list of outcomes and deliverables at the beginning of the project is known as the scope – what's included and what's not. Problems arise when, along the way, someone thinks of something to add or change: "While we're doing this, could you just go ahead and add this to it?" This is called "scope creep" – the bane of project management.

Change of any kind always affects at least one of the key constraints – adds to cost, takes more time, or modifies the deliverables' specifications. All changes to the project specifications must be agreed to in writing! Skipping this requirement invites anarchy into your project.

**CLICK HERE**
**to return to**
**Table of Contents**

What is a project manager?

Someone has to be in charge and be the final decider of who does what, when and at what expense. That person is your project manager. According to the Project Management Institute, project managers are responsible for delivering solutions, assigning resources, managing budgets and satisfying stakeholders.

What can go wrong?

Projects don't always work out as expected. Over half of all projects fail to meet at least one of the constraints. Projects often run over budget, are not finished on time or fail to deliver what was expected.

Project risk

Projects include some elements of risk. Some are foreseeable and others are not. Some are "unknown and unknowable" – for example, when a large barge sank decades ago, it was located where two support pilings were needed to build a new bridge.

Project risks should be identified and prioritized by the likelihood and severity of their risk. Contingency plans should be drawn up to answer the question: "What will we do if this occurs?"

**CLICK HERE**
**to return to**
**Table of Contents**

Phases of projects

While small projects can be managed on the back of an envelope, larger or more important ones have distinct phases of execution:

Phase 1: Initiate the project – Define the project's purpose in terms of deliverables, completion date and budget. Identify all affected stakeholders and create a Project Charter – an agreement that defines the project outcomes.

Phase 2: Plan the project – Create a schedule of tasks and resources required to fulfill the project's purpose. Identify and plan the resources for the schedule.

How will we get it done? Prepare a work breakdown structure: Major phases, key activities, milestones (interim completion points) and tasks.

When will we get it done? Use a visual mapping tool such as a Gantt chart and identify a "Critical Path" – the sequence of activities that make up the longest chain of events to complete the project.

Who will do the work? Appoint project leadership (project manager) and the project team.

What resources will be required? Detail the required equipment, supplies, facilities, information, and technology needed to execute the project properly.

CLICK HERE
to return to
Table of Contents

How much funding will be required? Use the information above to calculate a project budget.

Phase 3: Execute the project – Plan your work, and work your plan.

Phase 4: Monitor and control the project – Handle unexpected hurdles and keep promises to help ensure the project's success. Make sure the objectives are being met.

What might go wrong? Adapt to changes as they occur. Communicate changes to team members and stakeholders. Get scope changes approved in writing.

Phase 5: Terminate the project – When the deliverables of the project are completed, get project owners to sign off that they accept them. Review lessons learned and celebrate the end of a successful project.

CLICK HERE
to return to
Table of Contents

# Chapter 73

# Partnerships are not just for business partners

**Published: Monday, July 20, 2015 at 1:00 a.m.**

Lately, I have been pondering the pertinence of positive partnerships. To be successful in business and in life, pursuing a proclivity for partnerships should be paramount to your plan.

**CLICK HERE**
**to return to**
**Table of Contents**

The better the relationships you can establish with employees, vendors, customers, the community, and friends and family the more success you are apt to achieve. Let's look at some powerful examples.

Partnerships with your employees: I'm not talking about giving all of your employees stock or equity in your business. I am referring to having a great relationship with your employees so that they can be counted on to work hard and do the best job that they can for your company. Share the love. You have to be symbiotic in your partnership relationships and give back equally so that your employees feel the same about working for you. This is often expressed in the culture of your business and in general how well you treat your employees. Do you orchestrate fun team-building events with your employees? Do your employees understand how they fit into your business plan? Is helping their fellow employees a given, or are bad attitudes permeating your place? All employees should treat their fellow employees as partners, providing them with the same excellent service they would offer a paying customer.

Partnerships with your vendors: Often a sea-saw relationship exists with your vendors. Let's face it, you want the best deal you can get at the best price. They want to make the most profit from your account with the least hassle. The better your relationships are with your vendors, the more likely they will come through for you in hard times, allocate goods to you, their best customers, during scarcity of goods, or hold off on price increases. Vendors will tend to pay more attention to their best customer if for no other reason than financial considerations. Do you consider your vendors to be part of your team?

**CLICK HERE**
**to return to**
**Table of Contents**

Partnerships with your customers: Unless you provide some incredibly scarce product, with few competitors, treating your customers well is paramount to your success. Are you striving to develop and maintain excellent customer relationships? Your customers, their repeat business, and word-of-mouth referrals, are the solid foundation you need to grow your business.

Some questions to ponder: Do you know your best customers' names? Do you know what they typically order? Do they know that you will go above and beyond to help them get what they want? Are you considered part of their team?

Partnerships with your community: For most small businesses, it is important to be engaged in your community? Are you a participating member of your local Chamber of Commerce, MeetUps, relevant associations and/or non-profit charitable institutions? When you give back to your community with your time, your money, and your talents, the personal and professional benefits are numerous.

Volunteering as chairman of Manasota SCORE and Realize Bradenton affords me the opportunity to really get to know the community. I cross paths with many wonderful people who are partners in creating a great "place" where we want to work, live and raise families.

Getting to know your employees, vendors, customers and community. As an employer, I recall taking 20-minute walks around the parking lot with individual employees to discuss business and sometimes personal issues important to them. Being out of the office gave me the opportunity to dismiss all distractions and focus on them. I was told that this was appreciated and that I was a good listener. I think the secret is simply to truly care.

CLICK HERE
to return to
Table of Contents

Fostering excellent relationships with vendors took a similar path. Really getting to know my vendor contacts, their management and/or ownership helped to cement business and, sometimes, personal relationships. Touring vendor facilities and having them tour our operations, gave everyone a better sense of how the entire process works.

Developing affinity programs, special discounts or other ways to get to know your customers are all pluses. It can be as simple as sending cards for special dates such as birthdays, anniversaries, or emailing "thought this would be of interest to you" items.

Remember the Cheers Bar, a place where everybody knows your name. People are busy, but they tend to respond affirmatively to those who truly care about them.

When you call on clients — One of the best things you can do is take a prospective or existing client to lunch and never discuss business. Talk about their goals, their families, their hobbies, their travels, even their dog. Whatever, just not business! This is a great way to get to know the individual and build that all-important partnership relationship with them.

I encourage you to develop strong partnerships with all of the groups mentioned in this column and enjoy your many resultant successes. Partner on!

CLICK HERE
to return to
Table of Contents

# Chapter 74

# The latest in small office equipment

**Published: Monday, July 27, 2015 at 1:00 a.m.**

I've had a laser printer on my desk for approximately five years. Occupying 18 inches of desk real estate, this machine is truly amazing.

It performs four functions very well -- print, copy, scan and fax -- yet the cost is reasonable. My machine has never had a break-down. The only thing I need to do is feed this machine plain paper and occasionally buy an ink toner cartridge. The quality is superb and it's almost magic that I can print without wires at amazing speeds.

CLICK HERE
to return to
Table of Contents

Just a few decades ago, I needed three separate devices to fax, copy and print. Scanning documents and sending by email didn't exist.

These marvelous devices, known as "all-in-ones," continue to evolve.

In an effort to learn what is in the crystal ball for all-in-ones, I interviewed Tom Monczka, ink jet product manager for Brother International. What follows is an extract from our conversation.

Q: Should you buy ink jet or laser?

A: A lot of businesses start with a home-based machine and eventually outgrow the potential that machine offers. As print volume increases, there is usually a need to step up to a more business-capable machine.

Ink jets are great for small to medium business-level volume. Perhaps one ream of paper (500 sheets) per month is a good fit for an ink jet model.

CLICK HERE
to return to
Table of Contents

Laser technology is designed for higher volumes and are offered as single function or all-in-ones. Lasers print higher volume, faster speed and can provide cost savings as volume increases.

Q: What about color versus black ink?

A: Ink jet mono printing can be as low as a penny per page or closer to five cents per page for color (color plus black).

Laser quality produces crisp text and sharp graphics. Stepping up to color will cost a little more, but it could be worthwhile in terms of the impact on your business.

Running out of ink is a problem. Users in a focus group expressed their greatest pain points when printing important documents and running out of ink. It's a good idea to have that extra cartridge on the shelf.

A: Is faxing still popular? Most people scan and email more than they fax. This has been an ongoing trend for a while. There are three-in-one machines available if there is no need for a fax function. However, certain industries still require fax capability.

Q: What about cloud services?

All-in-ones are offering cloud services or cloud computing. Essentially, a cloud service offers data storage in an off-site location. They allow access to your cloud service directly from the machine. For example, Evernote is used for note taking and archiving, collaboration and sharing.

CLICK HERE to return to Table of Contents

This can be accessed directly from the machine's touch screen where it's linked to the account. You can scan documents to your Evernote account without a computer.

Other examples would be Google Drive or Dropbox, designed for storing files. These cloud services are used to store documents, photos and videos. These can also be accessed directly from the all-in-one machine. Touch-screen devices are emulating smart phone interfaces which provides vibrant color, impressive color reproduction and usually a large enough size so that a computer or a laptop is no longer needed. These services can be accessed directly from the machine.

The future is now. There'll be more seamless integration of services. The all-in-one will not be viewed separately from other aspects of the way you do business.

Other developments

• Free cloud apps. Brother, as an example, offers cloud apps that capture and convert documents directly from the machine. A feature called scan to office will scan a document into a Microsoft Office format such as Word, Excel or Power Point. It then becomes a native document in that format instead of standard optical character recognition (which identifies text but prevents images from being manipulated). This will scan the document and send it to the cloud for processing and conversion into the Office format chosen. Select the Word, Excel or Power Point format to transfer into, and you now have the document as if it was created natively within that application.

CLICK HERE to return to Table of Contents

• Mobile. Mobile device compatibility such as printing from tablets or smartphones is a big issue. You can wirelessly print from a tablet or mobile phone directly to the machine, while some applications also support scanning. Two examples of commonly used mobile printing solutions are Air Print (Apple) and Google Cloud Print (Android).

• WiFi Direct. This is a standard that allows communication between two devices without a wireless router. It enables you to print directly from your smartphone to your all-in-one device without using a wireless router in the household or business environment.

• Manufacturer apps. These are playing an important role in mobile-device printing. For example, a standard application will provide printing capability and a manufacturer's app will add the ability to scan or the capability to check the ink level status from your machine.

• Near Field Communications (NFC). This is available on select machines. NFC is a standard that allows direct printing or scanning from a mobile device. If you have visitors to your office, you can provide them access to either print or scan to your device without logging on to your wireless network.

It's called touch-to-connect technology. By bringing your mobile device close to the all-in-one, the printing initiates, providing convenient and quick access to your documents.

NFC and WiFi Direct are currently available. WiFi Direct is becoming more popular and is a standard feature in many models in the business segment. NFC is also becoming more popular, but it is typically only available on select models.

**CLICK HERE**
**to return to**
**Table of Contents**

**CLICK HERE**
**to return to**
**Table of Contents**

# Chapter 75

# Business owners’ tax-saving strategies

**Published: Monday, August 3, 2015 at 1:00 a.m.**

It’s not how much you make, it’s how much you keep. Sure, we all have to pay taxes and die. Let’s discuss the former, which is a comparatively more pleasant issue than the latter.

I recently interviewed Bert Seither, a vice president with 1 800 Accountant. We discussed tax strategies and structuring a business in order to pay less in taxes. He is not an attorney and is not offering legal opinions, by the way.

CLICK HERE
to return to
Table of Contents

Q: Why should taxes be a concern for small business owners?

A: Eight or nine out of 10 people in the United States pay more in taxes (annually) than any other expense, often more than mortgage payments, rent, food, insurance and groceries.

The question should be not how much money am I making but how much money am I actually keeping? Over the years, I've found many people do not initially think that way when they're starting a business. After they've been in business a while, they realize they're stroking checks to Uncle Sam. Then it's time to do something.

Q: Different forms of businesses will inevitably lead to different tax structures. What type of legal structures or entities should a new business owner consider?

A: There are a lot of options. Initially, I found that a lot of people end up doing nothing at first, meaning they're a sole proprietorship by default. It's probably easiest to do nothing and get started in running a business.

Q: In the long run, couldn’t this end up being a more-costly option?

CLICK HERE
to return to
Table of Contents

A: It doesn't cost anything to set up a sole proprietorship. But as a sole proprietorship, your taxes can get extremely high, depending on what state you're in. You may have state income and federal income taxes. You also have self-employment tax on top of that, which is currently levied at 15.3 percent. It can leave you scratching your head at the end of the year, asking, "What happened to all my money?" when you're paying 30, 40 percent or maybe even higher in taxes.

Q: What are some of the better options?

A: LLC's tend to be a common choice with business owners today; S Corporations, as well, especially for small businesses. There's really not a one-size-fits-all approach. Definitely get some legal and tax advice when deciding what entity to set up. The LLC is a flexible entity, because it's got the least amount of paperwork involved. You’re not required to have corporate minutes and meetings as you would with a corporation.

Q: Isn’t the LLC known as a hybrid entity?

Q: It's a cross between a sole proprietorship and a corporation. An LLC does not come with an inherent tax structure. You don't choose at the end of the year, when it's time to file your LLC's taxes, you choose in the beginning. This selection has to be done within 75 days of forming your LLC. You do this by making what's called an entity classification election.

Q: Does the entity election occur once, or could you change the tax structure of your LLC during the existence of the LLC?

CLICK HERE
to return to
Table of Contents

A: You can change, but once you pick something, you have to stick with it for five years. If you've missed that 75-day window, which a lot of people do (because they didn't know they had an option), there's a revenue procedure that can be used to change it between Jan. 1 and March 15 of the following year. It is very common to see an LLC making an entity classification election to be taxed as an S Corporation.

Q: Does that mean that you're actually setting up an S Corporation?

A: You're always an LLC. You have the phenomenal benefits of asset protection, limited liability, et cetera, but you can get the tax benefits of a corporation. It's all about the reduction of self-employment taxes.

The S Corporation is another common structure because it is a pass-through structure, meaning you’re not having to deal with the double taxation of a C Corporation. With the S Corporation, there are basically two ways to take money out of the business.

Q: What are the two ways?

CLICK HERE
to return to
Table of Contents

A: You have to pay yourself what's known as a "fair and reasonable salary." Even if it is a one-owner S Corporation, you would be an employee of your company and have a W-2 from your company at year-end. Your company is paying half those taxes for you, which is a deduction for the company. Then you pay the other portion. About 50 percent can be distributed to you via a K-1 form. The beautiful thing about this is there are no self-employment taxes on money distributed via a K-1.

Q: If you have an S Corporation or an LLC taxed like an S Corporation, it appears that you can reduce your self-employment taxes by about half?

A: Let's say you had a profit of $100,000 in your business. You were a sole proprietorship and you didn't do anything. Self-employment tax, at 15.3 percent, times $100,000, is $15,300. If you have an LLC and you tax it like a corporation, an S Corp, or if you have an S Corporation, you could take some of the money out as a salary.

Call it $50,000 as a salary. The other $50,000 is distributed to you. There are no self-employment taxes on the distributions because it's through the K-1. In this example, you cut your self-employment taxes in half, so you're saving over $7,000.

The bottom line is a little bit of paperwork and a little bit of understanding and proper structuring in the beginning can actually save a significant amount of money. I like to use the old truism, "Don't trip over pennies to get to dollars."

Q: If you had an LLC, you could also choose to have it taxed as a partnership. What is the effect of doing this?

A: That would be true if you have a partner. If it's a single-member LLC, it's defaulted to a Schedule C. If it's a multi-member LLC, it's defaulted to a 1065. In essence, then, it's treated tax-wise the same. If you have a partner, you can still elect to tax it like a corporation to reduce those self-employment taxes.

CLICK HERE
to return to
Table of Contents

Bert, enough about taxes, let's talk about death so we won't feel so bad about taxes.

CLICK HERE
to return to
Table of Contents

# Chapter 76

# In crisis, how do you handle media?

**Published: Monday, August 10, 2015 at 1:00 a.m.**

A drone just downed an airplane, which hit our building. Several employees are injured and your office is destroyed.

It's an emergency, and police, fire and other first responders are everywhere. The press wants to speak with the owner of the business and building, and perhaps that's you.

CLICK HERE
to return to
Table of Contents

How will you react?

In another scenario, you are being interviewed at a convention and your mug will be on the evening news tonight. Perhaps you have an important message to convey or a new product to promote. The media is covering the event and you are not sure what to do or say, or how to relate to the reporter.

According to Eric M. Seidel, CEO of The Media Trainers LLC (eseidel@TheMediaTrainers.com), "With the Internet today, there are so many media opportunities and challenges today, every business owner needs to be prepared. Frankly, I believe it is not a matter of if, but when they'll have the need to confront media. It may be proactively, or reactively, perhaps in times of crisis.

"All the media possibilities are there for a business owner to use to reach audiences, and the owner needs to be prepared for when audiences need to know what he/she thinks, or has done, or is doing."

Here are nine general tips.

CLICK HERE
to return to
Table of Contents

1. You can't control the interview, so don't try. You can and need to control your own spoken words and your emotions. Relax and stay in control.

2. Decide what messages are important to convey and work them into the answers, as appropriate. Don't ramble. Don't script specific answers to anticipated questions that probably will not be asked.

3. Develop relationships with the media by becoming a reliable source and subject-matter expert. Provide background information and be helpful, even when the story doesn't directly pertain to you or your company.

4. Make sure your non-verbal cues show you are interested in talking with the media. Relax and use your hands conservatively to convey your message. People believe what they see more than

what they hear. Your body language shouldn't contradict what you are saying. Don't wring your hands, because it may look like you're hiding something. Use open hand gestures, with palms up.

5. Your eye contact should be with the reporter. Don't be distracted by TV monitors. Don't talk into the camera unless you are being interviewed remotely. Talk directly to the reporter.

6. Use your personality, emotions and experience to help you get the facts out. Persuasiveness comes from being credible, believable and reliable.

7. When you are asked tough questions, know what story you want to tell and tweak your answers to fit the questions appropriately.

8. TV interviews consist of sound bites, which make headlines. Deliver clear, succinct statements as you would in your elevator speech. Provide memorable sound bites that convey the key points you wish to make. Never say. "No comment."

**CLICK HERE**
**to return to**
**Table of Contents**

9. Content should be delivered in a crisp, clear and newsworthy way.

According to The Media Trainers, "analysts, investors, regulators, legislators, competitors, clients, prospects, family, friends ... You make impressions on all of them, and each can impact your business goals. How are you helping mold those impressions? How do you want them to perceive you? What do you want them to think, and even repeat?"

It's probably a good idea to learn specific communication techniques. Develop and deliver a persuasive message to your target audience. In addition, be able to answer questions responsively, but on your terms, and from your perspective.

It pays to retain a public relations professional – remember the Boy Scout motto and "Be prepared." It doesn't cost a lot to retain a PR professional. In an emergency, you will be glad you did.

According to Eric Seidel, "Crises come in different sizes, but there are procedures that should be in place and ready to execute, no matter how serious the situation. All are designed to bring things back to normal quickly and with as little external damage as possible.

**CLICK HERE**
**to return to**
**Table of Contents**

"In times of crisis, you need to react quickly and transparently. It's important to have a plan that sets specific ground rules while also helping to establish that you are the best source of accurate, honest information."

In normal times, develop a public relations campaign to showcase your company milestones, new hires, products/services, location moves, awards and other newsworthy events. From time to time, you have to toot your own horn -- no one else will.

There is a saying in crisis management: "Tell it all, tell it fast, tell it straight." Follow this advice as you establish a public image for your company.

# Chapter 77

# Zink: Getting access to money for your great idea

**Published: Monday, August 17, 2015 at 7:34 a.m.**

**Last Modified: Monday, August 17, 2015 at 7:34 a.m.**

It takes money to make money.

CLICK HERE
to return to
Table of Contents

I have heard this statement many times and I'm sure you have, too. But is it always true? Do you need money to make money? Well, yes and no. Lets' examine the "no."

How you can get access to funds for your business?

The situation: You want to start a business and have little to no money saved. Banks won't lend you money for a speculative venture. Financial institutions are risk averse and are not venture capitalists. You don't know what to do or where to turn.

Let's explore some creative options and two new loan programs.

■ Friends and relatives: You could ask your uncle Tony to invest in your business idea. If that doesn't work, perhaps Tony will loan you the money with favorable terms to get started. Sure, "net whenever" would be great terms, but it may not be realistic. Depending upon how wealthy Tony is, the amount you request may be insignificant to him. There are some important questions to ask and answer: Has Tony made investments like this before? Did he make a return on his investment? Do you want to risk your relationship with Tony for the chance to be successful with your business idea?

CLICK HERE
to return to
Table of Contents

■ Your idea: It certainly helps to have a great idea. That's a given, but not necessarily the most important factor. Are favorable market conditions making it the right time to launch your product or service?

■ Management expertise: Have you succeeded in the past with this type of business. Were you successful with other types of businesses?

Will your previous experience contribute to the success of your new endeavor? Do you have a good track record?

■ Business plan: Have you created a detailed business plan by thinking through the many tasks and variables that you will need to accomplish to be successful? Do you have an anticipated budget? Have you put together a cash flow analysis of inflows and outflows, and thereby determined how much money you will need and when you will need it? Do prospective customers want the product or service you will provide, and at what price? How do you know? Do you already have customers?

Other alternatives for financing your gig:

■ Credit cards: If you are fairly certain you will be successful with this venture and have nowhere else to turn, you can always use Uncle VISA. This can be a risky decision but it may be your only choice. You do what you gotta do.

■ Other assets: Perhaps you have other assets you can sell to raise enough money to start your business.

■ Equity: Do you have investors that want to be part of your venture and are willing to put up some money to purchase an equitable interest in your business? Do they have the expertise you need? Do you want partners? If yes, you should create a payment method for you to buy their equity at a future date.

CLICK HERE
to return to
Table of Contents

It is in everyone's best interest to establish up front a way for them to cash out.

SCORE is a resource partner of the SBA and provides an excellent series of five workshops called "Simple Steps for Starting Your Business."

Included are the tools and techniques you will need to plan and start your new business. You can also request free SCORE mentoring at www.Manasota.SCORE.org. SCORE can help answer one question for you or you can develop an ongoing relationship that can last years, and all mentoring is free.

"Building Bridges for Entrepreneurs" is a new initiative of SCORE working in conjunction with the Manatee Community Federal Credit Union in Bradenton. MCFCU helps you, as an individual, improve your personal credit and FICO score, thereby building your personal credit capacity.

CLICK HERE
to return to
Table of Contents

Then, assuming you have a profitable business, the chance of obtaining a business loan is increased and contingent upon establishing a working relationship with a SCORE certified

mentor. For more information contact Manasota SCORE at (941) 955-1029.

The Enterprise Florida Microfinance Guarantee Program has been created to stimulate access to credit for entrepreneurs and small businesses in Florida by providing targeted guarantees to loans made to them. It is available to qualified businesses that demonstrate adequate historical and/or proposed cash flow coverage and other credit underwriting metrics.

The parameters are as follows: 1. The loan guarantee may not exceed 50 percent of the total loan amount.

2. The program is limited to providing loan guarantees for total loan amounts of at least $50,000 and not more than $250,000.3. The maximum term permitted for Microfinance support is three years.

4. Under no circumstances will a loan guarantee be permitted under a scenario that allows the Partnering Lender to incur less than 50 percent risk of loss (based on the total required financing).

5. The credit of the state or Enterprise Florida, Inc. may not be pledged except for funds appropriated by law to the Microfinance Guarantee Program.

The state is not liable or obligated in any way for claims on the program or against Enterprise Florida Inc. or the department.

CLICK HERE
to return to
Table of Contents

If you are interested in this program, the application also states that the borrower must be an entrepreneur or small business located in Florida, employ 25 or fewer people, generate less than $1.5 million in gross revenues for the past two years.

For more information go to www.floridajobs.org/microfinanceprograms or contact Garry Thomas at Florida Department of Economic Opportunity in Tallahassee at

garry.thomas@deo.myflorida.com or call (850) 717-8479.

It is great to see these new initiatives for assisting entrepreneurs and small businesses in Florida.

CLICK HERE
to return to
Table of Contents

# Chapter 78

# When business and home mix

**Published: Monday, August 24, 2015 at 1:00 a.m.**

The number of home-based businesses has grown dramatically over the past 10 years: Today, 38 million businesses are home-based, and one in every eight homes in the United States is the base for a business.

These businesses generate $427 billion per year in revenue.

Recently, I was talking with Janet Shellenberger, a SCORE mentor and home-based business consultant. What follows are extracts from our conversation.

Q: Who runs these businesses?

A: Sixty percent of them are run by women, 55 percent by veterans, and 37 percent by people 55 years and older. Sixty-three percent of these businesses are service-based; the second highest is construction, at 16 percent. Perhaps the most important statistic: After three years, 70 percent of these businesses are still running.

Q: What are some of their advantages?

A: Flexibility is one of the top advantages. Sixty-one percent of home-based business owners say that they love the flexibility. It also gives them more time to spend with their families. No commuting saves time and money for home-based business owners.

Q: What do you need to consider before starting a home-based business?

A: First, look at yourself and your circumstances. Do you have the skills and the aptitude to run a home-based business? Ask yourself if you have the discipline to manage both your personal time and your work hours.

It isn't always easy to separate your business and personal life. You must have the ability to focus on work and ignore distractions at home. This is easier if you have a separate space for your business. You must spend your time wisely and effectively.

Q: Can you make connections?

A: One of the biggest challenges about a home-based business is the solitude and separation that you have. This can be good for productivity, being left alone to get work done without distractions, but it can also be bad for networking.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

Q: What are some of the other things to consider about making a home work as a business?

A: Do you have a professional work environment? Do you have the space available to dedicate to your office and will you require storage? Will your zoning and neighborhood allow you to operate out of your home? Do you have adequate parking to accommodate visitors and clients? Will you be hiring employees or independent contractors?

Your work environment should be as professional as is appropriate for your particular business. If you are on a conference call, will your colleagues hear your doorbell ringing or your dog barking? A separate work area should keep distractions to a minimum.

Do you have the equipment or the funds necessary to purchase equipment for your home-based business? Most home-based businesses need a desk and chair, a computer and monitor, file storage and a phone. Most likely, you will also need Internet access, software for your business, virus protection, office applications, and possibly accounting software, a printer or a multi-function machine for scanning, faxing, copying and printing.

CLICK HERE
to return to
Table of Contents

These are the basic items most home-based businesses need and they can be acquired for about $1,000.

If you have more than one client at a time at your home-based business, is there privacy?

Many homeowners associations allow you to have a business run out of your home as long as you don't have clients come to visit. This is usually not a problem, because you can rent a local workspace to meet with clients. Most markets have several choices for shared office space with a professional-looking lobby, conference rooms and an assortment of other useful amenities.

You can use a post office box or your own mailing address at a rented facility. You can make phone calls and have phone calls received by that facility, and you can do all this for a very reasonable rate. Locally, Regus on Main Street in Sarasota and ComCenter in Lakewood Ranch offer a variety of options for small businesses.

Q: What about the IRS?

CLICK HERE
to return to
Table of Contents

A: Another big advantage of a home-based business is the tax deduction you can take for your home office expenses. The IRS says that your home office must be used exclusively and regularly as your business. It has to be a principal place of business or a place you meet and deal with clients.

Q: What about insurance?

A: Another thing you need to look at when you're considering a home-based business is insurance. Check with your insurance agent to find out what insurance you may need. There are many types of insurance needs that should be considered: Liability, errors and omissions, auto insurance, additional home insurance to cover your business, inventory insurance, and media insurance if you're an online business.

Q: How do you register a home-based business?

A: You will need to register your home-based business. To do so:

1. Determine the type of business entity (LLC, S-corp, C-corp, etc.)
2. Select a name for your business and do a name search.
3. Register with your state.
4. Obtain a state tax ID number.
5. Obtain a federal Employer Identification Number (EIN) at www.irs.gov.
6. If you're an S-corporation, you need to file a Form 2553 with the IRS.
7. Obtain your city license or permit. This is called a business receipts tax and it's obtained from your city.
8. Open a bank account with a credit card or debit card in the name of the business. This will help you keep your expenses and income separate from your personal income and expenses.

Having a home-based business is low-cost and low-risk. A home-based business can be set up for well under $1,000.

Good luck establishing your home-based business.

**CLICK HERE**
**to return to**
**Table of Contents**

**CLICK HERE**
**to return to**
**Table of Contents**

# Chapter 79

# Networking tips for conventions

**Published: Monday, August 31, 2015 at 1:00 a.m.**

I just returned from our SCORE national leadership conference in Reno, Nevada, with over 40 business cards.

This year's conference was proclaimed the best attended and most successful event in SCORE's 51-year history. There must have been at least 20 trade show exhibits, including Google, QuickBooks, Paychex, Constant Contact and other companies handing out all sorts of free goodies. This year, the most popular giveaways consisted of thumb drives, shirts, drink holders and a book on Tribal Leadership by Dave Logan.

CLICK HERE
to return to
Table of Contents

In addition to the typical educational sessions, there were excellent keynote breakfast and luncheon speakers, culminating with the annual awards dinner where the attendance surpassed 500. The huge Stanley Cup-sized Chapter of the Year Trophy was awarded to the Chester County, Pennsylvania, chapter.

The Monday-through-Friday event, with two full days of travel, consumed my entire week. I decided to consult with several experts and write my column about tips on getting the most out of a conference or convention.

I first spoke with Bill Saleebey, a networking expert with William M. Saleebey Enterprises who teaches clients how to make the most of limited time to build relationships.

According to Saleebey, “One of the most important things in effectively navigating conferences is to have a plan. Conferences and conventions can be overwhelming -- especially on the larger end of the scale. Taking some time to identify sessions, programs, events and people you want to meet can go a long way in reducing your stress and increasing the quality of your networking efforts at these events.”

CLICK HERE
to return to
Table of Contents

Saleebey's things to do

1. Exchange business cards. This is an essential first step.

2. Don't be in a hurry to talk to the next person. Stay engaged in conversation.

3. Connect with your new contacts on LinkedIn when you return home.

4. Write a follow-up e-mail indicating that it was a pleasure to meet that person.

5. Try to find out something personal instead of just talking business.

6. Try to offer something of value to the other person.

7. Remember what is said, making notes if needed, so you can build a relationship.

8. Make an introduction geared toward increasing your value.

9. Be genuinely interested in the other person.

10. Be an attentive listener.

11. Don't dominate the conversation.

12. Ask others if they want to have coffee so you can have a deeper conversation off the convention floor.

13. Do what you say you are going to do when you say you are going to do it.

14. Stay in touch over time.

15. If you are going to a second convention, try to meet up with people you have met previously.

CLICK HERE
to return to
Table of Contents

Daphne Mallory, with DaphneMallory.org says that, "To network effectively at conventions, the trick is to have a brief and captivating elevator pitch that's flawless. Know going in how you're going to grab someone's attention so that you get the invite to follow up with a phone call, or better yet, join them for lunch or dinner at the convention to learn more."

Ellen Keiley, president of EMK Consulting Group, advises, "Approach the speaker before the presentation -- not many people do that before, but there's always a huge line after to meet the speaker.

Also:

- If you do find yourself in line, whether it's to meet a speaker, at a trade show booth or a valet line for your car, talk to the people behind you and in front of you. That's a great way to maximize your time and meet more people.
- If you are staying at a hotel by yourself, eat at the bar and talk to the people next to you.
- Tweet about the event -- it's a good way to build followers.

CLICK HERE
to return to
Table of Contents

Idowu Koyenikan, principal consultant for Grandeur Touch LLC, says, "It is not about collecting or handing out a bunch of business cards. The goal is to make meaningful connections."

Wilda Previl of the Wil Power Groupe in Miami, suggests, "Connect prior to the event. Reach out to people who are sharing the event's hashtags. Connect on social media, join related groups and blogs prior to the big day. Follow through -- don't just let the event become a distant memory.

"Once the event is over, organize business cards and keep in touch through social media. Remember, out of sight, out of mind. Your new connection could be a raging new fan or a referral magnet."

Susan Garber, author of SAFETY NETwork: A tale of Ten Truths of Executive Networking, says, "Have a purpose, know why you are going, and plan ahead. Prior to arriving at the conference, check out the companies and individuals who will be in attendance. Try to connect with them online to see if they might be open to meeting while at the conference. Ensure you have a solid reason for the meeting that's not only beneficial to you but also to them; and once granted, certainly follow up. Don't forget to say, Thank You.

"Be real, genuine, and passionate about how you approach others! Your energy (or lack thereof) can be contagious."

CLICK HERE
to return to
Table of Contents

Steven M. Hughes, chief financial mentor at Know Money Inc. offers these tips:

1. Do your research. Research the people who are attending the event. Make a list of the people you would like to meet and booths that you need to visit to maximize your time.

2. Go deep, not wide. Don't worry about meeting everyone who is attending the conference. It's important to build relationships and not just meeting people who are attending.

3. He also stressed the need to follow up. "Following up is the most important part. I use a 'Rule of 72' here. Be sure to follow up with every contact that you have made in 72 hours or less after receiving their information."

According to Julie Austin, CEO of Creative Innovation Group, "In addition to networking with the attendees, there's a lot of value in networking with the vendors, too. You never know what kind of synergy you'll find there."

After the awards dinner, I took a photo of the chairman of the Chapter of The Year holding his trophy and I asked him to polish it now and then, because it was going to visit Sarasota next year.

CLICK HERE
to return to
Table of Contents

# Chapter 80

# Wellness programs good for everyone

**Published: Monday, September 7, 2015 at 1:00 a.m.**

According to a recent study on wellness, people who work long hours (more than 55 hours a week) have a 33 percent greater risk of stroke and a 13 percent greater risk of coronary heart disease.

**CLICK HERE to return to Table of Contents**

In researching wellness, I talked with Bob Merberg, employee wellness manager at Paychex and winner of the Best Employer for Healthy Lifestyles award six times from the National Business Group on Health.

Q: Why should a company commit to wellness?

A: Companies understand that healthy employees are more productive at work and often have healthier lives at home. In some cases, it's lower absenteeism. Sometimes it means less "presenteeism." Presenteeism is time when you're at work but your productivity is compromised for health-related reasons. Think of someone who is working with a migraine headache or lower back pain. Wellness can enhance employee recruitment, retention and engagement as well as employees' commitment to their work and to their employer.

Q: How do companies measure success with a wellness program?

A: An employer needs to decide in advance why they are introducing a wellness program. If the program seeks to improve employee engagement, then use employee engagement data to measure its success. If reducing absenteeism is the goal, then look at the absentee rates of people who participate in the program. Are presenteeism rates improving? That's something that can be determined with questionnaires.

Employers are interested in keeping their health care costs in check. They should measure the success of their program, but the metrics have to be based on the company's motivation for doing the program.

**CLICK HERE to return to Table of Contents**

Q: What are businesses doing to promote wellness?

A: We typically see nutritional counseling and brown bag sessions on health topics like nutrition. Flu shots are often one of the most popular and common employee wellness program benefits. Weight management programs and biometric screenings, which include screenings for cholesterol, blood pressure and body weight or BMI, are also used. Many employers offer coaching to help their employees achieve their goals related to wellness, such as getting more fit and eating healthfully. Tobacco cessation programs and gym membership discounts are common perks. According to the Kaiser Family Foundation, 33 percent of companies offer wellness newsletters.

Q: What does it typically cost a company to have a wellness program?

A: Anywhere from $100 per employee, per year for a small business to $500 per employee, per year for a larger business. Another way to look at it is one and one-half to two percent of total health care costs. A wellness program for a small or medium-sized employer doesn't have to cost much. It can be done with almost no expense other than the investment in the people who help organize it.

Q: What kind of incentives or dis-incentives do companies offer to employees?

CLICK HERE
to return to
Table of Contents

A: The best incentives are feeling better, living longer, preventing disease and having more quality time. The Kaiser Family Foundation found that more than seventy percent of employees do not believe that it's right for an employer to penalize employees based on health factors such as blood pressure or BMI. Wellness really has to be something positive.

Q: Is it an invasion of privacy when an employer looks at blood pressure, cholesterol numbers and other personal information?

A: Employees definitely view that as an invasion of privacy and their take on it is negative. This is mostly true when employees feel they're being coerced to participate in that type of program. There are usually third parties involved in data collection and larger employers get aggregate information. While it is regulated, a little bit of employee skepticism is appropriate.

Q: Do larger companies have an advantage with their wellness programs?

A: No. Smaller companies have the advantage because they add a sense of community to their wellness programs. An important part of wellness is social support. Friendly walking clubs and yoga classes enable participants to support and encourage each other. Feeling connected at work is an important component. Other examples are local bike rides, sports teams and healthy potluck meals. It's not just physical, it's also about connectedness. It's about feeling happy and whole and liking your job.

CLICK HERE
to return to
Table of Contents

In a small company, it's easier to let employees know about local wellness activities. The feedback is quick, so the employer has a good idea of how their wellness program is being received and what people want. The smaller employer has a greater ability to try new things.

Q: In a typical business, what person should have the responsibility for a wellness program?

A: Someone in human resources or benefits. The most important thing is that the person who's driving wellness is passionate about wellness.

Q: What is an easy way for a company to get started in wellness?

A: One of the simplest things to do is to create a walking group. Start with a group of co-workers taking a walk on a regular basis during lunch.

Thanks for the guilt trip, Bob. I think I'll leave the building and take a one-hour walk.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 81

# Show your best at trade shows

**Published: Monday, September 14, 2015 at 1:00 a.m.**

After I reported on how to get the most out of attending a convention in the Aug. 31 Business Weekly, my good friend and fellow SCORE mentor Steve Lovinger suggested I consider covering the other side of the coin: how to exhibit at a trade show.

What a great idea; so here is what I discovered after consulting several experts in the trade-show space.

CLICK HERE
to return to
Table of Contents

According to Danielle Hoemeier with Atomicdust, “At most shows, it’s a sea of sameness. Figure out why your brand or product is different, and focus on that.”

Nicole Lininger of Inventhelp-INPEX suggests you take advantage of everything the show has to offer, including attending educational seminars and any opportunities for product pitches.

Justin Hersh with Group Delphi suggests that visitors value content experts over sales experts. “They want to talk to product evangelists.”

**Location, location...**

Locating your booth close to a main aisle or registration table is a good idea, because everyone has to check in and secure their badge and program information.

James Roome of Ultimate Exposure says, “High traffic areas are advantageous, but stay away from entrances and exits, as they can quickly become overcrowded.”

He thinks entrances have many distractions, and are often noisy. Restroom and food service areas are also less desirable. Also avoid positioning yourself next to larger companies that could have a display that makes yours appear inferior.

CLICK HERE
to return to
Table of Contents

A prime location is three to six booths in from the main entrance.

Jennifer Martin of Zest Business Consulting says, “If there is an industry darling, a company that everyone flocks to at every show, see if you can be near them."

Try to avoid booth neighbors that will be using a PA system or lighting that could interfere with your visitor engagement or display.

**First impressions...**

Your promotional products should be relevant to your industry, durable and, most importantly, useful. Include branding that leaves a reminder of your company.

Kim Livengood of The Eclipse Agency, in Sarasota, says, “You must have outstanding, eye-catching graphics. Think of the entire booth as a package on a shelf and you have three seconds to get someone’s attention.”

The biggest error businesses make is not having booths designed by a professional who understands what works at a show, Martin of Zest Business Consulting says. She suggests a consistent message using the same color palette as your logo. Keep your display booth as interactive as possible so visitors can experience your products or services.

CLICK HERE
to return to
Table of Contents

Have your team dress similarly with a company shirt or uniform (if available) and name tag.

Robert Richardson of Richardson Graphics suggests that, to do everything you can to make sure your booth stands out from the crowd, use clear and easy-to-read messaging. Make your booth bright, using unique color schemes that attract attention.

Invest in professional, reusable signage using techniques such as "step and repeat" (signage with your logo repeating throughout).

**Preparation is all...**

Eighty percent of the work required to maximize ROI at a conference is done before the conference starts.

You should know what you want to get out of the conferences, conventions and trade shows you attend, according to Kari DePhillips, owner of the Content Factory.

Begin with TSNN.com, an extensive database of trade shows you can search by date, industry and location. Look for relevance, check out the conference website and social media channels. Will there be well-known speakers?

CLICK HERE
to return to
Table of Contents

Pre-show marketing should advise customers, potential customers and your best leads that you are exhibiting. Provide your booth location and a reason for them to visit.

Consider breaking big news at the event, so you can piggyback on media coverage the conference is getting.

Determine how many people are needed to represent your company at the conference or trade show and outline each person’s duties.

Martin recommends that you establish your goals as follows:

1. Gather cards from at least 25 ideal clients (big fish you'd like to land).

2. Meet in person with three top purchasers to deepen your relationship and see if there's anything else that you can do to better serve them.

3. Set goals for: introducing your products/service to a number of potential clients; closing a dollar amount of new sales and a dollar amount of sales with repeat customers; and the number of orders for various products.

**All work, no play...**

DePhillips says, "Don't forget to have fun! At night, feel free to go out, mingle and have a drink to celebrate all of your hard work. But don't over-do it; get enough sleep to stay perky and friendly through the long days at the event."

After the show, analyze the results.

I hope you are able to take advantage of these great suggestions the first time or the next time you exhibit at a trade show.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 82

# You can take your ‘Elevator Speech’ to the top floor

**Published: Monday, September 21, 2015 at 1:00 a.m.**

Do you think an elevator speech has more impact going up rather than down? What if the building only has two floors?

The term was coined by Vanity Fair editor Michael Caruso and has nothing to do with Otis elevators. There are many differing opinions on what constitutes a great elevator speech. I decided to seek varying opinions and let you decide how to create or refine the elevator speech for your business.

CLICK HERE
to return to
Table of Contents

Station 2 Innovation in Bradenton, with the assistance of Clear Idea and SCORE, recently held a 90-second quick pitch event to help entrepreneurs hone their skills at creating and delivering a quick pitch. According to Sara Hand and Stan Schultes, principles of Station 2, “Whether pitching for investment or sharing a unique value proposition, mastering the art of the pitch is a crucial skill every successful entrepreneur works to master.”

The two-session event had 12 participants coached by SCORE mentors Bill Elias and Dennis Hernreich on a Thursday, with voting on the best pitches the following evening before an audience of 30. To participate in a future quick pitch event, contact the company at info@Station2innovation.com or (941) 877-1599.

Said Alfred Blake, assistant director of undergraduate entrepreneurship programs at Rutgers Business School, “Will you spend another Netflix Friday alone? That depends on your pitch. The perfect elevator pitch is the lure that leaves the listener wanting more. Your pitch must create enough intrigue to warrant another date.

CLICK HERE
to return to
Table of Contents

'Many people think strictly about business when discussing a pitch, Blake said. 'I liken pitching to a date.

'Is your pitch attractive? Questions to ask: Is your message appealing, who else believes you, do you own it, is it authentic? Compared to dating, these qualities are: appeal, validation, confidence and trust.”

According to Callum Beattie with the Honest Agency, 'The elevator pitch should be specific and compelling. It should describe what you do different than anybody else and how your target customer benefits. It shouldn’t have to be any longer than two or three succinct sentences. The delivery of the pitch is also important and should match the overall brand tone of the business or person making the pitch.”

Gayle Carson, of the Carson Research Center, says, “It should be seven to 10 seconds and get the other person to ask, ‘How do you do that?’ or ‘Tell me more.’ That's the entire goal. You don't want a data dump.'

Barry Maher with Barry Maher & Associates says an elevator pitch should have three parts:

1. The grabber: I help businesses of all sizes generate significantly more business by improving their sales team's closing ratios.

2. The support: For example, a training we did for XYZ Co .resulted in an immediate increase of over 10 percent.

3. The tie-in: What kind of closing ratio does your sales team have?

CLICK HERE
to return to
Table of Contents

Another communications specialist, Mark Grimm, had six recommendations:

1. Avoid autopilot. Don’t use the same canned phrases. Focus on being genuine rather than being clever.

2. Probe and listen. Find the pain in the recipient's career. What would they like to fix? Then tailor your speech to how you can help them.

3. Talk about benefits, not titles or duties. Describe tangible things you deliver that matter to others, not to you.

4. Avoid bureaucratic speech. Use plain, simple and precise language.

5. Give compelling examples of how you've helped others.

6. Be Passionate. Bill Gates once said, “The thing I do best is share my enthusiasm.”

Dan Lobring, marketing director at Communications rEvolution, suggests thinking of your elevator speech as a tweet. What can you convey about who you are and what you do in 140 characters or less? That's the challenge. In a world of short attention spans and increased competition, you have to really nail that first impression.

CLICK HERE
to return to
Table of Contents

Jennifer Robinson, of Purposeful Networking, adds, “Be sure not to use acronyms or industry jargon in your pitch. Be yourself

# Chapter 83

# Limiting consequences—the unintended kind

**Published: Monday, September 28, 2015 at 1:00 a.m.**

My good friend Roy Weissman has a great saying: “I want to be successful in business in spite of myself.”

Why do I like this so much? Because, as business owners, we have a tendency to get in our own way. Often, decisions we make cause unanticipated issues — good and bad — also known as unintended consequences — those outcomes from an action that are not what you wanted or maybe even imagined possible. Unintended consequences come in three varieties: an unexpected positive result or benefit; a negative result in addition to the desired result; or a very negative result with no benefit, otherwise known as a backfire.

CLICK HERE
to return to
Table of Contents

Unintended consequences remind me of Newton’s Third Law of Motion, “For every action there is an equal and opposite reaction.”

For examples, look at the first two Amendments to the U.S. Constitution.

Consider the First Amendment's guarantee of freedom of speech and freedom of the press. In a free society, we can say anything we want, print anything and not worry about being carted away for subversion. But hateful, attacking speech can be unintended consequences.

The right to keep and bear arms enshrined in the Second Amendment has had the unintended consequences of contributing to the proliferation of guns and violence in our society.

Another example is the Affordable Care Act. 'Obamacare' has many unintended consequences, including companies redefining the work week to 30 hours to avoid the additional costs of mandatory insurance for employees working 40-hour weeks. (And remember, if you like your plan, you can keep the doctor you have. Unless, of course, the plan has been scrapped because it didn’t meet new federal guidelines.)

CLICK HERE
to return to
Table of Contents

**Lesser of the evils**

I love watching TV commercials for pharmaceutical products in which stating the list of their possible side effects takes up more time than talk of the drug and its benefits. The last statement made in such ads is often something catastrophic, such as, 'See your doctor if this problem lasts for four hours' or 'can cause death.' Gee, I can’t wait to consume those meds!

The more complex the system, the larger the number of possible effects. Here's a simple example: Let’s say that you own a restaurant and you increase your drink prices by $1 per drink. You anticipate that this strategy will result in more profit, right? Maybe. Unintended consequences: You may lose customers who now feel that your drink prices are too high. Secondary unintended consequences: Your restaurant will now have more seating availability. Assuming you can fill these seats with new customers, you may make higher profits.

Now that you have a better understanding of unintended consequences, what can you do to avoid them? Here are some suggestions:

1. Try to account for human nature and biases.
2. Try to know what you don't know.
3. Survey your customers and non-customers.
4. Conduct market research to be able to have a high level of confidence in your decisions.
5. Involve other departments in the decisions to help detect unforeseen effects.
6. Consult a marketing expert, SCORE mentor or business coach.
7. Create incentives that help achieve the desired outcome .
8. Balance short- and long-term goals.
9. Don't create problems you don't have.
10. Discuss prospective changes with your accountant.
11. Test changes before committing to them.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 84

# Millennials and their growing influence

**Published: Monday, October 5, 2015**

I am constantly bombarded with comments, articles and research about millennials.

People ask and discuss who they are, what makes them special and how to hire and retain them.

Considering that more than 1 in 3 workers today are millennials, and that by 2020 nearly half of all U.S. workers will be from this group ('ROI on Generation Y Employees' Lynch, 2008),it is worth a more in-depth look at these 80 million Americans.

**CLICK HERE**
**to return to**
**Table of Contents**

Millennials, also known as Generation Y, were born between 1980 and 2000, so today they are 15 to 35 years old. In just 10 years, they will represent the 25- to 45-year-old segment of the workplace. The imminent retirement of baby boomers means that the coming employee leadership gap will be filled by millennials. They are indeed different in their upbringing and their outward-focused perspective.

In researching this generation, the best information comes from the University of North Carolina Kenan-Flagler Business School.

Millennials are optimistic, achievement- oriented multi-taskers. They have never lived without technology, the Internet and social media. Information has always been accessible to them. They are continuous learners, socially conscious and the best educated generation in history.

Their lives have been supervised by chauffeur soccer moms, resulting in their developing into good collaborators and team players. While boomers wanted job security and structure, millennials seek employability, schedule flexibility and work that is fulfilling. Income is important to millennials, as most graduate from college with over $20,000 in debt.

**CLICK HERE**
**to return to**
**Table of Contents**

Additionally, trustworthy leadership, receiving relevant benefits and ongoing professional development opportunities round out the millennials' employee wish list.

Millennials are more than twice as likely as their managers to value both meaningful work and having a sense of accomplishment in their jobs. Yet they are about half as likely as their managers to desire high pay and responsibility. They like an unstructured flow of information.

They influence and are influenced by communities and networks.

According to Diane Speigel, CEO of The End Result, a corporate-training and leadership-development company, millennials want the following from employers: coaching and collaboration, measures (metrics) and motivation.

Cara Newman of Young Money adds, “Leaders should let millennials know the big picture so they understand their roles.

Offer projects with a learning component. It will challenge them and make them work harder.” ('Managing millennials in the workforce' – Newman, 2010).

Because of the recession, millennials were victims of LIFO, Last In - First Out, suffering job losses that may have darkened their view on the workplace.

Government statistics show that millennials had a tougher time finding long-term, meaningful employment. This group has also experienced a 6 percent decrease in pay.

According to a Pew survey, 49 percent of young adults surveyed took a job they didn’t want just to pay the bills and nearly 25 percent took an unpaid job to gain work experience. Therefore, as many as 70 percent of working millennials are likely to change jobs with the improving economy ('What millennials want' – Nekuda, 2011).

CLICK HERE
to return to
Table of Contents

This transition combined with the boomer exodus means that organizations risk high turnover, productivity losses and instability in the coming decade.

While millennials are optimistic about their future earnings, they are also concerned about their near-term employability.

What can you do to attract millennials? Communicate about your company’s culture and open communication policies, flexible work schedules and development opportunities. Provide compensation packages above industry and regional averages. Offer immediate 401(k) eligibility and signing bonuses.

How can you keep them? Develop initiatives that promote mutual respect and understanding. Build a strong sense of community diversity. Emphasize how to set long-term goals. Offer round tables encouraging innovative thinking. Respect generational differences in the workplace. Create a flexible, relaxed, fun culture. Provide training and development opportunities with mentoring. Have a tuition-reimbursement program to support millennials' desire for continuous learning.

CLICK HERE
to return to
Table of Contents

A Bellevue University study of Mutual of Omaha found that employees who participated in the company’s tuition reimbursement program were twice as likely to stay as non-participants (Nekuda, 2011).

Leverage learning with technology. Create collaborative teams to tackle projects. Millennials want to know how their projects fit into the big picture for the company.

The workplace will be different. Millennials will have a significant impact on how your business is conducted in the future. Attracting, developing and retaining them will continue to evolve and it will change the employment landscape as we have known it.

# Chapter 85

# Zink reveals secrets of his good PR

**Published: Monday, October 12, 2015**

As chapter chairman of Manasota SCORE, I am asked by other chapter officials, “How do you do it?”

“Do what?” I ask.

“Get all the press you get for your chapter.”

CLICK HERE
to return to
Table of Contents

The answer is a simple, two-part answer: (1) We receive a lot of press because we are doing unique and "newsworthy" things, and (2) we have a public relations expert who helps us spread the word to our public.

According to Susan Hicks of PRecise Communications, our public relations consultant, “PR gives your target audience information about your company, your activities and your products or services. The goals are to build and maintain a positive public image and to create strong relationships with your customers, clients, prospects, employees and the general public.”

We also portray a consistent message. Here are some examples of the type of information we release:

- We announce the election of our new chapter officers, our client of the year, workshops, our Success Strategies for Business Owners monthly MeetUp events, the chapter’s recent achievement of Platinum status and our being selected as the District Chapter of the Year.

- We share information on new initiatives we’ve helped to create, such as an export program that connects companies with State College of Florida student interns who are interested in international trade. The adjunct professor working with the program is a SCORE mentor. We also developed a program called Building Bridges for Entrepreneurs with the Manatee Community Federal Credit Union.

CLICK HERE
to return to
Table of Contents

- We promoted the creation of our podcast series, Been There, Done That! with Dennis Zink, which is now the official small business podcast series for National SCORE, which has over 300 offices and 11,000 mentors in the United States. The national website receives over 250,000 unique visitors per month.

We also spread the word about SCORE as we work closely with local chambers of commerce, municipalities and other nonprofits, lending expertise throughout the community by piggy-backing on synergistic relationships. We make speeches to chambers, banks and MeetUp groups throughout the year. We help entrepreneurs develop and hone their skills, such as creating an effective elevator pitch, and we've served as coaches in several quick-pitch contests each year with Spark Growth – Station 2 Innovation Center.

We helped develop and facilitate the Manatee Chamber CEO Roundtable. We provide a mentor panel to help judge USF-Manatee MBA student projects, and we help hundreds of students at Manatee Technical College learn what it takes to start a business.

I write this small business column as one more effort to promote what we do. This column generates high-caliber SCORE mentor and client leads, and it shares the expertise of SCORE mentors and podcast guests.

I asked Susan what a small business can do to improve their PR efforts. Here are some of her suggestions.

**CLICK HERE**
**to return to**
**Table of Contents**

In a small business, you want to put out information about where your company has improved, changed or grown. You can also promote information on relevant training and certification or awards that the owner or employees have completed or earned, as well as any business milestones or significant accomplishments.

Often, small-business owners are so busy running and growing their businesses that they don't stop to think about PR. The problem is that, when you have nobody paying attention to it, great PR opportunities can fall by the wayside.

A business that is too small to have a PR person on staff can hire an outside agency or a freelancer to work with them. A freelancer can be hired to provide on-going PR consultation and services, or they can be engaged to do a one-off news release when something happens that is newsworthy, to help get the business name out in the public eye.

I asked Susan about the many companies in our community that are doing wonderful things without their stories aren't being told. News releases are usually the first thing that comes to mind when thinking about public relations. What can you tell us about writing a news release, I asked.

**CLICK HERE**
**to return to**
**Table of Contents**

A press release that is well written is more likely to be well received by the media and help the business achieve its publication or broadcast goals. There's a basic format that should be followed to help ensure that all the information the media needs is included, including contact information for someone in the company that the media can contact for further information.

The first thing is to make sure that what you're thinking about putting out there is truly newsworthy. The last thing you want to do is to send the media a bunch of things that they won't be able to use. Moves or expansions of your business are good things for a news release, and so are milestones. Announcement of a price-reduction sales event would fall under advertising, not public relations.

Has your business just passed a 10th or 15th anniversary? Are your sales incrementally larger to an extent that would be seen as newsworthy? Who are your people and what are they doing? Do you have additions to staff? Have they received awards or certifications? Has someone been promoted recently? Those kinds of things can be sent out through a news release.

Partnerships, product-line additions; you're a company that's installing windows and all of a sudden you've been chosen to install a whole new line of windows — those kinds of things can be put in a news release. And information about events can be sent to the media to share with their readers or viewers, both pre-event and post-event.

A PR professional offers an outside perspective that can help you see things inside your business differently and help you become more aware of opportunities to share news of your changes and accomplishments. The pro brings into your business their knowledge of which media would be interested in sharing your news. And through “environmental scanning,” your PR person can keep an eye out for networking, marketing or promotional opportunities that could help you grow your business.

Keep in mind that it helps to share your business news, and don’t let PR opportunities slip away.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 86

# Fido and Americans with Disabilities Act

**Published: Monday, October 19, 2015**

I was having Sunday breakfast at First Watch when the hostess led a couple to an adjacent table. The couple had a small, white, fluffy dog with them. I asked about the dog's breed and the woman mentioned that it was a Shih-Poo service dog for the gentleman.

This cute dog was well-behaved and my attention soon wandered back to my breakfast, conversation and reading the Sunday paper (the Herald-Tribune, of course).

CLICK HERE
to return to
Table of Contents

After later discussions with my editor, I decided to research the Americans with Disabilities Act to learn more about this 25-year-old law. What does a small-business owner need to know about compliance, and what are the fines for failure to comply? And what did the regulations say about service animals in restaurants?

### Background of the ADA

For many years, people with disabilities were discriminated against. They were prohibited from attending schools, denied employment and forced to live in institutions.

ADA involves several government agencies, depending on what is needed to accommodate them. For example: The Equal Employment Opportunity Commission has oversight on employment issues; the Department of Transportation is responsible for transportation issues; the Federal Communications Commission for telecommunication issues; and the Department of Justice for public accommodations and state and local government services.

The ADA prohibits discrimination against a "qualified person with a disability." The term "disability" means, "a physical or mental impairment that substantially limits one or more major life activities. Major life activities include, but are not limited to, caring for oneself, performing manual tasks, seeing, hearing, eating, sleeping, walking, standing, lifting, bending, speaking, breathing, learning, reading, concentrating, thinking, communicating and working.

CLICK HERE
to return to
Table of Contents

### Service animals

According to Suzy Wilburn, director of Admissions and Graduate Services at Southeastern Guide Dogs, here are some of the ADA dos and don'ts for businesses and service dogs.

"Businesses are often confused about how they should act when a person appears with a service dog," Wilburn said in a speech at the Venice Lions Club. "The ADA law allows a business to ask if the animal is required for that person's disability and what specific tasks the animal has been trained to do."

Wilburn warned that asking for medical documentation, special ID cards, training documentation or demonstration of the task are forbidden and may be subject to a fine of up to $50,000. Furthermore, businesses have a challenge as not all disabled people who own dogs have visible disabilities, and not all dogs are service animals.

For example, emotional-support animals are not considered service animals and are not protected under the ADA. However, dogs that help people suffering from post traumatic stress disorder are protected by the law.

Service animals must be well behaved, clean and trained for specific tasks. They also have to be harnessed, under control and supervised. Realistically, businesses do not have to put up with unruly animals.

CLICK HERE
to return to
Table of Contents

Venice Lions Club President Beverly Flynn is planning to host seminars for local businesses regarding ADA issues.

Rachael Stafford, project director of The Rocky Mountain ADA Center (www.rockymountainada.org), has a direct connection with the White House, as she was one of the only national directors to attend the president's briefings on the ADA during the summer.

Under Title 3 (there are five titles) of the ADA, “A business must make reasonable alterations to remove barriers that may be preventing persons with disabilities from accessing their business. These can be physical barriers, communication barriers or other barriers that business owners could remove to make their businesses more accessible.'

A business with more than 50 employees would fall under Title 1 responsibilities, as well. This pertains to employment and making reasonable accommodations in the hiring process. Stafford says, “Regardless of your business size, you should start to make those changes in your application process for an employee who needs an accommodation to help with a disability.”

According to Stafford, most small businesses lease space as opposed to owning the building. They should confirm that their landlord has made necessary accommodations for their business before signing a lease.

CLICK HERE
to return to
Table of Contents

Accessibility changes fall under the responsibility of the landlord.

A gray area has been that most businesses just do not ask questions for fear of failing to comply and being subject to fines.

Attorney Shelby Skeabeck, with Shawe Rosenthal LLP, represents employers in discrimination claims.

Skeabeck said it is important for an employer to openly communicate with employees on the subject.

Every step taken in the process must be documented, demonstrating your good-faith efforts to resolve and reasonably accommodate employee issues without undue hardship to the business.

“Employers do not have to give employees their ‘preferred’ accommodations,” Skeabeck said. “They can give ‘effective’ accommodations, which may cost less and not provide an undue burden on the business.”

By the way, Fido was not fed table scraps.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 87

# Market research done with polling

**Published: Monday, October 26, 2015**

It is really easy to conduct a poll these days. Using Survey Monkey or other software or subscription services, a survey or poll can be put together in minutes.

What a great way to do fast and inexpensive market research!

CLICK HERE
to return to
Table of Contents

But to have meaningful results, you must do three things.

- You must ask the right questions. Do the questions have a built-in bias? Is the phrasing of each question clear or confusing? Are the selection choices differentiated? Is there a control mechanism, an opt-out choice, such as, “I don’t want to respond to this question, I don’t know, or N/A?”

  Does the question sequencing rotate to alleviate position bias? For example, answer this question and we will come back to it later. Choose one number: 1, 2, 3, or 4.

- Are you polling the right audience to elicit a meaningful response? When the assumptions in a polling model are incorrect, the results can be bad.

- How large is your sample? Will your response be statistically significant? Will you derive meaningful answers to some of your marketing questions?

What is a poll versus a survey?

According to Wikipedia, a survey is a method for collecting quantitative information about items in a population. A poll is an assessment (or survey) of public opinion. There are also election polls, straw polls and exit polls. The most common polls that we hear about are political: approval or disapproval of an elected official or Congress and the names and positioning of the candidates for the next presidential election.

CLICK HERE
to return to
Table of Contents

There are companies and organizations that specialize in polling, such as Gallup, Harris, Nielsen, Reuters, Pew and Quinnipiac University.

According to Nate Silver, of the FiveThirtyEight website, “Response rates to political polls are dismal.

Even polls that make every effort to contact a representative sample of voters now get no more than 10 percent to complete their surveys — down from about 35 percent in the 1990s.”

Polling can be a useful tool in market research, but remember GIGO – Garbage In, Garbage Out.

“Social polling” and politics At a recent SCORE party, an informal discussion began about some spouses canceling each other out with their votes for candidates. Several couples there have different political views. Yes, we know the rule not to discuss politics or religion at social gatherings. The reasons may seem obvious. People are usually set in their political views and will not discussion on the issues. The political scene is so intense that differing politics can be polarizing and cause heated consequences.

It has been my observation that these divisive political discussions result in people digging in deeper and often leave the conversation even more convinced that their thinking is correct.

Nevertheless, I decided to conduct an anonymous, one-question, informal poll on political persuasion with our SCORE chapter as the target audience.

CLICK HERE
to return to
Table of Contents

The question read: Please answer this question. This is an anonymous poll. Only summary results will be posted. (This means we will not reveal who answered what.) The choice of answers and the responses appear below: I am a Democrat — 13% response I am a Republican — 39% response I am an Independent — 29% response I prefer not to answer — 19% response One individual was upset that the question was asked and requested that I rescind the poll and apologize for inquiring about members’ politics.

This seemed a little extreme, considering that he had the choice to answer “I prefer not to answer.”

I did not want to mention that this was done as market research for my column on polling, so I just explained that it was a long story and that I was responsible and would take any heat.

These results are based on a 78% response rate from the target audience, which is really good. It is generally assumed that small-business owners tend to be Republicans.

So I was curious to see what the political bent of our SCORE mentors. It was about what I had expected.

**Business benefits**

CLICK HERE
to return to
Table of Contents

How can you benefit from polling in your business? You can poll existing customers from the email addresses you have gathered (you do this, I hope). You can ask questions about your current operations or about decisions you are considering on such things as items and pricing. You can look at levels of customer satisfaction.

With email polling software included in commonly used programs, you no longer have to go through the tedious process of printing a piece, creating labels from your mailing list, attaching the labels and postage stamps, mailing the piece, receiving responses and tallying the results. Just click and send.

Please respond now to the following poll by emailing a one-word response of Yes or No to Centreofinfluence@gmail.com.

I liked your column today on polling, Yes or No?

Now, getting back to the question about selecting 1, 2, 3 or 4. Most people select 3. They typically don't want to select the first or last choice, and 3 seems to win out the most. What number did you select? Feel free to let me know that, too.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 88

# How to handle business overload

**Published: Monday, November 2, 2015**

At a recent SCORE executive committee meeting, Alan, our case assigner, unexpectedly announced, “We have a problem. We have been too successful and we are outstripping our capacity to take on more clients.”

After some discussion, we realized that our Heinz 57 variety of mentors are receiving more cases than they can properly handle. Having grown by 106 percent this past year, we have exceeded our capacity to handle new business, and we can’t have that. So what’s a SCORE chairman to do?

CLICK HERE
to return to
Table of Contents

Recruit more mentors! Of course.

Fortunately, this isn’t a new problem, as I have faced this issue with virtually every business I have managed or owned. So what should you do when you are in this quandary?

**1. Gather the facts.** In SCORE’s case, we have 57 member-mentors, but not all members actively mentor. Some members are in leadership; others head committees or function in other capacities. While all this is good, we have about half of our active members functioning as business mentors. When you factor in increased requests for mentoring, something has to give.

**2. Review or discuss strategy options with your team.** We can’t sacrifice quality, so the only alternative is to increase our product line, which in our case is adding more qualified mentors to our team. Another option is slowing down our push to acquire more clients until we achieve mentor-client equilibrium.

**3. Decide how to get from where you are to where you want to be.** What tasks must be performed? In our case, we must discover, vet and hire additional team members.

CLICK HERE
to return to
Table of Contents

**4. Who will do what? Is the goal achievable?** We have broken the tasks into bite-sized pieces so that various team members can participate in this process. Some will identify prospective mentors, others will vet those mentors and hire them, and others will sponsor, educate and monitor the new mentors' progress as they go through the certification process.

**5. Establish goals.** When will these tasks be completed? In our case, we intend to bring on 10 mentors (net) by April 30, 2016, averaging two per month.

### What others do

Now, let’s look at what others are suggesting or doing to solve their capacity problems.

**Put on the brakes.** According to Becky Robinson with Weaving Influence, an online influence-building company, “It's a balancing act — saying yes to the right number of new projects equals growth. At the same time, you must add and onboard staff to meet demand. We make sure current legacy clients are served well. Trying to do all three at once can be disastrous, so I consciously slow down. By telling clients we have a waiting list, this often creates additional demand for our work.”

**Look to your competition.** “ It depends how intense the problem is,” notes marketing and business consultant Bruce Brown of Brown Marketing Consulting. He suggests getting a competitor you trust to sign a non-compete and then out-source to them. This is only an option if they can deliver a similar product or service.

**Temporarily slow down advertising or promotion.** Brown recommends conducting a speedy yet accurate analysis to discover where the majority of orders are coming from.

CLICK HERE
to return to
Table of Contents

Then, “turn down the faucet” such as by cutting back on advertising or promotions temporarily.

“But by all means do not lie or hide the problem from your customers,” Brown cautions. He suggests letting them know what is happening and asking for their help. “You may be shocked. if you ask them for ideas, they may just come up with solutions to solve the problem for you, while they remain your customer.”

**Build capacity.** According to Michael Heiligenstein with Fit Small Business, “Obviously, sales outstripping capacity is a great problem to have. The long-term answer is to build more capacity, but your immediate issue is how to handle extra sales. One question you’ll have to ask, is it viable to decrease your sales without hurting your business?

'If you're getting a lot of leads through pay-per-click ads, for instance, it's fairly easy to turn off some of those ads. Another option is to temporarily increase pricing. The problem with this approach is that it might give you a reputation for being expensive, which can scare off repeat customers. If you have a product-set that tends toward one-time buyers, you can increase pricing temporarily without damaging your repeat business.”

CLICK HERE
to return to
Table of Contents

**Fire the least-profitable customers.**

Tatsuya Nakagawa of Inventoritis Strategy Ltd. says, “You have three options: Fire your least-profitable customers, narrow your offering to focus on the most profitable customers or partner with another company to increase capacity.”

**Outsource.** Kallen Diggs of Reaching The Finish Line says, “Consider outsourcing some of the work overseas, where labor is cheaper.”

**Push back delivery dates.** “ Keep selling, but slightly push back deadline dates of deliverables. This way you can continue to meet client expectations, without letting customers down” says Ryan Lockhart of Group 46.

**Risk market share.** "A small, growing business must weigh their options carefully. If you take on too much without the proper infrastructure in place, it may collapse from the bottom up. On the other hand, you can choose to grow at a slower pace, but risk losing immediate market share to competitors," small business adviser Mark Hokkup said.

These are some excellent suggestions, but only you can decide which strategy makes sense for your particular business.

Happy sales to you.

---

CLICK HERE
to return to
Table of Contents

**"It's a balancing act — saying yes to the right number of new projects equals growth. At the same time, you must add and onboard staff to meet demand. We make sure current legacy clients are served well. Trying to do all three at once can be disastrous, so I consciously slow down."**

–Becky Robinson with Weaving Influence, an online influence-building company

CLICK HERE
to return to
Table of Contents

# Chapter 89

# Communicating well in workplaces, Part 1

**Published: Monday, November 9, 2015**

What should you tell your employees and what should you hold back? How should your employees communicate to management and to their peers? What communications are taboo in the workplace?

CLICK HERE
to return to
Table of Contents

There is so much relevant information on this topic that I decided to break it into two parts: Employer communications to employees (Part 1, today) and employee communications to employers and peers (Part 2 - next week). Here is some expert advice I gleaned this week throughhelpareporter.com.

“Good communications can increase productivity, boost morale and improve the bottom line,” says Tony Beavacua, educator, coach and lecturer. “Effective communication begins with emotional competency.”

His advice is to show respect and be supportive of your employees. Focus on solutions to conflicts, challenges and problems. He admonishes managers not to attack character, sabotage peers or allow problems to escalate, thereby creating contempt, antagonism or resentment. The ultimate goal is a creative, and congenial work environment.

“How much is too much to share with employees?” asks Nancy Saperstone with Insight Performance. Her answer: Companies with highly effective internal communications are more likely to provide a significant return to shareholders, have higher levels of employee engagement and lower turnover rates.

CLICK HERE
to return to
Table of Contents

Sharing information helps employees better understand the organization’s goals and the external factors that affect the company. It can also add relevance to how specific jobs relate to the big picture. Open communication promotes consistent messaging and reduces the speed of the company (gossip) grapevine. Daily messaging should align the organization's culture, mission and vision.

“Open, transparent communication is the best policy with employees. Being candid and respectful builds trust,” says Karlyn Borysenko, principal of Zen Workplace.

Borysenko explains that a void in information invites speculation and conjecture. Gossip can be mitigated but not totally eliminated. Employees have a tendency to fill in the narrative with information, often wrong, to fill the gaps.

Camille Young, blogger at gymandfitness.com.au, points out that communication is approximately 7 percent verbal and 93 percent nonverbal and that it includes how we deliver the message, body language, facial expressions and other non-verbal cues, intonation, and style.

So what you say and how you say it is very important. Employer "no no's" include situations such as pointing to mistakes as opposed to solutions and demeaning employees in front of others instead of having private, encouraging conversations.

John Vespasian, author of seven books about rational living, says, "Don't lie or misrepresent facts, and don't make false promises to your employees."

He goes on to say that effective communication requires mental clarity and consistent expression.

CLICK HERE
to return to
Table of Contents

Joanie Connelly, founder of Flexible Work Solutions, offers these tips: "Do tell your employees your opinions, positions and observations about relevant work-related issues and safe topics, such as sports, fashion, cars and food." On the other hand, she cautions against sharing your personal biases and political leanings with employees.

Laura Mcloud, creator of the From the Inside Out Project! warns employers to limit self-disclosure. Share who you are, including your values and history with the company, while being careful about disclosing specifics.

"Your information may be repeated out of context," she said.

**Taboo topics**

"No matter how tempted you may be to joke around, making sexual comments to employees is always inappropriate. No matter how close you feel you are with the staff, you never know how such language will be interpreted, and such talk will almost immediately degrade your credibility, even if employees seem not to mind it.

Similarly, a person in management should never express stereotypical views, racism, sexism or unfounded bias of any kind, even if they think the people around them think the same thing.

CLICK HERE
to return to
Table of Contents

"Nobody should ever be made to feel uncomfortable at work. So, as a rule of thumb, if there's even a remote possibility that what you're saying could offend someone, just don't say it," says John Niggl with InTouch Manufacturing Services.

Social media and employee rights "Social-media policies must not interfere with employees' rights to discuss wages, benefits and working conditions," says ADP's vice president of human resources, Tara Wolckenhauer. Provisions that prohibit employees from discussing their pay, or overly broad statements that could be interpreted to restrict these rights, may interfere with employees' rights under the National Labor Relations Act.

Wolckenhauer suggests that much depends on how the policy is enforced. As an example, dress codes may restrict employees from wearing certain clothing or prohibit body art. This could violate nondiscrimination laws if an employer fails to provide a religious accommodation for employees whose dress conflicts with the policy due to the employees' sincerely held religious beliefs. Employers should apply their dress code policies fairly and consistently.

Employers should review their policies annually, maintain an employee handbook and consult legal counsel if they have questions.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 90

# Communicating effectively in the workplace – Part 2

**Published: Monday, November 16, 2015**

*'Ooh, I bet you're wond'rin' how I knew… Dontcha know that I heard it through the grapevine' – Marvin Gaye*

**CLICK HERE**
**to return to**
**Table of Contents**

Long before the days of the Internet, Facebook, Instagram and Twitter, gossip permeated the office grapevine, and in many instances it still does. Management can't control this sometimes-pervasive and informal communication node and shouldn't try to, less it risk violating the National Labor Relations Act.

**The Law:** The NLRA is a federal law that grants employees the right to form or join unions; engage in protected, concerted activities to address or improve working conditions; or refrain from engaging in these activities. For more information, go to www.nlrb. gov/rights-we-protect.

Under the NLRA, employees have the right to: discuss your wages and benefits and other terms and conditions of employment or union organizing with your co-workers or a union.

**The Grapevine:** According to Karlyn Borysenko, owner of Zen Workplace, who I contacted along with other sources for this column through helpareporter.com, "Gossip and speculation is never something you can eliminate entirely, but it can certainly be mitigated. Management wonders where this stuff comes from . . . it comes because we're naturally curious and when there's a lack of information, we'll look for our own explanations. If management creates a culture of consistent transparent communication, employees won't feel a need to create their own explanations, because they will feel confident that they have the relevant information."

**CLICK HERE**
**to return to**
**Table of Contents**

Spreading negative information can indeed bring morale down. I have seen situations where time was wasted as the rumor-mill permeated workplace discussions. Personal political jockeying and back-stabbing was a daily event.

Employees will always invent stories in the absence of information, and those stories are rarely positive. It is far more beneficial for leaders to be truthful than to let employees create their own narrative, says Addam Marcotte, vice president of organization development for FMG Leading.

**Masterful communication:** Matthew Coleman, with MyEmployees, has developed a five-step approach to masterful communication when dealing with employee engagement and recognition in the workplace.

Step 1 - Connect by caring about the work you do and those with whom you work as you lead by example.

Step 2 – Support others by using your wisdom and experience to resolve issues so all employees feel satisfied.

Step 3 – Be approachable and willing to listen attentively.

Step 4 – Communicate purposefully so that your interaction is worthwhile for everyone.

Step 5 – Respond to questions and explain further as necessary.

**Admit mistakes:** Encouraging an open culture in which employees can admit mistakes and help one another is invaluable. If information is covered up, problems will not be resolved.

**CLICK HERE**
**to return to**
**Table of Contents**

**BS Detector:** "Employees have a sensitive BS detector and can smell when they aren't hearing the whole story," says Leigh Steere, co-founder, Managing People Better. "They don't voice this concern; they just walk out, thinking, 'Management is not leveling with us.' If employees understand all the issues, they can develop more accurate, promising solutions."

**Taboo topics:** April Masini, author, relationship expert and advice columnist with AskApril@askapril.com, says, "Avoid anything that has to do with sex, politics or religion in conversation — whether you're the boss or the employee. These are subject areas where it's easy to quickly get into conflict, personal business or insulting people. These are the "thin ice" areas where you can quickly crack the surface and fall into legal muck."

**Shut up, already:** This advice applies to the person who speaks and doesn't know when to stop. Employees should avoid making comments that are negative or critical about the company unless they can add meaningful solutions. Job-search efforts should not be shared among fellow employees. Studies have shown that there is a direct correlation between employee morale and productivity. Employees shouldn't gossip or speak poorly about other employees or management.

**CLICK HERE**
**to return to**
**Table of Contents**

**Don't be their BFF:** Monique Honaman, founding partner of ISHR Group, an HR and leadership assessment firm cautions leaders against becoming 'friends' with their peers and managers, including direct-reports, unless they truly have a real friendship outside of work that transcends the work boundaries.

Sharing too much information on Facebook with employees often backfires, Honaman added. "Employees may feel like they are being overworked and under-appreciated, and then see photos of the boss relaxing on vacation or at their new lake house. Better to err on the side of limiting some of what is shared personally via technology.'

**Feedback:** Finally, employee feedback can be a great communication tool if used properly to improve the workplace. Using an anonymous feedback method will generate true feelings that may otherwise go unexpressed.

# Chapter 91

# Should you pay yourself first?

**Published: Monday, November 23, 2015**

I polled our SCORE mentors and tallied the following statistics: 23 percent voted for paying yourself first; 77 percent voted for paying yourself last.

Here are some thoughts on why you may want to do one or the other. A lot depends on the stage of growth and profitability of your business. If you are a boot-strapped startup, you may have to defer a steady paycheck until your business is somewhat viable and has the cash to justify a paycheck for you. Of course, if your business is very profitable, regardless of maturity, then by all means pay yourself a competitive salary. I tapped into the expertise of sources on helpareporterout.com.

CLICK HERE
to return to
Table of Contents

**Pay yourself first**

Some thoughts on paying yourself first:

■ You gotta survive in the interim: In a perfect world, you have all of the money you need to pay your bills; however, this is rarely the case.

“By paying yourself first, you are creating a non-negotiable expense in your business and setting a goal to collect enough money to pay your bills. Many business owners fail because they are oblivious about how much money is coming or going,” says Tammy Bauer with Because789. What Tammy is really talking about is cash flow.

■ Cash flow: “The key to a successful business will always be found in paying yourself first. Every business needs to manage cash flow. It is essential that a business has a number of reliable clients who pay on time,” says Michael G ABrown, Your Success 2 Limited.

CLICK HERE
to return to
Table of Contents

■ Uncle Sam gets paid first: “Keep in mind that the government gets paid first before you get the money to spend. You have to create the same scenario in your business. Then pay everyone else,” according to Debra Angilletta, Business Strategist.

■ One creative method: Holly Diederich, founder of AdoreYourCloset.com, says, “I determine a percentage to take out of the business every month. This gives me incentive to know what sales need to be brought in to achieve my goal. If I'm paying other people, why not pay myself? I used to think that I couldn't take money out of the business because it's growing and every dollar had to go back in. It's made me a better business owner.”

Thinking along the same lines, Bonnie Gayle, a CFO with 25 years of bookkeeping experience, recommends business owners pay themselves a percentage from income. She thinks that pay gives the business owner a sense of self-worth and inspiration.

“Incentive tied to pay motivates people to be more productive and care more about making sales,” Gayle said. “When you're starting up, pay yourself first. You have to eat. When you're established pay yourself last. If you have employees, you have to pay them. I have never not paid staff, but often not paid myself,” says Robb Young with Xperience Days Inc. “At no point was the staff aware of this fact. If you alert the staff that you are not paying yourself, their trust that the company can survive may diminish, and they may start looking.”

■ Is your business profitable? “If the answer is yes, then pay yourself first,” according to Jennifer Martin with www.ZestBusinessConsulting.com. "If the answer is no, then hold off. Be responsible to your staff, your vendors, and your customers, and pay your other obligations before you write yourself a check. Making a great deal of money is one of the luxuries of owning your own business.”

CLICK HERE
to return to
Table of Contents

■ You are a line-item expense: Eric Lupton, president of Life Saver Pool Fence, says, “You are an expense just like any other employee. Factor yourself into your budget as soon as possible. That salary might seem small as you work to get profitable, but it still should be paid. If there isn't enough cash to pay everyone, then definitely pay yourself last. Build yourself into the equation. If someone comes to buy or invest in your business, that number will be critical.”

■ Reinvesting your profits: “With numerous business expenses to pay, it can be hard to justify your own salary. Many business owners assume their profits should be reinvested into their business. Invest in yourself just like your small business. You deserve to be paid like your other employees,” says Jonathan Ceballos of USB Memory Direct.

**Pay yourself last**

Here are some thoughts on paying yourself last:

■ “If you're pulling money out of a fledgling company before it's fully operational, you're going to stifle your chances of success,” says Travis Bennett with Studio Digita.

CLICK HERE
to return to
Table of Contents

■ Need a steady paycheck? “Someone has to be paid last, and as the owner you better be it. If you wanted a steady paycheck, you'd be working for someone else. You should be willing to sacrifice for your employees and your company,” says Alder Riley of Blu-Bin.

■ Equity is what you really want: Ryan Charnov with Giftfluence thinks that the idea of starting a new business is to let it grow and then capture the value once profitable. “If the company has value, there will be money for the owner after everyone else is paid. If there is no money left to pay the owner, the business doesn't really have value. New businesses take time to develop, and they are rarely profitable at first.”

John Verpasian, author of seven books about rational living says, “You are trying to build wealth, not just make a living. You don't want to be shortsighted. You need to get paid to meet personal expenses. You will benefit by reinvesting your cash in your business. Focus on wealth-creation, not short-term compensation.”

■ Have funds available for strategic growth: “Paying yourself first is the biggest mistake I see new business owners make,” says Bill Fish with ReputationManagement.com.

“Your business needs room to grow, and keeping extra capital in the business provides flexibility to make strategic investments. When the business is cash-strapped, you are handcuffing yourself. Every effort should be made to leave profits in the business.”

■ Your business is not an ATM: The business is an investment. There is a period in which you'll invest money and not reap many benefits. Gretchen Roberts, CEO of Smoky Labs, advises new business owners to “develop a financial and operational plan to transition into paying yourself and removing yourself from the day-to-day operations so you can work on your business.”

CLICK HERE
to return to
Table of Contents

Your business should be there to support you and not the other way around.

CLICK HERE
to return to
Table of Contents

# Chapter 92

# The mistakes small-business owners make

**Published: Monday, November 30, 2015**

According to Brother International's 6th annual Small Business Survey, the biggest mistakes made by small-business owners include:

■ Taking on too many roles and responsibilities: 35 percent

■ Not taking enough time off: 26 percent

■ Not separating work and personal life: 20 percent

■ Micromanaging: 14 percent

The survey by the Alternative Board, a peer advisory group, reveals what business owners would do differently, if they could do it all again.

If they could turn back time, respondents would devote more hours to:

■ Strategic planning: 27 percent

■ Sales: 20 percent

■ Marketing/advertising/PR: 18 percent

■ Hiring and training employees: 11 percent

And they would spend more money on:

■ Marketing/advertising/PR: 20 percent

■ Hiring and training employees: 18 percent

■ Sales: 17 percent

■ Strategic planning: 15 percent

I received 137 suggestions using the website helpareporter.com on this topic, and selected 48 big mistakes. These no-nos — not listed here in any particular order — are ones that, hopefully, you won't repeat.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

■ Starting a business using debt instead of cash — Debbi King, personal finance coach, The ABC's of Personal Finance.

■ Underestimating the time, money and effort necessary to pull off new initiatives — Jason Beduna, owner, JasonBedunah.com.

■ Not understanding the power of social media and its ability to attract business — Alice Williams, public relations coordinator, Frontier Business.

■ Thinking they can do it all on their own. "When you are inside the jar, you can't see the label without help." — Randal Wark, business coach, IT Revolution.

■ Not budgeting adequately for marketing — Rasheen Carbin, co-founder and CMO, nsphire.com.

CLICK HERE
to return to
Table of Contents

■ Failure to recognize and thank employees — Nick Lucs, digital marketing associate, When I Work Inc.

■ Not updating or promoting their website — Beth Bridges, vice president of digital identity, ARTCO by J.

■ Not building a solid buyer persona — Nicholas Bulwin, Second Flight Consultancy.

■ Not having a well-thought-out and semi-annually reviewed business plan — Nancy Dibert, CEO, Epic Marketing Consultants Corporation.

■ Running out of cash — Todd Ordal, Applied Strategy.

■ Not understanding what your customers want — Kyle Reyes, president and CEO, The Silent Partner Marketing.

■ Not surrounding themselves with smart, talented people who can manage areas that they cannot, and then delegate to them — Deirdre Breakenridge, CEO, Pure Performance Communications.

CLICK HERE
to return to
Table of Contents

■ Placing too much emphasis on customer acquisition and not enough on customer retention — Lauren Licata, senior director of marketing, Belly.

■ Hiring too many people too soon — Barry Maher, Barry Maher & Associates.

■ Failure to budget for unexpected costs — Louise Armstrong, senior digital strategist, Zizinya Web Solutions.

■ Getting distracted with the small stuff. You can hire someone to do that — Allen Walton, Spy Guy Security.

■ Not using a lawyer when setting up the business — Joseph Piercy, Meg Made.

■ Not pivoting your business model when what you are currently doing stops working — Mike Boroughs, Fortis Capital Management LLC.

■ Assuming customers will come to you because you offer a great product or service — Robert Chen, Black N Bianco.

■ Underestimating how much capital it will take to make your vision a reality — Tyson Downs, Titan Web Agency.

■ Not understanding cash flow — Michael G A Brown, Your Success 2 Ltd.

■ Expanding too fast — Kathy Terrill, owner, I Love To Be Selling.

CLICK HERE
to return to
Table of Contents

■ Failing to identify and hire the best employees — Carol Quinn, Hire Authority Inc.

■ Spending money on advertising without getting a good return — Nellie Akalp, CEO, CorpNet.com.

■ Holding onto poor-performing staff — William Bauer, managing director, Royce Leather.

■ Not getting feedback from customers — Herby Fabius, blogger, BillionSuccess.com.

■ Failing to conduct due diligence — Janet Zaretsky, The Zenith Business.

■ Investing in social media before considering Search Engine Optimization — Kari DePhillips, owner, The Content Factory.

■ Spending time and energy working in the business instead of on the business — Rebecca Collett, founder and managing director, StartUp KickStart.

■ Expecting everything to go as planned — Robby Sorensen, CEO, Finger Puppets Inc.

CLICK HERE
to return to
Table of Contents

■ Believing customers will automatically know about the business. - David Lowbridge, Managing Director, Two Feet Marketing.

■ Not paying attention to data security — Allen Falcon, CEO, Cumulus Global.

■ Thinking cheaper is a guaranteed way to beat competitors — Linda Murray Bullard, owner and business consultant, LSMB Business Solutions.

■ Failing to network to drive referrals — Ryan O'Donnell, director of marketing, Avalara.

■ Not investing in growth — Chad Riddersen, Deviate Labs.

■ Failing to step back and analyze results — Ratko Ivanović, manager, EnCoCreative.

■ Not having a specific and measurable sales strategy — Diane Helbig, Seize the Day coaching.

■ Not paying attention to the competition — James Rice, head of marketing, WikiJob.

■ Failing to pay taxes throughout the year — Becky Korn, Tax Defense Network LLC.

■ Taking profits out of the business too quickly — Bill Fish, ReputationManagement.com.

■ Getting the wrong team on board out of the gate can quickly lead a new business into a downward spiral — Lori Cheek, founder/CEO, Cheekd.

■ Failing to protect a company's unique knowledge and "secret sauce" in the face of employee turnover — Sonja Gustafson, The Steve Trautman Co.

CLICK HERE
to return to
Table of Contents

■ Failing to spend time and money selecting software that does what is needed — Andrew Wicklander, founder, Tula Software.

■ Failing to properly train new hires — Jonathan Ceballos, HR director, USB Memory Direct.

■ Giving up more equity than necessary to advisers and potential partners — Zack Pennington, CMO of Collabra Music.

■ Getting into business with a friend — Amy Maurer Creel, CEO, Smart Mom LLC.

■ Not creating a strong shareholder agreement. Avoid 50 percent-50 percent agreements with the potential for stalemate in case of disagreements — Jessica Sass, marketing manager, Fosubo.

■ Perhaps the biggest mistake may be ... DRUMROLL PLEASE ... failure to read my weekly column.

I hope you can benefit by avoiding these mistakes. Next week I will provide a list of tips for improving profitability.

CLICK HERE
to return to
Table of Contents

# Chapter 93

# 60 profitability tips for small businesses

**Published: Monday, December 7, 2015**

Last week, we reviewed mistakes businesses make. This week the focus is on profitability tips, doing some “right” things to improve your business.

Not every tip will apply to all business types. This list is not meant to be all encompassing, nor is it in order of importance.

CLICK HERE
to return to
Table of Contents

Please feel free to share any with me that you may have.

**45 Profitability Tips (my favorite 15 are below them):**

■ Have excellent leadership.

■ Create a strategic plan.

■ Hire the best employees you can for the correct jobs.

■ Provide clear direction and let your employees run with the ball. No micro-managing.

■ Be flexible and expect change.

■ All tasks should be geared towards achieving your strategic outcomes.

Establish benchmarks, constantly measure and improve.

■ Focus on maximizing revenue.

CLICK HERE
to return to
Table of Contents

■ Create an inviting culture that helps you attract and retain good employees.

■ Be socially conscious and community- minded. Align with and support social causes.

■ Stay lean. Keep costs to a minimum.

■ Market consistently and constantly.

■ Charge competitively.

■ Prospect by networking effectively.

■ Use your time efficiently on the right things.

■ Create and maintain an excellent website.

■ Meet regularly with a coach, mentor or business consultant.

■ Choose competent professionals for accounting, legal, insurance, banking and consulting.

■ Review expenses from most to least and cut unnecessary items.

■ Forecast your cash flow for at least

one year.

CLICK HERE
to return to
Table of Contents

■ Use the Business Model Canvas and pivot as necessary.

■ View your business from your customers' perspective. Know what your customers want by asking them.

■ Conduct an annual competitive analysis and visit your competition.

■ Control your inventory effectively.

■ Cross-sell and up-sell. (Do you want to super-size your fries?)

■ Outsource non-critical functions, especially payroll.

■ Know and improve your customer acquisition costs.

■ Review your supply chain annually and make changes as necessary.

■ Identify your markets.

CLICK HERE
to return to
Table of Contents

■ Negotiate better payment terms with vendors.

■ Cut advertising that isn't working.

■ Increase your public relations budget.

■ Market to your existing customers.

■ Develop a referral program to attract new customers.

■ Give employees paid time off (PTO) instead of a pay raise.

■ “Don’t automate something that can be eliminated, and don’t delegate something that can be automated.” — Greg Archbald, Grease Book LLC.

■ Review all insurance policies annually.

■ If you have debt, try to restructure it more favorably.

■ Have two or more banking relationships.

■ Use search engine optimization (SEO) to be found online.

■ Focus on customer retention.

■ Hire the best sales people.

■ Plan where you want to be in three to five years.

■ Fire unprofitable customers.

Duane Harden, Soltrenz Records, suggests that you “look at every line item under the income section. Ask yourself: What can we do to increase this number?

Look at every line item under the expense section. Ask what can we do to decrease this number?”

As a small business you can put all of your bills on a cash back credit card. “We use the Capital One 2% cash back credit card, it pays us on every purchase.” - James Mazza, Baron Fig.

**My Favorite 15 Tips:**

■ Don’t reinvent the wheel, just change the spokes Prioritize by doing first things first, and second things never.

■ Count everything that’s countable and then determine the most important metrics for your business.

■ Hire slow, fire fast.

■ Don’t fall in love with your business.

■ If able, do the research yourself, because you must internalize it.

■ The boss should be the top sales person.

■ “About right” now is better than exactly wrong later.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

■ Hire smart rather than manage tough.

■ Do the right things rather than do things right. Be effective first, efficient second and solve the right problems.

■ To solve a problem, you have to be aware of the real problem.

■ Create written goals. The “what” must have a “when.” Write specific, achievable, worthy goals (the what) with realistic dates for accomplishment (the when).

■ Think both outside the box and inside the box. Use divergent thinking to explore possibilities and convergent thinking to drill down.

■ Try to improve a little, maybe just one thing, every day. Over time, the result will be enormous.

■ Bet on the person with past successes in the industry. People who have been successful will tend to be successful again and again.

Finally, there you have it! Sixty profitability tips to help you improve your business.

Remember, these are valuable only if you follow them. You can start with your five favorites, be selective and do what works best for you and be sure to read my weekly column.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 94

# Is an LLC right for my business?

**Published: Monday, December 14, 2015**

The question in this column's headline is asked commonly by small-business owners seeking to establish a new business entity, and they find that an LLC isn't always their best option.

In an effort to better understand and then decide what the best form of business structure might be for your business, I talked with Marc Meyer, an expert in the field. He is a professor of entrepreneurship at the D'Amore McKim School of Business, Northeastern University, in Boston.

CLICK HERE
to return to
Table of Contents

Marc co-wrote a book on organizational structure with Fred Crane entitled 'Venturing: Innovation and Business Planning for Entrepreneurs' (2016; Lulu Press).

Here is what he had to say about the business forms available:

**Sole proprietorships**

With a sole proprietorship, you are the single owner and have full responsibility for the venture's operations. You retain total control. A significant benefit of a sole proprietorship is that there is only one level of income tax on the business income, which the owner pays directly on his or her personal income tax return. The income is only taxed once, unlike a corporation, where there are business income taxes and then personal taxes on profits paid out to shareholders in the form of dividends.

In the sole proprietorship, all revenue, expenses and depreciated assets are reported directly on the Schedule C as part of your personal tax return. Losses (under certain conditions) are also passed through onto your personal income tax returns.

CLICK HERE
to return to
Table of Contents

The downside to a sole proprietorship is that your personal assets — your bank accounts, personal investments and personal property — are exposed to liability claims from customers, employees or anyone else who interacts with your business. Thus, creditors could seize any assets you own outside the business to satisfy any outstanding debt the business has incurred. You are also personally liable in the case of any lawsuit made against the business.

To help mitigate this risk, you can purchase insurance against commercial damages (typically up to a $1 million) on a sole proprietorship that can be attached to your personal homeowner's policy. The cost of such policies typically runs less than $1,000 a year.

If you have full-time employees or a large number of customers, a sole proprietorship makes no sense, given the liability risks involved.

### Partnerships

With a partnership, two or more individuals pool their resources to start the venture. There can be some general partners and some limited partnership owners.

As with a sole proprietorship, the partners share personal liability. The only legal protection for partners is to purchase insurance against liability suits and to place partner assets in someone else's name.

There are rather complex "partnership agreements" that must be executed that stipulate the various rules of engagement in such entities. Items to consider include the distribution of profits, decision-making rights and ownership rights upon the exit or death of a particular partner. The partners in a partnership also enjoy the benefit of "single taxation" as well as participating in operating losses under certain conditions.

CLICK HERE
to return to
Table of Contents

Profits or losses are reported on the Schedule K-1 of the tax return.

At the same time, partnerships operate "naked" in terms of potential liability.

Traditionally, law firms were formed as partnerships because no one had the courage to sue a law firm! That's changed, however, and entrepreneurs and professional service firms alike have shifted to our next major form of company structure.

### LLCs

The Limited Liability Company provides nearly complete liability protection to the business owners ("members" in the LLC form and "partners" in the LLP form). At the same time, the taxation is similar to that of a partnership or sole proprietorship.

Profits and losses flow through to the "members" of the LLC, based on the allocations set in the LLC agreement. Members own "units" of the pool of total outstanding "units" (units being the LLC equivalent of corporate stock or shares). Investors can buy these units in successive rounds of financing, just as in a stock-equity corporation. LLCs also file federal income tax returns, but only to report the business income and to which members that income is allocated.

CLICK HERE
to return to
Table of Contents

Members receive a Federal Schedule K-1 showing their flow-through income from the LLC that must be included on the member's personal income tax return. As an added plus for angel investors, the early startup losses may be eligible for tax deductions against an angel's other investment gains. While LLCs have the full flexibility of determining income allocations, agreements are often written to be like a traditional corporate structure in terms of voting rights, board members meetings, and so forth.

### S corporations

This is what many entrepreneurs preferred as a corporate structure before the emergence of the LLC as an alternative. In an S corporation, profits and losses are distributed to stockholders and taxed as personal income.

A formal board of directors must be established for an S corporation — not a small matter for the entrepreneur.

Like the LLC, an S corporation also combines the tax advantages of a partnership and the liability protection of a traditional corporation. And like the LCC, the S corporation has only one class of stock; in this case, common stock.

Unlike the LLC, tax returns for the business must be filed quarterly as well as annually. Shareholders report their income or losses on the Schedule K in the personal income tax return. In addition, the limit on the number of shareholders is set at 100 people — and they must all be U.S. citizens. (These restrictions do not exist for an LLC.) That means that an entrepreneur cannot take an S corporation public. Nor can a strategic corporate investor put money into an S corporation entity. The entrepreneur can convert from an S corporation to a traditional C corporation.

CLICK HERE
to return to
Table of Contents

**C corporations**

The C corporation is the gold standard of liability protection and flexibility in the number of shareholders, their citizenship and the classes of stock. Venture capitalists tend to insist on this form of incorporation because it offers two classes of stock: preferred shares (which is what the VCs will insist on owning) and common shares (for the entrepreneurs and employees).

Shareholders can include individuals, other corporations, trusts, partnerships and LLCs.

The downside is that the C corporation carries double taxation for shareholders, first corporate and then personal. Losses incurred in early years cannot be passed on to investors—a major detriment to certain types of early stage investors, namely the angels. Tax filings are more complex and must be filed quarterly as well as annually. Entrepreneurs tend to save the C corporation for a much later point in the history of their company.

CLICK HERE
to return to
Table of Contents

Generally, Marc, what is the best way to start?

In general, entrepreneurs should start out with a simple flow-through (in terms of business income) entity. This is primarily due to the tax benefits for early stage angel investors. The LLC provides that flow-through of profit and loss, together with liability protection — the best of both worlds.

If partners or investors are not needed, and legal liability is limited, a sole proprietorship may work fine. You can purchase liability insurance if you have any concerns. Others might find that an S corporation may be best when a more corporate legal structure is desired while still retaining the benefits of flow-through of business income and losses. However, the S corporation has been overtaken in popularity by LLCs as a startup entity form. This is due to the wide flexibility of LLCs in terms of forming rules and governance structures while still preferring the flow-through tax benefit of the sole proprietorship, partnerships, or S corporations.

Do your homework first and then talk to a business accountant who advises startups. If the accountant doesn't mention (unsolicited) an LLC or S corporation in the first two minutes of serious discussion, say thanks — and run the other way!

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 95

# Let’s talk about how to innovate

**Published: Monday, December 21, 2015**

Is there a formula, method or secret to innovation?

According to Wikipedia, “innovation” is a new idea, more effective device or process. Innovation can be viewed as the application of better solutions to meet new requirements, unarticulated needs or existing market needs.

**CLICK HERE**
**to return to**
**Table of Contents**

This is accomplished through more effective products, processes, services, technologies or ideas that are readily available to markets, governments and society. While a novel device is often described as an innovation, in economics, management science and other fields of analysis, innovation is generally considered to be a process that brings together various novel ideas in a way that they have an impact on society.

Some of the reasons to innovate include saving time, adding revenue, reducing costs, improving quality and solving problems.

Connie Certusi, executive vice president of Sage Small Business Solutions, says, “There are always better ways to do things, and it’s a business owner’s job to ignite a culture that not only supports, but empowers and rewards consistent innovation. Break down the walls across your entire organization.

Your employees should be allowed to question things. You, as the business leader, must encourage free thinking and pushing the envelope.”

It is not enough to come up with an innovative idea unless it can be implemented.

**CLICK HERE**
**to return to**
**Table of Contents**

Kathleen Lynch, an intellectual property attorney, suggests: “Approach your problem from a different angle. Developments in one area of technology can help solve problems that exist in another area of technology where no one has yet applied that technology.”

“Inspiration must come from the problem, not the novelty of the solution,” says Bruce Daley of Great Divide Research and author of “Where Data is Wealth.”

Tom Kuczmarski, professor of product and service innovation at Northwestern University’s Kellogg School of Management, is the author of six books on innovation and leadership. He also is co-founder of the Chicago Innovation Awards, which recognize the most innovative new products brought to market each year in the Chicago region. Tom has created a list of “Innovation Best Practices” and here are two: Uncover customer problems and needs: Too often, companies will start their innovation process with idea generation when the first step should be in-depth ethnographic research to uncover customers needs and values. This way, product solutions are exactly what the customer wanted instead of just some new product of technology that can come off as gimmicky.

Play in cross-functional teams: A cross-functional team is comprised of members from different business areas (marketing, manufacturing, sales, finance, etc.) working together on an innovative project. Bringing different perspectives to a potential project may result in a product that sells better, is processed, shipped and sustained more successfully.

Daryl Gibson, founder at Innovation X, says that there is a method to success and suggests three solutions to common problems:

■ Validate the idea first. “Make sure it’s something people want or need, and that it can be provided at a cost the market is willing to bear.”

CLICK HERE
to return to
Table of Contents

■ Identify the problem being solved and the market who will want it.

If this isn’t possible, don’t move forward.

■ Risk and failure are a part of the idea development process. Validate ideas in small, manageable iterations that won’t take the business down if an idea doesn’t work.

Justin Brady, with the Test of Time Design marketing agency, believes “Strategic listening is the foremost and proven secret to inspiring innovation and creativity. Small business owners still struggle with it. The best ideas come out of quiet comments, feedback and ideas that seem impossible. Leaders who demonstrate strategic listening always kick the pants off the competition. Strategic listeners write down feedback, ask clarifying questions and do not pass judgment. They flush out ideas from their staff no matter how far-fetched they may seem at first.”

The culture must embrace failure.

Failure inevitably will come from trying new things. The key is to expect failure and embrace it. People must feel free to innovate. Great ideas can come from anyone in your organization. Adapt a culture of fail, fail often, and, hopefully, fail inexpensively. Trial and error allows you to enter into a feedback loop allowing further innovation to occur.

CLICK HERE
to return to
Table of Contents

Julie Austin, CEO of the consulting firm Creative Innovation Group, is an inventor and innovation expert who trains Fortune 500 companies on how to generate and implement new ideas.

She recommends, “Generate as many ideas as possible without initial judgment. Innovate by getting out of your comfort zone. Ask why. Don’t get stuck in that ‘this the way it’s always been done’ mode.”

Good luck as you innovate. Remember to ask your customers what they want, while keeping your competition in mind. Often your innovative idea will be a combination of existing ideas.

Innovation may be no more difficult than rearranging the spokes on your proverbial wheel.

Always consider what someone may be willing to pay for your bright idea because a great idea without customers is only a bright idea.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 96

# How to use your 24/7 best

**Published: Monday, December 28, 2015**

Don’t you hate it when people complain about not having enough time? That’s like saying we could have won the basketball game if we only had five more minutes. The objective is to use your same 24/7 that we all have and do more with them.

This column is about how you can work smarter and get more done in your 24/7. Keep in mind that working hard and working smart are two entirely different concepts. Hard workers are not necessarily smart workers, although there is obviously some overlap — nothing would get done if no effort was expended.

**CLICK HERE to return to Table of Contents**

Here are some tips on how to work smart: what to do and what not to do.

■ Know where to invest your time.

Take a few minutes in the evening and create an agenda for the next day.

List three to five things you want to accomplish. The list can be longer, but highlight the most important items you really want to get done.

■ If you have repetitive tasks to accomplish such as returning phone calls or reading emails, block out a segment of time and knock these out.

■ Delegate tasks that you either don’t need to do, don’t want to do or can’t do well. Know your time value (what you charge or earn per hour), and outsource low value tasks.

■ Improve yourself by listening to audio books or podcasts when driving or relaxing. Use drive-time as my-time.

**CLICK HERE to return to Table of Contents**

■ Recharge your batteries. If you are tired, you may need to stop in your tracks. Getting adequate sleep, exercise and relaxation are important for concentration.

■ Just say no to time-wasters or tasks you can’t or don’t want to fit into your schedule.

■ Differentiate between important versus urgent items.

■ Know what result you want and how to measure your success on a continuum.

■ Break workflow into tasks. Reward yourself when you complete a task.

■ Eliminate unnecessary reports, conferences and meetings. Know what meetings cost in both time and money.

If it is your meeting, have a tight agenda, know what you want to accomplish and decide who needs to be present.

■ Know what is good enough. Don’t let the perfect be the enemy of the good.

■ Avoid instant-messaging platforms, Facebook and other social media time wasters.

■ Return phone calls at your convenience. Use different ring tones to differentiate important callers, including family members.

■ Prioritize and focus on accomplishment.

■ Create your To Do and To Don’t lists and use a task app like Wunderlist. Assess and eliminate your time-wasters.

■ Improve your conversion rate.

Keep track, measure and get better at what you do by focusing on results.

■ Don’t multitask. Studies have shown that multi-tasking is inefficient.

■ Create several email templates to respond to similar emails and personalize as needed. Use filters to weed out unnecessary emails. Communications should be clear and concise.

■ Be flexible. Have a contingency plan and pivot as needed.

■ Have the best technology and tools available to succeed.

■ Work with a mentor or coach to improve you. SCORE offers free, individualized mentoring for as long as you need it.

■ Work outside the office to eliminate distractions. Working from home can save additional time by not having to drive to and from an office.

■ According to flexjobs.com, 76 percent of people avoid the office when they have important tasks to get done.

Fourteen percent will try to avoid the office during normal work hours. Brie Weller Reynolds, director of online content for Flexjobs, notes, “Interruptions from colleagues, distractions, office politics and commuting are a drain on your productivity.”

■ Know when to pass on a deal. It may result in the best deal you never had.

**CLICK HERE**
**to return to**
**Table of Contents**

**CLICK HERE**
**to return to**
**Table of Contents**

Dave Morton, CEO with Magswitch Technology, follows this philosophy to increase productivity at his company. “Productivity follows activity, always.” Using the

80⁄20 rule, he asks, “Is this activity (20 percent) going to deliver 80 percent, or will this activity soak up 80 percent of my time and produce 20 percent of my productivity?”

■ Do nothing. Sometimes, waiting may be the smartest option. Things often resolve themselves when you wait, thus becoming the best decision you don’t have to make.

■ All work and no play makes Johnny a dull boy. Plan personal time to enrich yourself and your relationships outside of work. Spend quality time with your family and friends, participating in activities that you really want to do. The wise use of your time should enable you to work more, vacation more and relax more.

Working smart boils down to being effective, doing the right things, and doing them efficiently, hence doing them well. Follow these suggestions and work smarter.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 97

# The death of brick and mortar

**Published: Monday, January 4, 2016**

"The reports of my death have been greatly exaggerated" – Mark Twain.

What about brick and mortar businesses?

Brick and mortar refers to a place, a building, usually an establishment where customers look and — hopefully buy — your product or service. The term is typically used in reference to an endangered business model, one being supplanted by online shopping.

CLICK HERE
to return to
Table of Contents

An interesting example is new-car buying. Ask any new car dealer if buyers come into their showroom prepared. Many buyers know exactly what they want and what the dealer's costs are. After the traditional test drive, the consumer narrows his choice and decides what model, color and accessories to purchase.

It amazes me that so many car dealers still resort to the tiered sales structure, with a hand-off to a financing wizard. Buyers have many buying options, including direct purchase from the car dealer as well as Internet sales that guarantee you will pay X dollars above dealer invoice. The buying decision is based solely on where to buy the vehicle at the best price, as every branded dealer can service the new car.

**The great equalizer**

I believe that brick-and-mortar businesses in many industries will, unfortunately, go by the wayside in the next five to 10 years. Why? Because the Internet has become the great equalizer in buying commodities. Want to buy a Samsung TV at a great price? Someone is selling that TV on Amazon or is offering it while they sit at home, in their underwear. They will be happy to sell you an UHD 4K set at a great price.

CLICK HERE
to return to
Table of Contents

Because of this, commodity businesses will drop like flies. Remember Blockbuster? Video stores have disappeared, pushed out of the space by Netflix home delivery, its streaming service, Hulu, Red Box and others.

What should you know and what can you do to avoid your business's death?

You need to understand that you must continue to adapt, improve and pivot to e-commerce (for many business types) to keep the customers you already have and to attract new ones.

Adapt by becoming customer experience- centric. Why should a customer visit your physical place unless you can enhance their experience? If you are selling the identical product as your competition, then location and service may help close the deal. But price will often trump the first two variables.

## The great disrupter

Look at Amazon, the great commodity and multi-industry disrupter. Amazon can satisfy almost any consumer purchase. In some areas, it delivers items within two hours. Nearly instantaneous delivery by drone may not be far off. Amazon also can help run your business, drop-ship products and mail you a check.

Retailers with low-touch service will no longer have a reason for being, at least not as a brick and mortar location.

CLICK HERE
to return to
Table of Contents

Apple, another 800-pound gorilla, has disrupted many business segments, including the music industry, with iTunes: computers with iPads: telephones with iPhones: GPS with various apps; among others.

Google owns the search market and is the third gorilla. It remains to be seen how successful Google will be with its auto-driving cars and other technologies. Whatever happened to Google glass, a 1 percent toy that hasn't received much traction?

## Good and bad experiences

New technology and online buying have some limitations. Recently, I bought eye glasses online from Zinni Optical. The process involved uploading my photo and viewing frames that were super-imposed on my photo. My measurements were a little off, and the glasses did not work for me. In addition, the frame quality didn't meet my expectations. In my case, this was a poor customer experience.

Awhile back, I purchased athletic shoes from Zappos and was impressed by their extraordinary customer service, sales process, prices, and no-fee return and shipping policy. Why go anywhere else? A good customer experience.

CLICK HERE
to return to
Table of Contents

## Changes, now and future

**Mobile devices.** I see prospective buyers in stores checking prices, looking at product reviews and using various social channels to help them make buying decisions. How many people try and buy online is anyone's guess. I bet Google knows the answer.

**3D printing.** In the not-too-distant future, consumers will be able to download schematics and print products at home. Just imagine that you will be able to create, modify and print what you want and need on the spot with additive printing.

**You gotta eat.** Restaurants, hair cutters and other service businesses will continue to have their place. Mail order sushi doesn't appeal to me unless Amazon can drone deliver to me in minutes.

**Rise in localization.** For personalized and unique customer experience, customer engagement will be key. High real estate costs will help office-reliant businesses shed office overhead. Companies such as Regus and other shared office condominium and service companies should proliferate in the decades ahead.

Scale, consolidate or perish. Listen to your customer. If your customer wants a unique customer experience that you can provide, and you have the capital and HR capacity, then scale. If the space is highly competitive, then consolidate.

If your business has outlived its useful life, sell fast or perish.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 98

# Is filing a patent worthwhile?

**Published: Monday, January 11, 2016**

Have you ever thought about getting a patent for an idea or invention?  The process is expensive, so you should make sure that you are spending your money wisely. I asked several knowledgeable sources about the patent process and these are the key responses I received.

**CLICK HERE**
**to return to**
**Table of Contents**

According to Joe Long, patent attorney, “Patents protect ideas or inventions. The rights are held by the inventor, and the rights are to prevent others from making, using, selling or importing the invention. Generally, anything that anyone conceives can be patented. It can be any useful process, machine, manufacture or composition of matter.”

**Design and Utility patents.** These are two types of patents. A design patent generally covers the physical appearance or the form of a product, while a utility patent covers what the product actually does.

Long explains: “Design patents can be very limited in their value at times, simply because competitors can get around infringing. A competitor might get away with infringing a design patent by simply making something look a little different, whereas a well-drafted utility patent or claim will spell out exactly what it is that a thing does.  Then anything — no matter what it looks like or how it's made — falling within that definition of what is being usefully done will infringe the patent. This generally provides stronger and more valuable protection.”

**Licensing ideas.** According to Stephen Malak, author of "Quantum Inventing" (Bardolf & Co.; Dec. 28, 2015), “As a patent attorney for over 42 years, I have a lot of experience with private inventors and most of them have the dream of licensing their ideas. The reality is that, for 98 percent of them, that dream is a bust."

**CLICK HERE**
**to return to**
**Table of Contents**

**New restrictions.** Erik Paul Belt, patent litigator at McCarter & English and president of the Boston Patent Law Association, says, “New law has made some software- and business-method-related inventions, as well as some medical diagnostics, ineligible for patent protection. But that doesn’t mean that a small business should give up on patents.

"Hiring the right patent attorney, who is strategic about crafting patents that avoid the new restrictions, is essential. For many small businesses — not just in the tech and life sciences sectors, but also in consumer products and manufacturing — patent portfolios are their greatest assets and enable them to outcompete their rivals.  Robust patent portfolios will also attract prospective investors and buyers.”

**Infringement.** “Small business owners should not file a patent unless they have the resources to defend against a patent infringement," says Arlene Battishill, president & CEO of Los Angeles-based GoGo Gear. "In addition, patents may not provide the protection a small-business owner thinks they are afforded because all it takes is one modification to a product or process and their patent will not extend any protection.

"It's a long and costly process that is a complete waste of money for small-business owners, as they need to concentrate on generating revenue more than on intellectual property protection."

**Provisional patents.** According to Lenore Horton, attorney at The Law Firm of Lenore F. Horton, “Small businesses should always consider patent filings, if for no other reason than to be informed on what they don't know, and on other methods of protecting invention interests, even where a patent filing is not appropriate.”

CLICK HERE
to return to
Table of Contents

“Provisional patents provide an option for proceeding with a full patent or maintaining the invention as a trade secret," Horton says. "But, it's important to craft the application precisely. This is not a DIY job. There is a reason patent attorneys must be paid more than lawyers: They must also have a technical degree and demonstrate technical aptitude. Not all patent attorneys are the same. Even within the patent-law world, attorneys often specialize their practice based upon the technical degree. After all, it may not be helpful to have a software engineer prepare a pharmaceutical patent application!”

Kathleen Lynch, intellectual-property attorney with the Law Office of Kathleen Lynch PLLC, says: “Your patent-filing strategy needs to dovetail with your business needs. If not, it could very well be a waste of time and money.”

“When a small business develops a new product, it should file a provisional patent application on that product," she says. "This can be done at a relatively low cost. Then, the small business should try to sell the product to see if anyone is interested in it. If so, the business should file a non-provisional application within a year of filing the provisional application and then pursue the patent.”

CLICK HERE
to return to
Table of Contents

**A competitive advantage.** “For many companies — particularly tech companies — properly protected inventions give a competitive advantage,” says Judith Szepesi, founding partner of HIPLegal LLP. "Patents that align with and advance business strategy can keep competitors at bay, boost marketing and sales, and are assets that support funding or acquisition. Small businesses typically should focus on robust protection of key inventions rather than obtaining many weaker patents. Patents obtained just to have patents, without ensuring baseline quality, are often a waste of time and money, as they do not stand up in investment or enforcement analysis. An experienced patent firm can help identify the innovations worth patenting."

**Patents used defensively.** “A patent can be used defensively," says Stephen Lesavich, an attorney with the Lesavich High-Tech Law Group, in Chicago. "I have represented start-ups where obtaining one patent for the company has kept them in business. Remember, patents do not give you the right to practice your own invention. A patent instead gives you the right to prevent others from making, using, selling, offering for sale or importing a product that includes the claimed invention."

**File your patent early or opt for secrecy.** Martin Ganco, associate professor of management and human resources at the Wisconsin School of Business, advises, "A small-business owner should consider filing a patent as early as they have a patentable technology. It can be in the early stages. It is a common mistake to think that a fully functioning prototype is needed to apply for a patent. In rare cases, if the patent provides weak protection, it may be better to opt for not patenting and opt instead for secrecy.

CLICK HERE
to return to
Table of Contents

"The vast majority of patents are worthless," Ganco says. "However, patenting is still a good idea for entrepreneurs. If the technology proves to be a success, it provides a safeguard for expropriation. Patents are intellectual property assets that can be traded on the market and increase the value of the company."

**Please don't steal my idea.** "Virtually all inventors are paranoid that as soon as their idea escapes their lips, it will be copied world-wide. In reality, that almost never happens, provided that the inventor starts selling as soon as possible in order to be the first mover and to seize the monopolist price," says Michael O'Brien of the Law Office of Michael O'Brien.

**Expect to spend $20,000.** Laura Schoppe, an expert in technology transfer, says, "It costs upwards of $20,000 to get a United States patent (mostly lawyer fees to write a strong patent) and over $100,000 for international coverage. Getting a patent just so you can say you have one is not likely to be cost effective. Additionally, a business should look at what they intend to do with the patent, its potential impact."

**A waste of time and money**. Schoppe says that about 80 percent of patents are a waste of time and money, especially if you include filings (many patents are filed, do not get issued and cost a lot of time and money).

CLICK HERE
to return to
Table of Contents

The patent searching and writing process can serve to help the inventor better understand the inventing process, which might lead to additional improvements and innovation.

The next time you watch Shark Tank, realize that the business owners with patents may have wasted a bunch of money.

# Chapter 99

# Are you pricing your products for profit?

**Published: Monday, January 18, 2016**

In my nationally syndicated podcast series, 'Been There, Done That! With Dennis Zink' (available on iTunes) we explored some of the ways a business should use the price mechanism for profit. What follows is an edited Q& A from that interview. Joining me in the conversation were Jack Grise and Mike Lewis, both from our SCORE Pasco-Hernando chapter, and Fred Dunayer, a Manasota SCORE mentor and our podcast audio engineer.

CLICK HERE
to return to
Table of Contents

**Q:** Jack, what do you mean by pricing for profit?

**A:** Many small businesses begin without much thought about pricing. When you ask them, 'How do you price your product or service?' They seem to pull it out of the air. They really don't know what pricing for profit means. It comes down to knowing your costs, both variable and fixed. Apportion a part of the fixed costs to the overall structure, and figure out what their pricing needs to be. If you arbitrarily put a price on your product or service and don't know what your costs are, you don't know how much money you're making.

**Q:** What do you mean by variable versus fixed cost?

**A:** A fixed cost is typically related to overhead, things like executive salaries, rent, insurance and bank loans that you pay statically every month. Variable costs are those costs related to whether you're making a product or service. It's the items that vary every month. I can't be specific because, if you're looking at a service-oriented business versus a product-oriented, manufacturing business, the variations will be quite different.

**Q:** Doesn't the market and/or the competition determine what your pricing should be?

CLICK HERE
to return to
Table of Contents

**A:** There are many pricing strategies. People often arbitrarily pick a price that they think the market will bear. One method of calculating price is called competitive pricing. Look at your competition and how they're pricing their product or service. You can match or beat their price in hopes that you'll be able to gain market share. Price matching doesn't mean you can make a profit, because the competition may have something on you that you don't know about in the sense that their costs may be significantly lower and hence they have a competitive advantage. If your costs are higher and you price to match the competition, you end up losing money and you don't know why. It's a form of a pricing strategy, but you need to be careful as to how you arrive at that.

**Q:** Jack, what's the difference between markup and margin? People often confuse these two.

**A:** Markup percentage is gross profit dollars divided by cost of goods sold. That's how much you mark up your product to hopefully gain a profit margin. Your profit margin is gross profit divided by sales dollars. If you have a 20 percent markup, that doesn't mean you have a 20 percent margin. You may mark up a product 20 percent and only have a 4 percent margin. You need to understand the difference. Ask how much margin do you need to make? What price do you need to have in order to reach that margin and how competitive is it? What are the differentiators that will allow you to have that price?

**Q:** What profit margin should a business try to achieve, and does it depend on the type of business?

**A:** It does depend on the type of business and it also depends on your competition. A very important aspect of any business is what is your differentiator or differentiators? How do you set yourself apart? Why would a person want to buy from you versus buy from your competitor?

CLICK HERE
to return to
Table of Contents

**Q:** Shouldn't these markup and margin calculations be done before the business is started?

**A:** Yes, it should be in the business plan.

**Q:** What about people who go into business and think, 'I'll make it up in volume?'

**A:** Excuse me for laughing. You can't lose five cents on everything that you sell and make it up in volume, because you're still losing money.

**Q:** What resources are available for a small business to learn about pricing for a specific industry?

**A:** Industry dynamics can be researched through trade publications, conferences and shows, the library, RMA data (Risk Management Association), Fintel.com, Bizminer.com and competitors. By doing research, you're going to come across an industry standard. If your pricing and margins are not comparable to industry norms, you need to question why.

**Q:** What about the psychology of pricing?

CLICK HERE
to return to
Table of Contents

**A:** People like value. If they perceive that they're getting good value for their dollar, they'll buy it.

**Q:** What's your opinion on having a loss leader?

**A:** The intent of a loss leader is to get your customers into the facility or your website. Lured by the loss leader product, the customers will see other items that they may buy impulsively. It is better to sell an item at your raw costs, rather than take a loss.

**Q:** What about Internet pricing?

**A:** Buying online is not a panacea, unless you can get free shipping. Most retailers offer their products online. My guess would be they'd be priced similarly.

**Q:** What are the most common pricing strategies?

**A:** The most commonly used pricing strategy is called cost plus. Most businesses don't know their fixed and variable costs because they haven't written a business plan. They probably don't know what the competition is doing, and they don't know what the market will bear. Market pricing has to be considered.

Market pricing means that you pretest what people are willing to pay for your product or service. If you can make money, then go forward.

**CLICK HERE**
**to return to**
**Table of Contents**

**Q:** Do you have any final comments on pricing?

**A:** Pay attention to your gross profit margin. Pricing is not static. Adjust your prices as needed. Know if your product is in a particular lifecycle. Is it in the beginning stage, intermediate or declining stage? Price your product accordingly, so you can maintain your margins.

**CLICK HERE**
**to return to**
**Table of Contents**

# Chapter 100

# 5 dirty little secrets of Obamacare

**Published: Monday, January 25, 2016**

Insurance is complicated and confusing, to say the least, but I am here to help — at least a little — by revealing what I call five dirty little secrets of Obamacare. They are lessons gleaned in my experience in working for an insurance company during open enrollment this year. I hold a 2-15 Florida Insurance license covering life, health and annuity.

CLICK HERE
to return to
Table of Contents

These secrets can be useful in helping you determine whether to purchase health insurance from the Healthcare Marketplace in 2016.If you have any questions about whether these apply to you, you should contact your insurance agent or one of the insurance companies. This column is not meant to offer either accounting or legal advice. And as you read, remember that 31 states, including Florida, chose not to expand Medicaid.

Open enrollment ends Sunday, Jan. 31. If you have been or may be eligible for an insurance subsidy (premium tax credit) (refer to chart below), and/or if you have not reviewed your insurance for 2016, you have until then to enroll in a plan, renew or change health insurance coverage through the Healthcare Marketplace. The only exception, and I suggest you look this up at HealthCare.gov, is if you are eligible for a 'Special enrollment period.' These plans take effect March 1.

You may be eligible for a subsidy from the government if your family size and income fall into the categories below.

If your income is greater than indicated for your family size, there is no reason to go to the Marketplace at Healthcare.gov.

CLICK HERE
to return to
Table of Contents

**Dirty little secret No. 1**

If your income is lower than the minimums in this chart, you may be eligible for a subsidy. As an example, if your family size is one, just you, and your income was close to but less than the minimum required for a Marketplace subsidized plan, you may be eligible for a huge premium tax credit subsidy. If you expect that your income will rise this year to at least $11,670, then you can probably get a very good plan, a silver plan, including cost-share reduction, for approximately $20 per month.

**Dirty little secret No. 2**

You could qualify for a subsidy if you expect or plan that your income will change in 2016.

Household incomes below 100 percent FPL (Federal Poverty Level) do not qualify for federal financial assistance to obtain health insurance coverage. The secret is that you have to estimate your 2016 coverage, and it ‘could be’ higher or lower than the previous year. Household incomes between 100 percent and 400 percent FPL may be eligible for an Advance Premium Tax Credit (APTC) to offset premium costs. Household incomes between 100 percent and 250 percent FPL may qualify for a Silver plan with cost-share reductions, resulting in lower out-of-pocket costs. (Plan metals, in ascending order of richer benefits, are bronze, silver, gold and platinum.

**Dirty little secret No. 3**

Costs and benefits may be markedly different in the same plan with a different subsidy variant of either A, B or C, depending on the household income as a percentage of the FPL. Some subsidies increased in 2016. Some plans provide greater benefits and lower costs, such as lower deductibles and reduced maximum-out-of-pocket (MOOP) costs. For example, the ‘C’ variant provides the greatest government subsidy and can result in obtaining a silver plan for under $20 per month, with a deductible of zero and a MOOP of under $1,000. Emergency room visits may cost as little as a $100 copay, and prescription drugs are available at reduced copays.

**CLICK HERE to return to Table of Contents**

No subsidy – over 250 percent FPL. ‘A’ variant subsidy – 200 percent to 250 percent FPL. ‘B’ variant subsidy – 150 percent to 250 percent FPL. ‘C’ variant subsidy – 100 percent to 150 percent FPL.

**Dirty little secret No. 4**

This is the dirtiest little secret. Paying back subsidies is a one-way street. If you under-estimate your income for 2016 and you make more than you expected, you may have to pay back some or all of the subsidy you received. However, you don’t have to pay back the reduced benefits you received during the year. You'll enjoy benefits that you would not have received. There is a cap of $2,500 on the amount you have to pay back unless you make over 400 percent FPL. The biggest danger is that as little as $100 or so of income could put you over the 400 percent FPL threshold and cost you thousands in Premium Tax Credit (PTC IRS Form 8962) that you will have to repay.

**CLICK HERE to return to Table of Contents**

**Dirty little secret No. 5**

The greatest dirty little secret of all is that if you over-reported your income, yet you fall below 100 percent FPL, it is unlikely that you will have to pay anything back, while you benefited by receiving ‘C’ variant reduced benefits with low cost reduction on various services.

As an example, if you estimated that you would make approximately $12,000 in 2016 and you only make $9,000 (below 100 percent FPL), it is unlikely you will have to pay anything back based on the instructions for form 8962 (2015) which reads: 'You may qualify for the PTC (Premium Tax Credit) if your household income is less than 100 percent of the federal poverty line and you meet all of the following requirements: 1 - Enrolled in a qualified plan in the marketplace; 2 - The Marketplace estimated at the time of your enrollment that your household income would be at least 100 percent but not more than 400 percent of the federal poverty line for your family size for 2015; 3 - APTC (Advance Premium Tax Credit) was paid for the coverage for one or more months during 2015; 4 - You otherwise qualify as an applicable taxpayer (except for the federal poverty line percentage).'

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 101

# Your most pressing business concern

**Published: Monday, February 1, 2016**

I posed the question, "What is your most pressing business concern?" and received interesting responses.

**Time exchange**

— Every decision you make exchanges time for something.

Are you making the right exchanges as it relates to the people you spend time with, the activities you spend time on, the effort you focus time in, the planning you set aside time for and the compensation you exchange?

Time is the only currency that you control. - *Christiano Ferraro with Christiano Ferraro Consultancy LLC*

**Keeping up on the latest apps** — How can the latest apps be used for marketing? Short webinars that keep me up-to-date are very helpful. — *Angelique Pivoine, owner of the Good Thinking Agency*

**Leadership across countries and cultures** — The dearth of culturally agile leaders is a critical concern in companies today. — *Paul Caligiuri, professor at D'Amore-McKim School of Business at Northeastern University*

**Being found online** — Having a website that is accessible by computer, tablet and mobile. — *Nedad Cuk, SEO Specialist*

**Balancing technology and security** — The struggle to balance the ease and functionality of a technology-dependent, interconnected world with the increase in cyber-attacks, industrial espionage and digital terrorism. — *Frank Spano, executive director of The Counterterrorism Institute Inc.*

**Online reputation** — With social media and review sites, companies are under constant scrutiny and attack from ex-employees, competitors and angry customers who may wish to damage their online reputation.

— *Alex Simon, CEO of Digital 86* **Economic slowdown** — I fear the same situation as in 2008, when the economy plunged. Customers cut spending and our marketing services were often the first thing on the chopping block. — *Erika Montgomery, CEO of Three Girls Media Inc.*

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

**Increasing regulations** — In an effort to protect the consumer, there are more laws, more rules and requirements for financial advisers. The complex web of licenses, compliance and disclosures make doing business more cumbersome and, in some cases, harms the consumer. More regulations won't make a dishonest adviser honest. It may, however, make it easier for him or her to confuse clients. — *Christopher Kimball, president of CK Financial Services, an independent, fee-based Certified Financial Planner*

**Tax structure and government policy** — It is becoming more difficult for a business to be profitable. An artificial minimum wage, for example, flipping hamburgers at McDonalds is not worth $15 hour, and Obamacare is causing my premiums to increase.

— *Ronald Recardo, managing partner with the Catalyst Consulting Group LLC*

CLICK HERE
to return to
Table of Contents

**Hiring the right individuals** — Background screening is essential to safeguard organizational assets, promote safety and ensure qualified applicants are considered for key positions. —*Efrat Cohen, with Global Intelligence Consultants*

**Customer service** — The bulk of customer complaints are derived from things that are well within the company's control, such as poor quality and damaged goods. — *Jay Baer, customer service* will *expert with Convince and Convert*

**Lack of customers and lack of revenue** — Clients seem to be thin on the ground and thin in their wallets. — *Duke York, co-founder of PUNTO Space*

**Online sales tax** — If the Market Place Fairness Act passes, online businesses will need to change their pricing structure and charge a sales tax for purchases online. — *Lisa Chu of Black N Bianco*

**China** — As goes China, so goes the U.S. economy. Cheaper prices are not always better for our economy and certainly not safer. — *Lola Audu with Lola Audu Real Estate*

**Managing growth** — We have experienced consistent growth. I have had to hire and delegate and I am concerned about how involved I should be in the day-to-day processes. — *Dayne Shuda, with Ghost Blog Writers*

CLICK HERE
to return to
Table of Contents

**Advertising your company** — It is a concern how to best advertise your company on a small budget and be competitive with other companies regardless of size. — *Chris Pontine with Creating A Website Today*

**Getting close to your customers** — It's hard for consumers to cut through the clutter of today's shopping landscape. We expect the experience of high-value, ultra-personalized shopping to become so commonplace that consumers will get irritated when it doesn't happen.

This experience will cross all shopping platforms and will put pressure on retailers of every size to catch up. Only retailers who are close to their customers will survive. — *Jeremy Young, rounder and CEO of Tanga.com*

**Being innovative** — Every organization seeks to be innovative, to capture that next best thing and to adapt to ever changing market conditions. Most companies struggle to sustain innovation. The most critical issue isn't intent; it's culture. — *Moe Glenner, consultant and author of "PlusChange; Genesis of Innovation" (LID Publishing)*

**Marketing** — Regardless of business size, the most prominent pain point for most organizations today is marketing. Digital marketing tactics, trends and techniques are ever-changing and increasingly important. — *Danni Eickenhorst with Blank Page Consulting*

What is your most pressing business concern? Please write me and I will consider interviewing you for a future column.

**CLICK HERE**
**to return to**
**Table of Contents**

**CLICK HERE**
**to return to**
**Table of Contents**

# Chapter 102

# Where will your growth come from?

**Published: Monday, February 8, 2016**

I was pondering future business growth opportunities and I decided to ask a diverse group what sectors they thought growth would come from in the near future.

Inc. magazine's February issue included an article entitled 'The Best Industries for Starting a Business Right Now.' It listed fraud-detection software ($997.6 million), drone manufacturing ($3.3 billion), biometric- scanning software ($9.58 billion) and, at the top of its list, corporate wellness ($10.5 billion).

**CLICK HERE**
**to return to**
**Table of Contents**

Here are some of the comments and views of those I polled on this topic via the website: According to Max Schleicher, with Insureon, "There's been steady growth of microbusinesses — businesses with only a handful of employees. In the tech sector, we've seen many professionals take the leap to become consultants and freelancers. These business owners often have 10 or more years of experience before they decide to launch their own business."

One surprising area, Schleicher said, has been food trucks. Pop-up food trucks and carts are a fast-growing market. It makes sense because they have relatively low overhead. They only need a few employees to make one run. It's an easy way to take a passion for food and convert it into a profitable business.

"Made in America, product safety, gluten- and dairy-free," says Craig Wolfe, president of CelbriDucks. "

People are tired of getting everything overseas and having concerns about product safety."

"Online businesses are one of the hottest growth sectors,' Wolfe added.

**CLICK HERE**
**to return to**
**Table of Contents**

'Thanks to the Internet, it doesn't take a lot of capital to start an online business.

'The biggest challenge is finding growth capital to expand. Online businesses don't have hard assets to borrow from banks, and venture capital requires the owner to give up equity and control."

One alternative source of growth capital is royalty-based financing.

"Businesses pay back loans from a small percentage of their monthly sales without giving up equity or control," says Joel Sparber with ClearGrowth1.

Katrina Fox, author of 'Vegan Ventures: Start and Grow an Ethical Business,' thinks the vegan business sector will continue its sharp growth through 2016 as more people embrace plant-based eating and lifestyle. A recent report by Markets and Markets predicts the global meat substitutes market will reach $5.17 billion by 2020.

Michelin-starred chefs are teaming up with vegan travel businesses (Vegano Italiano Tours, an offshoot of Tierno Tours) to create unique tours of Europe and beyond, as veganism goes mainstream.

David Mercer with SME Pals says, “There is going to be a lot of growth and opportunity in the drone market.

There are about 500,000 registered drones and that number is climbing.

CLICK HERE
to return to
Table of Contents

These drones will need maintenance and repair. There are additional opportunities in the insurance and software technology side of this industry.”

The financial services sector is growing rapidly. “Retiring boomers need proper planning and products to develop a well thought out strategy for handling financial transition and ensure retirement income,” says, Nancy Butler with Above All Else, Success in Life and Business.

“Growth will come from the ability to better target social media users.

This will force businesses to operate as media companies because they will have to produce content or outsource production to marketing companies,” says Dimitri Semenikhin with Yacht Harbour.

One of the hottest sectors of growth is with veterans who want to start their own businesses, said Paul Dillon of Dillon Consulting Services LLC, who created the concept for an incubator in Chicago for veterans who want to start their own businesses.

Digital marketing is now one of the hottest small-business growth sectors,” says Michelle Symonds, founder and managing director of Ditto Digital Marketing.

CLICK HERE
to return to
Table of Contents

“We all lead digital lives by using mobile apps to access our bank accounts, buy goods online and interact on social media networks,' Symonds said. 'These activities are embedded in our daily lives, so it's not hard to see why and how digital marketing is growing and that it has massive potential to grow. Digital marketing spend may still be a significantly smaller percentage compared to traditional advertising spend, but it’s growing at a faster rate.'

Katie Lamb, assistant account executive with Gregory FCA, said, “All things Real Estate are seeing a growth spurt, thanks to more money in the hands of corporations and citizens. New building construction, renovations and building maintenance services are thriving.'

Lamb listed other growth sectors, saying that, “Entrepreneurial businesses that pick the right small business niche ready to hit a growth curve, revolve around the next technology that will be in demand. Artificial intelligence, drone technology and cyber fraud protection were unheard of a few years ago."

According to Paychex Inc., small business job growth in Florida continues to be strong and steady as the index has trended above 101 since March 2014. The growth in Florida has consistently outpaced national smallbusiness growth since the spring of 2014.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 103

# 16 unique employee benefits

**Published: Monday, February 15, 2016**

It’s hard to find, vet and on-board new employees. So what are some unique benefits that you can offer, beyond health care and 401(k) benefits, to attract and retain your most valuable assets?

I did some research, and here are some interesting and unusual employee benefits and perks, with the people who suggested them via the Help a Reporter Out website.

CLICK HERE
to return to
Table of Contents

1. Let them acquire precious metals through payroll deductions. (Solomon Benaderet, OWNx)

2. Bring wellness to the workday by allowing employees to start work late or leave early if they choose to ride their bike instead of drive a car; pay for half of employees’ gym membership; or offer weekly on-site yoga at no charge. (Lori Malett, president, Hatch Staffing Services)

3. Free weekly lunches. Start a company tradition in which the menu changes every week, with a different employee selecting the food. Provide free weekly massages at the employee’s desk, unlimited vacation policy — take as much time as you need, just let everyone in the company know when you will be out of the office. (Grid Connect)

4. Provide credit at low rates. Kashable is a new concept in employee voluntary benefits, providing employees easy-to-manage credit, starting at 6 percent. Employees can take a Kashable loan online in minutes and repay it through payroll deductions. (Ilona Mohacsi, senior vice president, Kashable)

5. Nutritional counseling and wellness programs. A little-known expansion of the Affordable Care Act in 2016 will require millions of overweight Americans with other health risks to receive nutritional counseling several times per year, a cost their employers will bear if they are self-insured. That's a group that includes three in five U.S. businesses. Ninety-one percent of employees in companies with 5,000 or more workers were in self-insured plans in 2014, according to the Kaiser Family Foundation. (Dr. Jason Langheier, CEO of Zipongo)

CLICK HERE
to return to
Table of Contents

6. Provide a standing desk with a treadmill. Sixty percent of employees were convinced they'd be more productive if they had the opportunity to work on their feet. Get more done and feel better at the end of the day. (Rebel Desk)

7. Student loan reimbursement is a hot new benefit for job seekers. Feelings on traditional company employment perks have shifted due to crushing student debt. According to Experian, nationwide student loan debt reached an all-time record high of $1.2 trillion in 2014. This data was supported by the Beyond survey, which showed that 29 percent of job seeker respondents with debt currently owe more than $35,000 in student loans, with 20

percent stating that student loans regularly affect their ability to pay living expenses. (Joe Weinlick, senior vice president, Beyond)

8. Paying for commuting, because it shouldn't cost an employee to get to work. (Barbara Werner, practice manager, Bernstein Medical)

9. Flexibility to work when and where an employee wants to improve productivity. If an employee wants to take time off and they're meeting their goals, they can take time off. (Kendra Galante, public relations counsel, Ervin & Smith)

10. Provide a free child care center and the ability to bring pets into the office. Companies should value work-life balance and employee fulfillment. (Trang Nguyen, Trupanion)

11. DinnerTime as a free benefit, with the objective of reducing health care costs, improving employee productivity and encouraging employee attraction and retention. DinnerTime's highly personalized meal-planning shopping Web app is becoming a cornerstone of progressive well-being programs, as nutrition is so fundamental to the prevention of chronic diseases such as diabetes, heart disease, metabolic disorders and some cancers. (Charles Moore, founder, DinnerTime)

CLICK HERE
to return to
Table of Contents

12. Reduce stress from commuting. The company pays for Uber rides to and from work for commutes over 30 minutes. (Zest Finance)

13. Sabbaticals. After three years of service, an employee is eligible for a three month leave to explore the world. (Kristen Bickard, marketing manager, Air Charter Service)

14. Value people. It shows that "we see you, we care about you, we know what you are doing, and celebrate your accomplishments." Four months for parental leave; two-month sabbaticals; innovation days (Lulu Li, public relations and social media, Affect)

15. Fertility coverage for services such as egg freezing. This approach helps attract and retain female workers, who now represent more than 53 percent of the workforce. (Theresa Stenger, strategic account manager, Trion Group)

16. Feature employees in social media programs. This creates great morale around the office. At Bikiniluxe, not only do the employees get professional pictures, they always get at least a few hundred new followers on their social media accounts whenever we do a post. (Candice Galek, Bikiniluxe CEO and founder)

CLICK HERE
to return to
Table of Contents

If your company has unique employee benefits that you want to share with others, please let me know.

# Chapter 104

# A one-page business plan for your company

**Published: Monday, February 22, 2016**

This is my 104th column (two years) for Business Weekly. A lot has changed in two years, especially with Manasota SCORE's Simple Steps for Starting your Business workshop program.

The Simple Steps updated series introduces and applies a state-of-the-art strategic management tool developed by Alexander Osterwalder ("Business Model Generation*,"* 2010, A. Osterwalder), widely known as the Business Model Canvas. The 'canvas' was released in 2008 and provides a one-page, visual chart with nine elements used to describe a company's products and / or services, its value proposition, customer segments, activities, channels, resources and finances.

**CLICK HERE to return to Table of Contents**

The nine segments are:

1. Customer segments
2. Value proposition
3. Channels
4. Relationships
5. Revenue streams
6. Key resources
7. Key activities
8. Partners
9. Cost structure

Most aspiring entrepreneurs won't complete a 40-page business plan that explains what the business is all about. It can be a tedious, time-consuming process involving research, writing, financial forecasting and other skills. The Business Model Canvas provides a simple, one-page draft of a business plan, allowing for changes or iterations as assumptions change, are re-assessed or prove to be incorrect.

**CLICK HERE to return to Table of Contents**

In realization of this fact, SCORE's Simple Steps workshop series now incorporates this model into its six-week program.

Workshop participants receive expert training, a workshop manual and a SCORE mentor (for free), to learn how to apply tools and techniques to build and update a working, one-page business canvas for their business. Participants will define their business concept and build a working business plan on a single page or canvas.

The six-part series is offered several times a year; the next cycle of classes start April 9 at Robert L. Taylor Community Complex, 1845 34th St. in Sarasota and Aug. 15 at Argosy University, at 5250 17th St. in Sarasota.

The series begins with a free introductory session including an overview of the business canvas tool, followed by four building-block sessions. The building block topics are: Developing Your Business Concept, Your Marketing Plan, Understanding Your Financials, Working With Your Key Partners, and Funding Sources. The series concludes with a sixth participant presentation to a panel of SCORE Sharks, moderated by me. Constructive feedback will be given to the presenters.

There is no financial award given for participating in the Mentor Shark panel presentation, but participants gain from the workshop experience as they learn how to turn their dream into a reality. This opportunity provides a dress rehearsal before entering the cold water of real-world competition for customers.

CLICK HERE
to return to
Table of Contents

The four building block, three-hour sessions are offered for $25 per session, or a package price of $75 when paid in full upon registration. The sessions are well attended and require advance registration. Contact Stefan Sommerfield at 941-955-1029 for more information.

**Additional tools to help you**

**Strategyzer** — Watch this excellent, two-minute video for an overview of the Business Model Canvas at www.businessmodelgeneration.com/canvas/bmc. This is a fast-moving video and takes only two minutes. I suggest you watch it twice.

**Canvanizer** — Download and easily create a canvas for free. Go to canvanizer.com. After you develop your idea, brainstorm and define your strategy, you are able to create a canvas that you can share, print, change and use one-click to format into a professional slide presentation.

Lean Canvas — Ash Maurya built upon Osterwalder's Business Model Canvas to create Lean Canvas. He is the author of "Running Lean." Maurya's main objective was to make the canvas as "actionable" as possible while staying entrepreneur-focused. He viewed it as a tactical blueprint guiding entrepreneurs as they move from idea to startup. He added a Problem box and a Solution box, Key Metrics and Unfair Advantage, replacing Key Partners, Key Activities, Key Resources and Customer Relationships.

CLICK HERE
to return to
Table of Contents

The Business Model Canvas and Lean Canvas are both great strategic tools to help you plan a new business or project. Regardless of which tool you use, it is better to have a one-page overview business plan than nothing. It is important to test your hypotheses and make changes as you learn more about your project and its relevance in the real world. It is okay to fail, fail often but fail inexpensively.

Most businesses don't fail because of bad technology — they fail because they don't have paying customers. Using these tools will help validate your proposed business model before you invest large amounts of time and money pursuing an idea that customers don't want.

It is not okay to do nothing.  Do your homework and pursue your dream.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 105

# The new New Economy and what it means

**Published: Monday, February 29, 2016**

What is known as the new economy was the result of the transition from a manufacturing-based economy to a service-based economy.

The term became popular during the dot-com bubble of the late 1990s. The high growth, low inflation and high employment of this period led to overly optimistic predictions and many flawed business plans.

CLICK HERE
to return to
Table of Contents

The new, new (or N2) economy is what I call the morphed dynamic that now exists in today's business world. Apparent paradoxes of the N2 economy are that it is global, yet local; networked, yet individualized; technological, yet based on personalized relationships. Contextual information, data and networked relationships are the currency of the N2 economy.

Some trends of the N2 economy include:

**Sharing versus owning.** Why own a car and have to pay the upkeep, garaging, fuel, insurance and other expenses?

Companies like Zipcar and Uber may be all you need to get you where you want to go — efficiently and perhaps less expensively. Why own an expensive and depreciating asset?

Time-share companies have successfully used a similar business model for decades. Rent rooms without ownership. Airbnb says you can 'rent unique places to stay from local hosts in 190+ countries.' These business models take advantage of using underutilized assets and repurposing them.

CLICK HERE
to return to
Table of Contents

**Renting versus buying.** Whether you stream audio from iTunes or Spotify; stream video from Netflix, Hulu or Apple TV; or you watch on-demand pay per view via cable or satellite, renting entertainment has supplanted buying. Why do you need to own a movie? You don't! How many times do you want to watch the same movie anyway? Just ask Blockbuster Video.

**Subscription models.** Subscribe to Microsoft Office 365 Business ($8.25 per month or $99 per year for five PCs or Macs, five phones, five tablets).

McAfee anti-virus and privacy software is available by subscription for $39.99 per year. Subscriptions have replaced the need to run to your local Staples or Office Depot to periodically update your software. Another subscription model I use is Audible.

I am able to listen to unlimited books using Audible for about $20 per month. Sirius/XM provides music, news, comedy and religious channels for about $19.95 per month.

**De-cluttering and downsizing versus materialism.**

How much stuff do you have and how much stuff do you need? The 100 thing challenge (100TC) is a movement about living with less, making life simpler by owning less than 100 items.

Founder Dave Bruno says, *"* If you do this — if you will give up your stuff for a while — I am sure you'll never go back.

You will spend the rest of your life creating a more valuable life, instead of wasting your money and time on too much stuff. You will be glad. And best of all, the people around you will be blessed by your efforts to prioritize more meaningful pursuits."

**CLICK HERE** to return to **Table of Contents**

**Efficiency and sustainability.** My hybrid car gets 38 miles to the gallon. Companies that make it easy to go green are benefiting from this transition to sustainability.

**Capital for small business.** Crowd funding sites such as Kickstarter, GoFundMe, Indiegogo, Kiva and peer-to-peer lending sites are becoming popular.

Platforms such as Lending Club, Circle Back Lending and royalty based finance companies offer alternatives to sometimes difficult to obtain traditional bank loans.

**Part-time and freelance versus salaried.**

Whether due to Obamacare, taxation or other reasons, the trend to part-time and freelance contracted employment has been accelerating.

According to Candace Klein, chief strategy officer with Dealstruck Inc., "Two years ago, small businesses preferred to hire employees rather than contractors.

**CLICK HERE** to return to **Table of Contents**

In recent months, however, we've seen a marked change. With the Uber economy, many employees are piecing together a number of contractor jobs, and small businesses have a much higher number of part time employees and contractors."

**The work environment is changing.** Co-working spaces, incubators and executive suites are more popular than ever before. There is great flexibility inherent in being able to adjust office space needs as you grow.

John Kinskey of Access Direct Inc., says, "The new economy and rise of millennials as a customer base requires a radical shift in how small businesses provide customer service. Increasingly, social media are becoming the way consumers make requests of and complaints about businesses."

**Wellness health care models.** An accelerated trend to wellness will put pressure on cost reduction methods. Metrics provided to insurance companies will provide incentives for healthy behavior. Insurance premium increases and decreases will be based on patients who listen to their physicians.

**Other trends.** Quality-of-life considerations, such as the arts and cultural events, are pivotal when it comes to corporate relocation and individual geographic choices. Being able to attract, motivate and retain educated talent is critical to business success. Partnerships combining businesses, government and non-profits are leading change. The allocation of resources such as water, health care and — in the next 50 years — perhaps even food and air might become critical sociopolitical issues. In the near future, 3D printing will enable users to download computerized schematics and print out many of the things they would normally order online or pick up at a local store.

The N2 economy is coming to a business near you. Be prepared.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 106

# It takes all types to operate a company

**Published: Monday, March 7, 2016**

One of the most popular self-awareness tools used for business over the past several decades has been DISC. The registered name is the DISC Personality Test, by Wiley.

DISC's profiles educate and identify different styles of behavior. The D stands for Dominance, I for Influence, S for Steadiness and C for Compliance. The objective of the test is to better understand your behavioral work style and how you can build more effective relationships with others.

CLICK HERE
to return to
Table of Contents

This test has been widely given and has been used by notable companies, including Bank of America, Shell, Cisco, Lowe's, Princeton University, Honeywell, Boeing and the FDA.

Assessment-test prices generally range from around $33 to over $1,000, depending on the test variant and type and number of kits purchased.

One specialized program for DISC sales is designed to increase effective selling by first recognizing and then adapting to customers' behavioral styles.

DISC philosophy is based on a theory of psychologist William Moulton Marston, which centered on the four aforementioned behavioral traits. Psychologist William Vernon Clarke developed the test into a behavioral assessment tool. Some versions of the test date back to the 1940s.

The test is based on either 24 or 28 forced-choice questions, which are used to identify 15 different patterns of behavior. Other well-known, respected tests, such as Myers-Briggs, are based on typological theory proposed by Carl Jung and offer an alternative. Myers-Briggs focuses on the four ways humans experience the world: through sensation, intuition, feeling and thinking.

CLICK HERE
to return to
Table of Contents

In my syndicated podcast series, "Been There, Done That! with Dennis Zink," Episode No. 35 (available on iTunes), I interview Mike Lewis, author of The Sales Bridge.

According to Lewis, "It's critical to understand your customer and who you're selling to. All too often, a salesman approaches a prospective client and starts to talk, talk, talk. He isn't aware of his own personality style, nor does he analyze his customer's personality. You have to build rapport. There's an old adage: People buy from people they like and trust."

More from that interview:

**Q.** How do you build rapport with prospective customers?

**A.** First, you must understand your own personality style. Then use blueprinting to observe what your prospect likes. For example, what plaques do they have on their wall? Can you guess their interests from their displayed art, photos or desk accessories? Is their desk neat, or are folders piled a foot high. There are different indicators you can look for that enable you to adapt or align your behavior to the other person. People sell differently, and they buy differently. It's up to the salesperson to recognize those indicators and adapt to the customer's traits.

**Q.** It appears that you are suggesting to adapt your behavior in an attempt to try to be more successful with the goal, which is to walk out with an order and establish a relationship.

**A.** That's absolutely correct. We all have comfort zones. Your comfort zone might be to give me the facts, be very direct, and that's what satisfies you. My personality may be more talkative, that's what turns me on. If I don't understand that you need me to be very direct, I'm going to miss the point. You're going to start thinking, "You know what, this guy is just wasting my time," and you never get to selling skills, you never get to ask probing questions because the customer is turned off.

**CLICK HERE**
to return to
Table of Contents

**Q.** What if you're not in the prospect's office? What cues can you pick up?

**A.** There are various indicators that you can look for. How do they stand? Do they speak fast or slow? Do they ask specific questions? Who else is using this product? Give me some data on the product. Those are all indicators that the sale representative has to interpret.

**The personality types**

I thought about what personality types tended to sell the best, or buy the fastest.

The sub-styles of the four main profiles are:

D = Developer, results oriented, inspirational creative.

I = Promoter, persuader, counselor, appraiser

S = Specialist, achiever, agent, investigator

**CLICK HERE**
to return to
Table of Contents

C = Objective thinker, perfectionist, practitioner

D types are self-reliant, calculated risk-takers. They are introspective, realistic and good problem solvers. They focus on accepting challenges and immediate results. In my opinion, D's are usually good at running companies.

I types focus on shaping their environment by influencing or persuading others. They seek social recognition, enjoy contact with all types of people and making favorable impressions. I's tend to steer clear of details. They can articulate their ideas, and they enjoy engaging others in conversation. In my experience, I's tend to excel in sales and partying. Your best salespeople will be I's.

S types are outgoing, alert and good trouble-shooters. They are eager, enthusiastic and impetuous. They are also good at multi-tasking and being team players. In my opinion, S's are very good at customer service.

C types tend to be restrained, yet set high quality standards. They are analytical and favor reason over gut instinct. They ensure quality control and accuracy. C types tend to be your bean counters.

DISC provides self-awareness and strategies to become more effective in your work and in your life. By understanding your personal style, you can become more aware of your strengths and weaknesses and learn how to get along better with others who speak in a different style than you do.

No DISC pattern is better or worse than another. In fact, it takes a DISC to operate a company.

**CLICK HERE**
**to return to**
**Table of Contents**

**CLICK HERE**
**to return to**
**Table of Contents**

# Chapter 107

# Borrowing lessons from branding giants

**Published: Monday, March 14, 2016**

Small-business owners can copy the thinking and strategies of successful high-tech branding gorillas such as Apple, Google, Facebook and Samsung.

Yes, small-business budgets are much, much smaller, but there is no reason for small-business owners not to follow the way the giants think.

CLICK HERE
to return to
Table of Contents

Are there differences in high-tech branding and branding your products and services? Yes and no.

Very few companies can polish and display their wares the way Apple has with its iPhone, iPad, iTunes and iPod products. But you don't need Apple-like perfection. Constant small improvements will help your business shine.

Some of the elements for you to emulate in your business are creative design, effective digital strategy and a great user experience. If users develop an emotional attachment to the product, so much the better.

Does your business, products or services have brand loyalty?

Some things to consider:

■ **Know your market segment(s).** Know your target market, its size and how to reach it.

Research what makes the target buy your product versus your competitor's. How important are variables such as size, shape, color, ease-of-use, price, etc.

CLICK HERE
to return to
Table of Contents

Metrics and analytics should be readily discoverable. You need to be able to measure who is buying and know why they are buying. Use A/B testing (change one variable to force a preference choice) to constantly refine and improve your product or service.

■ **Emphasize differentiators.**

Know and explain why your product is different and better than the competition.

■ **Set goals.** Have specific, achievable, timely goals and track the progress, successes and failures.

■ **Have a consistent message.**

Everything from your logo on your business cards, advertising, website, emails, blogs, etc. should contain messaging that is consistent and is displayed as frequently as your budget allows.

■ **Make design creative.** Use effective sensory solutions, including visuals such as your logo, tag line or slogan to be remembered. Positively position your products in the mind of your customers. Influence product purchasing and create brand loyalty with your marketing.

Carry your theme with packaging, advertising and throughout your digital strategy.

■ **Develop a digital strategy.**

For your company to stay relevant, your digital strategy should align all communications with your business objectives.

CLICK HERE
to return to
Table of Contents

Understand your positioning and competitive rank within your market segmentation. Focus on flawless execution with constant refinement and improvement. Your digital strategy combines components such as Search Engine Optimization (SEO), mobile, e-commerce, email marketing, analytics and social media.

■ **Provide a great user experience.** Understand your customers' needs and wants, and how they are segmented. Determine how to differentiate your products to appeal to and succeed in getting business from your target segments. Think of Disney, Apple and Zappos and how they create a great 'user experience.'

**Nielsen survey results**

Nielsen, a leading global provider of information, polled 28,000 online consumers.

Ninety-two percent of consumer world-wide trust "earned" (non-paid) media. This includes recommendations from friends and family, and word-of-mouth, above all other forms of advertising. The second most trusted form of advertising is online consumer reviews. Seventy percent say they trust this platform. Nearly half (47 percent) of consumers say they trust paid television, magazine and newspaper ads. Declines of more than 20 percent, however, were attributed to these media segments in a recent three-year period.

CLICK HERE
to return to
Table of Contents

Television has unmatched reach and isn't going away; however, 58 percent of online consumers trust "owned media," such as messages on company websites, and 50 percent find credible content in emails they consented to receive.

Thirty-six percent of global online consumers report trust in online video ads, and 33 percent believe messages in online banner ads. Ads viewed in search engine results are trusted by 40 percent of global respondents in Nielsen's survey. Sponsored ads on social networking sites were deemed credible by 36 percent of global respondents.

"The growth in trust for online search-and-display ads over the past four years should give marketers increased confidence in putting more of their ad dollars into this medium," said

Nielsen's Randall Beard. "Many companies are already increasing their paid advertising activity on social networking sites, in part due to the high level of trust consumers place in friends' online recommendations and opinions.

"Brands should be watching this emerging ad channel closely as it continues to grow. In order to boost advertising ROI, marketers need to make sure an ad's content and message is relevant to the consumer who sees it. While we expect to see high relevance levels in ads where the consumer is actively seeking information, such as on a brand's own website or solicited emails, Nielsen's survey shows that there is still much potential for marketers looking to reach the right audience through advertiser-driven messages."

**CLICK HERE**
**to return to**
**Table of Contents**

**CLICK HERE**
**to return to**
**Table of Contents**

# Chapter 108

# Why employees quit

**Published: Monday, March 21, 2016**

It has long been said that a company's assets go up and down the elevator daily. Most employers tend to hire fast and fire slow, which is the exact opposite of what they should be doing. If your employees are your most important asset, then once you have made the decision to hire someone, you probably want to keep them in your employ as long as possible. In most cases, employees continue to learn and become more valuable to your business every day.

CLICK HERE
to return to
Table of Contents

Why do you lose good employees, and what can you do to keep employees happy and productive?  My research spanned several resources, including the website Help A Reporter Out (HARO.com). This is what I discovered.

Some of the common reasons employees quit include:

**Relationship issues with a supervisor or boss.**

An employee may leave because they have a poor relationship with their boss or they are not supported or empowered in their job.  Perhaps they don't respect their boss. Michele Mavi, director of internal recruiting with Atrium Staffing, says, "People don't leave companies, they leave managers."

**Opportunity issues.**

"There may be insufficient career-advancement opportunities or inadequate training or professional development opportunities" says George Gillies, vice president of operations with Insightlink Communications.

CLICK HERE
to return to
Table of Contents

Maybe there is no room to be creative and do rewarding work. "The employee may have learned all they can from their current role and they are ready to take on a more responsible position or work for a larger company," says Monique A. Honaman, CEO and founding partner of ISHR group.

Lisa Phalen, a human resources consultant with LJP Consulting LLC asks, "Are the tools and resources available for employees to do their job effectively?"

**Inadequacy of pay issues.**

If the company's pay scale is not competitive, an employee may feel that they are overworked and underpaid.  Maybe they haven't received a raise or bonus in many years. In search of appropriate compensation, the employee may accept a better-paying job at another firm.

**Cultural fit issues.**

"An employee may leave because of a toxic workplace culture," says Flip Brown with Business Culture Consultants. They may experience cliques, workplace bullying or sexual harassment.

According to Anna Lundberg, with Crocus Communications, "Their values may be misaligned with the company's."

**Loyalty reciprocity issues.**

CLICK HERE
to return to
Table of Contents

Dave Ramsey of The Dave Ramsey Show, outlines in his book "EntreLeadership" that employees aren't loyal to their company and leadership because their company and leadership are not loyal to them.

**Work-life balance issues.**

"There is a lack of work-life balance," says Laura Gmeinder, leadership consultant with Laura Gmeinder Coaching & Consulting LLC.

"Some companies are inflexible regarding family responsibilities," says Mikey Collard, with Method Communications.

**Leadership issues.**

"There is poor leadership and perhaps a lack of vision and inspiration. People want to believe in a dream and a mission that is bigger than them" says Ramsey of the Dave Ramsey Show. Employees leave when they no longer believe in the company's mission.

CLICK HERE
to return to
Table of Contents

Employee's are also quick to realize if there's a disconnect about reality and what they were led to believe. Unsatisfactory leadership of senior management can lead to employee discontent.

**Communication or feedback issues.**

When there is a lack of feedback, employees don't know how they are doing, and they do not have clear direction for improvement. The need for feedback should encompass more than an annual review.

**Trust issues.**

Reorganization, changing roles, team shake-ups or selling off a division can unnerve employees. "There is diminished trust in the organization or leadership" says Debra Walker, human resources consultant with Indelible Consulting Group.

**Other issues.**

Of course, there are numerous additional situations causing employees to say good-bye. An employee may start a business or their spouse may be relocating. Health issues and a family death can create havoc in an employee's life.

There is stress with recurring unrealistic deadlines.

A boss may take credit for successes and not mistakes.

CLICK HERE
to return to
Table of Contents

**Studies:**

A 2014 Interaction Associates study found that only 40 percent of employees trust their leaders, although 82 percent of respondents said trusting their boss is essential to their effectiveness in their jobs.

A 2014 study by the University of Warwick in England found that happy employees out-produce unhappy employees by 12 percent.

The 4 C's of employee engagement and satisfaction are commitment, culture, communications and compensation, according to Gillies, the vice president at Insightlink. Insightlink offers employee surveys, new-hire surveys, exit surveys and 360-degree feedback surveys.

The Method Communications's Collard refers to a study by BambooHR, which polled more than 1,000 U.S. employees. Issues related to advancement and work-life balance elicited the highest emotional responses from employees. This suggests that compensation isn't the most important factor for employee retention, giving managers and HR departments new insights into what keeps talent from walking out the door.

CLICK HERE
to return to
Table of Contents

Women are twice as likely than men to consider an inflexible work situation, with regard to their family responsibilities, to be an employment deal breaker.

Complaints related to compensation are highest in the 18-29 age range and steadily decline as employees get older.

A survey of over 1,000 people showed that 11 percent had left a job because they didn't like working with a complainer, according to Linda Swindling, workplace communications expert and employment attorney. Original research she did for her book "Stop Complainers and Energy

Drainers, How to Negotiate Work Drama to Get More Done," showed that 73 percent would turn down a $10,000 annual raise so they wouldn't have to work with a chronic complainer.

“Culture rates above salary as a key component in why people stay or don't stay in their jobs,” Swindling says.

According to Alex Sopinka, founder and CEO of Tasytt, “One in four employees leaves a job within the first six months because they had poor onboarding and training and/or they feel like they're lacking a purpose in contributing to the company.”

So what can you do? I suggest you look at the reasons your company has lost valuable employees and take corrective action to end the exodus.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 109

# Entrepreneurs older, more diverse, less female

**Published: Monday, March 28, 2016**

The Ewing Marion Kauffman Foundation, based in Kansas City, has a mission “to help individuals attain economic independence by advancing educational achievement and entrepreneurial success.”

CLICK HERE
to return to
Table of Contents

The foundation is involved in many philanthropic activities in the United States. One research study that I found to be of particular interest is the "Kauffman Index of Startup Activity Trends" (2015). The full report can be found online here. http://bit.ly/1QcG0RV

My interest in this report has to do with the dynamic changes that are taking place in the entrepreneurial ecosystem. I highlight a few of these trends here.

This is important because, as Kauffman indicates, data innovations from the Census Bureau and other organizations in the last decade have allowed economists to show that young companies are the principal sources of net job creation in the United States.

According to the Index, “What a society measures is an indication of what that society values. Entrepreneurship in all its forms will continue to be essential to rising standards of living and expanding economic opportunity. Innovations and improvements in entrepreneurship data will allow us to do a better job in pursuit of those objectives.”

CLICK HERE
to return to
Table of Contents

The Startup Activity Index is based on three variables:

■ The rate of new entrepreneurs, meaning the percentage of adults becoming entrepreneurs in a given month.

■ The opportunity share of new entrepreneurs. This refers to the percentage of new entrepreneurs driven primarily by “opportunity entrepreneurship” as opposed to “necessity entrepreneurship.” A business started by someone coming out of unemployment is more inclined to start the business out of necessity.

■ Startup density. This is the rate at which businesses with employees are created in the economy. Other variables will be added in future installments of the index.

### Interesting trends

The Startup Activity Index rose in 2015 for the first time in five years, increasing the most year-over-year in the past two decades. A principle driver of this recent jump is the growth of male opportunity entrepreneurship, accompanied by the continued strength of immigrant entrepreneurship. Males were hit particularly hard during the Great Recession.

About 530,000 new business owners were created each month during the year. The United States continues on the road to recovery from the Great Recession.

### 16% fewer women are becoming entrepreneurs

**CLICK HERE** to return to Table of Contents

Since the 1997 Kauffman Index, the share of new entrepreneurs who are females has fallen from 43.7 percent to 36.8 percent. This number is close to the two-decade low of 36.3 percent female entrepreneurs reached in the 2008 Index.

### 39% increase for college graduates

The share of new entrepreneurs who are college graduates has increased from 23.7 percent to 33.0 percent. The college graduate level of education had the only increase. Interestingly, all other categories had these decreases: less than high school, down 12 percent; high school graduates, down 8.6 percent; some college, down 16 percent. In the base year of 1996, high school graduates were the largest group of entrepreneurs, at 32.3 percent. Today, college graduates lead the pack.

### 74% increase in new entrepreneurs aged 55 to 64

The aging of the U.S. population, combined with the increasing rate of new entrepreneurs among individuals aged 55 to 64, has shifted this group from making up 14.8 percent of new entrepreneurs in the 1997 Index to 25.8 percent of all new entrepreneurs in the 2015 Index. Interestingly, all age brackets, from 20 to 64 years old, are now in a tight range of 23 to 26 percent. This suggests that it is becoming more likely that all age ranges will have a similar percentage of entrepreneurs.

**CLICK HERE** to return to Table of Contents

### Doubling of immigrant entrepreneurs

Immigrants continue to be almost twice as likely as the native-born to become entrepreneurs, with the rate of new entrepreneurs being 0.52 percent for immigrants, as opposed to 0.27 percent for the native-born.

### 100% increase in ethnic diversity

New entrepreneurs in the United States are becoming increasingly diverse, with more than 40 percent of new entrepreneurs being African-American, Latino, Asian or other non-white entrepreneurs in the 2015 Index. Most of this rise has been among new Latino and Asian entrepreneurs, who now account for 22.1 percent and 6.8 percent of new entrepreneurs in the 2015 Index, respectively. These numbers have jumped from 10.0 percent and 3.4 percent in the 1997 Index.

**In summation**

Fewer women are becoming entrepreneurs; better-educated college graduates are starting more businesses; older entrepreneurs are starting businesses at the same rate as all other age brackets; and more immigrants — especially Latinos and Asians — are starting new businesses.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 110

# How to value a new business

**Published: Monday, April 4, 2016**

Recently, I was asked about valuing a relatively new business entity for the purpose of selling equity to potential investors. The all important question was: "What is the value of our new business?" I have written about this topic in the past, and the answer to selling equity in any business is always the same. The short answer is … drum roll, please … The value of a business is determined when a willing seller agrees (without duress) to a price and terms with a willing buyer.

CLICK HERE
to return to
Table of Contents

This column could be over now if it was that simple. It really is simple, but not *that* simple.

Some of the variables to consider:

1. How new is the business?

2. Has the business had sales? If yes, how much? Are sales increasing?

3. What is the market potential for this businesses' product or service?

4. What is the potential for profit, both short- and long-term?

5. Is the business scalable?

6. Has the business developed a sales following, repeat business, garnered traction?

7. How much growth (month over month) has the business experienced?

CLICK HERE
to return to
Table of Contents

8. Are there any barriers to entry, and what are they?

9. Are there competitors, how many, and what have they sold for?

10. What are the risk factors?

11. How strong and experienced is the management team?

12. What is the likelihood of investors getting their money back with an acceptable return, and by when?

These are just some of the variables and considerations that I think are important. For more insight, I have asked some people, via Help A Report Out (http://www.helpareporter.com/), who have been through this process, to share their thoughts on this topic.

According to Dan Gudema with StartupPop.com, "For Web-based tech startups, unique visitors, email addresses in a database and other tangible assets make sense in addition to revenue. I am a partner in one Web business with 50k monthly visitors and 300,000 email addresses. To buy that on a one-year basis in this industry would cost $2 million to $4 million. That does not include a valuation on revenue."

Martin Bodenham with Ayston Martin says, "Giving up equity in your new business, forecast the after-tax profit you expect the business to make in year five. Apply a suitable market comparable P/E multiple to arrive at a total valuation. Take the equity you are raising today and multiply that by the investor's required return multiple, then divide the result by the total valuation to arrive at the percentage to be given up." Did you get all of that?

**CLICK HERE**
**to return to**
**Table of Contents**

Kalen Iselt received $20,000 funding without giving away equity in mobilkamu.com and another $20,000 in angel funding in which he parted with a small amount of equity.

Iselt says, "The process of arriving at your first valuation is always blurry. Key criteria we focused on were the length of time we were in business, the market potential, our sales and growth, and what similar companies did."

The valuation was derived through a compromise between what you as a business owner want to give away and how much the investor wants to receive for their money.

According to Deborah Sweeney with mycorporation.com, "Some of the best valuations come from what the market (your investors) is willing to invest. If investors are willing to give you $X for a percentage of your business, then that's a great start. You can also test certain values and gauge interest. That's a great way to understand if you are over-valuing or under-valuing your business.

An interesting idea to use when giving equity to attract talent is to allow the new team member to "buy" the equity along a vesting period at a negotiated valuation that would likely be something lower than an investor would get. This suits the team member, because they'll be paid a fair market rate for their work but will have the option to invest a portion of their earnings into the company.

**CLICK HERE**
**to return to**
**Table of Contents**

Kelly Edwards with Lawton Marketing Group said, "The business is always worth what a third party is willing to pay for it. This is a multiple of the company's profits. But the multiplier depends largely on the buyer's perception of risk. The more comfortable a buyer can be, the higher the multiplier. A few things that increase the multiplier are a highly skilled management team that will stay after you leave, diversity of suppliers and diversity of customers.

Adam Collins with MVMT Capital described what he did with his start-up: He owned 80 percent and his business partner owned 20 percent. The partner wanted out, so he had to value the 20 percent. For an asset-management business, valuations are typically 2x revenue. Collins multiplied the revenue by two and wrote a check to his partner.

Generally speaking, the value of a brand spanking new business is close to zero. But if the idea appears to have great potential and/or valuable intellectual property such as patents, the value lies in the eye of the beholder and the beholden, or at least somewhere in between

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 111

# The four-way test and Rotary International

**Published: Monday, April 11, 2016**

This past week was a busy one for me. I gave the keynote address to the Arts Alliance of Sarasota County on "The Business of Art" and I also was invited by Denisse Berger to be the weekly guest speaker at the Rotary Club of Bradenton, a chapter of Rotary International.

**CLICK HERE**
**to return to**
**Table of Contents**

I had never attended a Rotary meeting, but of course knew that Rotary Clubs existed. The meeting venue was Pier 22 in Bradenton, and four tables had been set up for the luncheon. At the back of the room, a prominently displayed gold banner caught my attention. This banner exhibited 'The Four-Way Test.' I proceeded to read the banner to learn what the four-way test meant. The four items of this business model represent a high ethical standard of what we think, say or do.

1. Is it the truth?

2. Is it fair to all concerned?

3. Will it build goodwill and better friendships?

4. Will it be beneficial to all concerned?

I learned that the four-way test was created by Herbert J. Taylor in 1932 and later championed by Rotarian Charles R. Walgreen Jr., the son of the founder of Walgreens.

**CLICK HERE**
**to return to**
**Table of Contents**

My immediate thought was that our presidential candidates would have a problem with one or more of these four axioms. Although numbers two and four appear similar, upon closer scrutiny, it is possible for something to be fair to all but not beneficial to all.

After the meeting, I spent some time learning more about 111-year-old Rotary International by talking with Tim Milligan, the past district governor and current membership chairman for the district. Tim has been with Rotary 23 years and is responsible for 50 clubs and 2,300 members, from Palmetto to Marco Island. Locally, Sarasota has eight clubs; Manatee, seven.

Rotary International was begun in Chicago in 1905 by Paul Harris and three of his friends as a way to expand business through networking. The name "rotary" came from the four members rotating the meetings. Today there are over 1,200,000 Rotarians, with 536 districts in 230 countries.

According to Milligan, “People join Rotary for fellowship first and philanthropy second.”

Rotarians meet weekly for lunch, education, fellowship and to discuss philanthropic endeavors. Although it is not a leads club, many of the Rotarians do business with each other. Monday club programs keep members informed about what is taking place in the community, nation and world and help keep them motivated to make a difference.

The Bill and Melinda Gates Foundation has arranged a $1 billion endowment in support of Rotary International. The interest generated from a local anonymous donation enables the Bradenton Rotary Club to bestow grants of $50,000 to $70,000 each year. Below are five recent philanthropic undertakings by the club.

CLICK HERE
to return to
Table of Contents

1. Provided a computer lab for a school in Tanzania. This project provided the first learning center in this part of that country and serves a community of several thousand. A large percentage of the students are girls. Members of the Bradenton Rotary Club Skype with the students a couple of times per year.

2. Donated over $30,000 for a three-year program to provide financing to the Boys and Girls Club for their Stride Academy. This is an after-school learning program that concentrates on underprivileged and under-achieving children here in Manatee County.

3. The club has been very involved with Gift of Life Florida. This organization saves the lives of children in third-world countries who have congenital heart problems. The Bradenton chapter has hosted two children who had open-heart surgery at All Children’s Hospital in St. Petersburg and in St. Joseph Hospital in Tampa. In addition, part of a $1 million grant helped provide a pediatric heart catheterization laboratory in Kingston, Jamaica.

4. Bradenton Rotary annually packs 50,000 meals distributed through the Salvation Army and the local food bank in Manatee County. This project costs approximately $12,000 a year and takes the coordination of many other organizations. The labor is coordinated with other Rotary Clubs, the Salvation Army, Girl and Boy Scouts, high school ROTCs and the Bradenton Rotary’s Interact club from St. Stephen’s School.

CLICK HERE
to return to
Table of Contents

5. This year’s annual comedy night fundraiser generated $10,000 that was given to Turning Point to help feed and house the homeless in Manatee County.

These are just a few of the local organization’s projects. They also provide clean water to several places in the world, donate funds to the Rotary Eradicate Polio program, provide transportation to school children and host several youth exchange students.

Rotary International Clubs are represented by a cross-section of the community’s business owners, executives, managers, political leaders and professionals — people who make decisions and influence policy.

Dedicated to providing service to others, Rotary promotes high ethical standards and advances world understanding, goodwill and peace through fellowship of business, professional and community leaders.

Emphasizing high ethical standards, Rotarians provide an opportunity to serve society, enjoy fellowship and network. If you measure up to the four-way test, involvement in Rotary may be a good choice for you. To find out more, go to Bradentonrotary.org.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 112

# Connecting dots to improve products and services

**Published: Monday, April 18, 2016**

I refer to myself as a business alchemist and a change agent.

**CLICK HERE**
**to return to**
**Table of Contents**

Alchemy was a pseudo-science in the Middle Ages with the goal of changing ordinary metals into gold. When I use this term, I am implying that 'Zink' (the metal is spelled zinc) can help turn a business into a more valuable entity. How does one change something common or ordinary into something more valuable?

The answer is with a good strategic plan.

One method of strategic planning is dot connecting or, as I like to call it, plussing. This involves taking two separate entities and creating new combinations or permutations to come up with a third new alternative. (By contrast, Steve Jobs used a strategy of subtraction when he designed the iPhone with only one main button.)

I habitually contemplate how I can improve something, make it better — you know, that better mousetrap.

Step 1 – Know what you have. Know your starting point. Disassemble it. Look at the component pieces. What can be improved? Is there a bad tooth in a cog, a sticking point that needs to be smoothed out? This question works for both products and services. You can reverse-engineer services as well as products. Areas for improvement may not be obvious.

**CLICK HERE**
**to return to**
**Table of Contents**

Step 2 – Envision where you want to be. Is it realistic? How much money and resources will it take to get you there? Can you afford it? Practice strategic doing by asking: What could we do? Next, narrow choices to What should we do? Finally, ask What will we do?

Step 3 – Ask if this is overkill. Some things are already perfect, or nearly so, the way they are. There may be no reason to try to improve something that already works well and is cost effective. Sometimes, the best choices is to do nothing at all. That is a choice.

Step 4 – Ask others for their opinions or thoughts. Sometimes you can't get out of your own way. A new perspective may be helpful and just what you need to get re-focused.

Gather as many ideas as possible and encourage participation from valued friends, professionals and employees. Over the next 72 hours, let your subconscious mind work out the kinks. This often happens unintentionally. If we are lucky, there may be an epiphany.

Step 5 – Plussing. Think abstractly, geometrically, not linearly. How can one plus one equal three? If you don't understand this step, just ask an accountant. (Only joking.) Write down all the possibilities you can think of — even ridiculous ideas may prove to hold the key and could trigger another thought or idea toward your success.

Step 6 – Research if other businesses confront the same or similar scenario. What have they done? There is nothing wrong with copying a great idea that someone else conceived as long as you don't violate their intellectual property rights.

Step 7 – Connect the dots and see if you have something different.

CLICK HERE
to return to
Table of Contents

**A real-world example**

Step 1 – We have a podcast series "Been There, Done That! with Dennis Zink" consisting of a series of audio interviews with knowledgeable people on a specific topic. The idea to create these podcasts came from attending a Meetup.com group in which the speaker talked about how to create a podcast, what equipment was needed, etc.

Areas for improvement have been: Using a sound studio setting to improve the audio quality and eliminate external noises such as cars honking, police sirens and other unforeseen interruptions. We realized we had an audio file, and we wondered if we could increase the chances of it being found via search engines like Google by re-purposing the audio file into a YouTube video with a static background.

We created a trailer (much the same as a movie trailer) and changed the background images in sync with the audio. Now, someone could discover our podcast topic via iTunes and/or YouTube. This is currently in beta testing.

Step 2 – We track our podcast downloads, and we are seeing a significant increase as the trailer leads people to more listens. Our podcasts are often re-purposed into Q&A interviews for this column. This provides another way to get information to a different, expanded audience.

CLICK HERE
to return to
Table of Contents

Step 3 – We are nowhere near perfect and we seek to improve our show with every interview.

Step 4 – We are now earning income from our podcast sponsorships from national clients.

Step 5 – We will be re-purposing our podcasts for slideshare.net as a way to inform people who are searching for information on specific topics. Our audio files are not Power Point slides, but can help create another way to advertise our podcast series to those searching for the topic.

Step 6 – We have emulated some best practices from other successful episodic podcast series, including using a music intro and outro and keeping our shows to approximately 30 minutes.

Step 7 – Our original, audio-only podcast series interviews are distributed through many channels, including iTunes, Stitcher Radio, SCORE.org, Manasotascore.org, Paychex, and other distribution channels including the Herald-Tribune (occasionally repurposed in the Business SCORE Card) columns.

YouTube, Slideshare.net and other avenues are being researched and will soon be added for extended reach.

Connecting dots represents a way to alchemize your product or service. Remember, you don't have to reinvent the wheel, just change the spokes (another zinkism).

Happy dot connecting!

**CLICK HERE**
**to return to**
**Table of Contents**

**CLICK HERE**
**to return to**
**Table of Contents**

# Chapter 113

# Password managers can make life easier

**Published: Monday, April 25, 2016**

I was having dinner at Pier 22 with a local dinner club. Several people were using their smart phones to take pictures of the colorful sunset. Our waitress was kind enough to take complimentary table photos. Caryn, who was sitting next to me, wanted to use her new photo for her MeetUp.com profile picture. There was only one problem: She couldn't immediately remember her password.

CLICK HERE
to return to
Table of Contents

I asked if she used password-management software. Because she does not, I proceeded to show Caryn and her husband, Jack, my password manager containing 278 passwords, the majority of which I rarely, if ever, use. A digital hoarder, I never delete passwords. I only add new ones, because I never know for certain if I will return to an infrequently used site.

I explained how great it was that the passwords were instantly alphabetized and easy to access. They thought it would present a problem if I lost my phone and someone had all my passwords. I explained that all of my passwords were coded so that only I knew what they meant. For example, if my password was Cat9dog my code might be C9d. Nobody would know what C9d stood for. Needless to say, they were impressed.

I recall buying my current password manager for about $10 in 2007. It has become a little glitchy after nine years. So, I decided to research modern day password managers, and this is what I found.

### Password managers

CLICK HERE
to return to
Table of Contents

While there are some free versions on the market, most good password managers cost between $12 and $40. According to PC magazine, the best password managers worthy of the Editors Choice designation for 2016 are Dashlane 4 ($39.99) and LastPass 4.0 ($12.00) both receiving five on a scale of five. Sticky Password Premium ($19.99) also received Editors Choice and a 4 ½ rating. There were seven additional products mentioned with ratings of at least 3 ½.

PC also listed eight free password managers. At the top of the list was LastPass 4.0 (Free) rated five out of five and an Editors Choice. In second place was LogMeOnce Password Management Suite Premium (Free) with a 4 rating. Six other password managers were rated three to 3 ½.

**Password do’s and don’ts**

Don’t use 123456 or password1 as the unlock key to your castle. Eliminate weak or duplicate passwords. It was suggested to use 12-character or longer passwords or password generators that randomly create passwords for you. Mix digits with capital and lower case letters and use symbols. Do not use the same passwords. Change passwords regularly (I’m sure you do this. Yeah right!)

**A break-in demonstration**

About two years ago, I was invited to a luncheon on cyber security. During the luncheon, a demonstration showed how important it is to change passwords frequently. A password device was being used to hack into a computer system in the room. Over the course of the luncheon, you could see the combinations spinning and, one by one, the correct entries were materializing. This was like a scene out of "Mission: Impossible." They did manage to successfully hack the computer within the hour. I learned that even strong passwords have to be changed frequently.

CLICK HERE
to return to
Table of Contents

Maybe it’s time to buy a new password manager.

I really don’t want to have to re-type all of my coded passwords. Perhaps I will find one that simply extracts my existing passwords and places them into the new app. Of course, this would be a great time to eliminate those passwords that I’m sure I will never need again.

**Special features**

The best password managers allow you to sync with other computers and devices, easily change passwords and automatically log into sites for you.

Some managers will notify you if your site has been breached or prompt you to change passwords when they age. Some will autofill forms, streamline online shopping, help with credit monitoring and auto-generate more secure passwords for you. Others will change all passwords simultaneously with one-click and provide a score for your current security.

CLICK HERE
to return to
Table of Contents

One password manager, Keepass, features an auto-type function that will log into sites that other password managers can’t. This can eliminate having to cut and paste into a site's password field.

I welcome input on what password managers you use and any tips or suggestions on how to stay cyber-safe. I am testing the free versions of Dashlane and LastPass, and it appears they have come a long way since password managers first appeared on the cyber-scene.

# Chapter 114

# An education in lean startup

**Published: Monday, May 2, 2016**

This week, I was invited to attend a State College of Florida entrepreneurship class at the SCF Bradenton campus.

The New Business Startup Feasibility Analysis presentations were made by small teams of students as the "capstone" of the Introduction to Entrepreneurship course.

CLICK HERE
to return to
Table of Contents

Guests were invited to the session to provide experienced, real-world feedback and guidance to the students. There for the purpose were SCORE mentors Bob Melberth, vice chairman of Manasota SCORE; Jon Stuart, an adjunct professor at the University of South Florida-Sarasota Manatee; and Joe Anziano, a new SCORE mentor. My good friend Tommie Simone and SCF entrepreneur- in-residence Clinton Day were also present. (Day is publishing 'Understanding Lean Startup' as an e-book this month and in print this summer. I read the first 18 pages and thought it was outstanding.) The class follows the new lean startup and customer development model popularized by Steve Blank and Eric Ries, an approach also being integrated into SCORE workshops and mentoring. Lean startup is a set of practices to help entrepreneurs increase their odds of building a successful startup by using a scientific approach to validate customer needs and wants before launching a new venture.

Lean is a concept that originated from Toyota's lean manufacturing model. It emphasizes what works and what doesn't and in the process eliminates waste. In a small-business startup, the biggest waste is to build something nobody wants. In the past five years, lean startup has caught on as a way to create a more successful entrepreneurial business.

A great book to read on this topic is Ries' 'The Lean Startup.' According to Ries, "The Lean Startup provides a scientific approach to creating and managing startups and get a desired product to customers' hands faster."

CLICK HERE
to return to
Table of Contents

Too many startups fall in love with an idea for a product that they think people want. They then spend months, sometimes years, perfecting that product without ever showing the product, even in a very rudimentary form, to prospective customers. When they fail to reach broad acceptance from customers, it is often because they never spoke to prospective customers to determine whether the product solved a problem or provided a benefit to them. When customers ultimately communicate, through their indifference, that they don't care about the idea, the startup fails.

According to entrepreneurship instructor Richard Randolph, another certified SCORE mentor, 71 percent of new businesses fail because of a lack of customers. This breaks down as follows: 29 percent of entrepreneurs either didn't have enough cash or ran out of cash (in other words, they didn't sell enough), and in 42 percent of the businesses there was no market need, hence no customers. Twenty-three percent failed because they didn't have the right team.

According to Ries, a startup is a human institution designed to create a new product or service under conditions of extreme uncertainty. To validate your business model, you need to consider variables such as customers, product, promotion, distribution and pricing, as well as the infrastructure you will need to deliver them. The goal is to create a business model that delivers real value to your customers, and is profitable, repeatable and scalable.

The first presentation by the students was for a product called Pillow Pack, a convenient pillow inside a backpack for travelers. The four-student team did an admirable job presenting this conceptual product to the class with the aid of PowerPoint.

CLICK HERE
to return to
Table of Contents

Each team was evaluated on business development and presentation skills by the rest of the class and the guests.

The second presentation was for a hypothetical venture called Truck O' Joe. Truck O' Joe was presented by three students who proposed a "mobile coffee shop" service that delivers coffee directly to your business for meetings and special events. The service emphasized convenience by saving time and avoiding long lines.

Both groups based their feasibility go/no decision on the information they gathered through face-to-face interviews with potential customers. Pillow Pack and Truck O' Joe confronted a choice to persist or pivot (make a fundamental change in their concept), and both chose to persist. Over the next few days, seven additional presentations will be made.

These New Business Feasibility Analysis assignments are for classroom education and student learning purposes only. There is no expectation that any of these ideas will actually be developed into a going business, although that has happened from this course in the past. The purpose is for the students to learn the entrepreneurial startup process so they know how to launch their own venture when the time is right for them.

Introduction to Entrepreneurship will be open to anyone next fall without any prerequisites. It is part of an entrepreneurship track at SCF that includes courses in small-business marketing, finance and taxes, legal issues and business plans.

CLICK HERE
to return to
Table of Contents

# Chapter 115

# Toyland for entrepreneurs

**Published: Monday, May 9, 2016**

In 2003, G-Wiz, the Science Center on U.S. 41 just north of Fruitville Road in Sarasota was stocked with many pieces of expensive fabrication lab equipment intended to educate our youth in a fun and entertaining environment.

CLICK HERE
to return to
Table of Contents

When G-Wiz closed, the equipment donated by local philanthropists Dr. Fritz and Ping Faulhaber was put in storage. The Faulhabers bought back at auction some of their previously donated equipment and have used it in a new fabrication facility modeled after one at the Massachusetts Institute of Technology.

A year ago, the Faulhaber Foundation opened the Suncoast Science Center Faulhaber Fab Lab as a 501(C) 3 nonprofit organization.

**The Faulhabers**

The people behind the Fab Lab, foundation board chairman Fritz Faulhaber and executive director Ping Faulhaber, are both engineers. Their company, Faulhaber Global, founded in 1947, has worldwide locations and more than 1,600 employees. They also have a company called MicroMo Electronics, based in Clearwater. According to its website, MicroMo designs and assembles the world's smallest high-precision miniature and micro electromechanical drive systems used in optics, medical and laboratory equipment, aerospace and defense, robotics and industrial applications.

CLICK HERE
to return to
Table of Contents

The company's small motors are used in DaVinci robotic surgery equipment found at hospitals such as Sarasota Memorial. Its motors also were on the satellite Philae that made a soft landing on the comet 67P in November 2014.

The Faulhabers have two children who went through the public school system. Through their children’s school years, they learned of a great need for hands-on learning and decided to do something about it. Luckily for our area, education is their passion.

Although the Fab Lab focuses on STEM (science, technology, engineering and mathematics) learning and innovation for all ages, it is so much more than that. The Faulhabers have invested more than $300,000 in cutting-edge equipment. Six STEM-related businesses have been incubated in the Fab Lab by owners ranging from teens with innovative ideas to young professionals.

For example, the Science Lending Library, in partnership with the Sarasota County School District, allows teachers to borrow science equipment at no cost, enabling local students to conduct hands-on experiments in the classroom. The equipment is delivered, picked up after three weeks and maintained by the Fab Lab. In exchange, the Fab Lab building on school district property is rent free.

According to Ping Faulhaber, “The Suncoast Science Center combines the design capabilities and the advanced machinery, along with good advice, to assist entrepreneurs in defining and turning their ideas into viable prototypes. Being able to experiment and ultimately turn their ideas into real products that people can hold and try out is the first and a highly critical step on the road to entrepreneurial success.

"Supporting entrepreneurship is a core business function for the center along with our other educational and experiential missions,” she said.

CLICK HERE
to return to
Table of Contents

The center's long-range plans include building the area’s first and most innovative science center. The 50,000-square-foot center will serve as a catalyst for experiential learning.

**Entrepreneurs, take note**

An individual membership in the science center is $75 a month, students pay $35 a month, and businesses pay $200 a month. The fee includes unlimited use of the Fab Lab, allowing prototypes to be developed inexpensively. Equipment such as computer-controlled routers, laser cutters, 3D printers and vinyl cutters are available. The center even has a computer-controlled machine with a carbon dioxide laser that can cut up 4-foot by 8-foot sheets of stainless steel a quarter of an inch thick. You provide your own raw materials.

Drones, small model planes, a life-size wooden boat, jewelry, T-shirts and parametric-designed furniture are some of the interesting items that have been created at the Fab Lab. Patent attorneys and engineers are often working in the lab with clients. Computer aided design software is available to learn and use.

CLICK HERE
to return to
Table of Contents

“This is a great place for entrepreneurs who would like to engage in a multi-generational mentorship," said Kati Burns, Fab Lab’s community engagement manager. "It’s for those who want to meet and work with machinists, volunteers and engineers, and for mentors who want to share their knowledge.

"Fab Lab provides an open-source-environment culture," Burns said. "It’s a great place to fail; after all, failure is how we learn. The environment is there to support you.

"This is where you can build a better mousetrap.”

# Chapter 116

# Information overload and Rolling Wave Planning

**Published: Monday, May 16, 2016**

They used to call it paralysis of analysis.

**CLICK HERE**
**to return to**
**Table of Contents**

Information is indeed power, yet too much information can stop you dead in your tracks.

I often see a failure to act in business because of data overload. I know the argument: The more you know the more you can make an informed decision. Perhaps, but perhaps not if you are stalled. A common saying comes to mind, "Don't let the perfect become the enemy of the good."

If you're stuck on first base, one technique for moving forward is called Rolling Wave Planning, in which you plan a project as it unfolds.

According to Wikipedia, Rolling Wave Planning is the process of planning for a project in waves as the project becomes clearer and develops. It is important in such projects to highlight the key milestones in the initial plan.

Rolling Wave Planning acknowledges the fact that we can see clearly what is in close proximity. Looking farther ahead, however, our vision becomes less clear. Rolling Wave Planning is a multi-step, intermittent process — like waves — developed because we cannot provide the details very far out in our planning. Depending upon the project, its length and complexity, we may be able to plan as much as a few weeks or even a few months in advance with a fair amount of clarity. This involves creating a detailed, well-defined work breakdown structure for that period of clarity, but only highlighting the milestones for the rest of the project.

**CLICK HERE**
**to return to**
**Table of Contents**

Activities can commence on current, near-term deliverables.

**Details, details, details:** You can be productive without having all of the details in advance. Planning is continuous. As you gain clarity, you move the project forward. The built-in adaptability is great for projects with changing scope.

**Manage the important stuff:** You must manage change, resources (both human and capital) and risk.

**Milestones and assumptions:** Have a list of milestones and be quick to change assumptions as variables change. You are dealing with a moving target.

**Stop at the STOP sign:** When you come to a STOP sign, you decide when it's time to go again. Decision making is the same way. Use your good judgment; that's why you get paid the big bucks.

I have been to many meetings in which the amount of information and detail is staggering — and usually boring. No one reads all this stuff! The combined enormity of handouts, data and PowerPoint detail is voluminous. After one hour, my attention span is waning; after two hours, I've had it.

CLICK HERE
to return to
Table of Contents

**Make believe it's an email:** Tell me enough, but no more than I need to know, to understand what we are a talking about. How about the 30,000-foot version. The big picture, please. Use one or two examples, max, to make your point. I would have written it shorter but I didn't have the time. All great documents are one page, such as The Magna Carta, The Declaration of Independence and the Ten Commandments. In comparison, take a look at the U.S. tax code and Obamacare. Enough said.

**KISS:** "Keep it simple, stupid" is a design principle noted by the U.S. Navy in 1960. It states that most systems work best if they are kept simple rather than made complicated. Simplicity should be incorporated into design, and unnecessary complexity should be avoided. Leonardo DaVinci said, "Simplicity is the ultimate sophistication." Antoine de Saint Exupery concluded that, "It seems that perfection is reached not when there is nothing left to add, but when there is nothing left to take away." You probably thought this came from Steve Jobs.

**After your conference or convention:** You just finished a great conference or convention. You gathered a lot of information and your head is spinning. Unfortunately, for some unknown reason, these great lessons you just learned often fade away in the overhead baggage, never to be seen again. Try this: Take the three best ideas that you want to research or implement, prioritize them, and make them happen within 100 days. There aren't too few ideas, but too many. The key is to decide which to do first, next — and which not to do.

CLICK HERE
to return to
Table of Contents

**In summary:** The greatest documents are short and sweet. The worst are long, legalistic and typically from the government. We tend to be our own worst enemy.

**Be a Mindsetter**

I recently finished reading a book, "Be a Mindsetter," by Michael Gobran, William Greenwald and Derek Roberts (LID Publishing.com). This book emphasized how to inspire, influence and impact others by communicating your thoughts effectively.

Your message should be reduced to something simple, applicable and memorable, lest it be forgotten. It should be related with examples that are focused, inspiring and tangible. Messages should reflect life's activities by being lively, interactive, familiar and envisioning.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 117

# Eight sales strategies for success

**Published: Monday, May 23, 2016**

Being able to predict where your future sales will come from might be difficult.  I suggest that you consider all of these strategic sales options that might be available to you. Seven of these choices can produce an increase in sales. Which of these options are most relevant for your business?

**CLICK HERE**
**to return to**
**Table of Contents**

The eight strategic sales options:

**1. Market penetration**: A market-penetration strategy seeks to expand sales of your existing products and/or services within your existing market(s). You sell to new customers with the goal of increasing your market share. Good for you, bad for your competition. You can most likely keep selling costs down and you might be able to use your existing sales personnel.

**2. Market development**: This strategy concentrates on finding new markets or market segments for your existing products and/or services. In this scenario, you sell to new customers. You might need to hire more sales people to cover a new geographical market area.  Expenses might be incurred if you need to open new offices or distribution centers to service the new areas.

**3. Customer retention**: This strategy concentrates on maintaining your existing customer base. You sell to the same customers while keeping the competition in check. Loyalty or affinity programs tend to work well as a retention strategy. You probably do not need to add new sales representatives. Depending upon the type of business, volume discounts might prove useful.

**CLICK HERE**
**to return to**
**Table of Contents**

**4. New product introduction**: This strategy brings new products and/or services to your existing market. You sell to your existing customer base and expand to new customers. You might or might not need to expand your sales team, depending upon your sales depth.  Some new product synergies might increase demand for your other products or services.

**5. Brand switching**: This strategy focuses on moving customers from a competitive brand to your brand. You gain market share while adding new customers.  Your sales team needs to understand and penetrate the competition. Margin erosion or free trials might be a price you are willing to pay in order to convert customers to your company.

**6. Increase in consumption**: This strategy focuses on getting your existing customers to use or consume more of your existing product or service.  Aggressive pricing and deadlines might help this strategy work more effectively. Loyalty programs also enhance this game plan. Think BOGO: buy one, get one free.

**7. Win-back strategy**: This focuses on bringing back lost customers. You review customer trends, searching for former customers and determining why they left your company. Then you design a plan to win these customers back. Use this strategy after failing to succeed with your customer-retention efforts (see strategy No. 3).

**8. Customer dumping**: Depending upon your type of business, you might have some customers who are not profitable. The strategy for dealing with unprofitable business is to raise prices or reduce services to these customers. If that fails, dump the customer or business segment. This plan must be deployed carefully, lest it backfire. Have a heart-to-heart meeting with your customer and explain that you are losing money on this account and that you can no longer afford to do so.

**CLICK HERE to return to Table of Contents**

Which of these eight strategies will you deploy for future sales in your business? The answer depends on the nature of your business, market conditions, your competitors and your own experience and capabilities.

It's important for you to understand and become knowledgeable about current and trending market conditions. You must know what your competition is doing and how your existing customers are reacting in a competitive environment. Are there alternatives on the horizon that could destroy your customer base and disrupt your sales stream? This information will help you prioritize these eight sales strategies so you can identify your primary, secondary and tertiary target markets.

After you have defined individual target markets, you will be able to set more realistic sales objectives. Then you can develop your own strategic plan for each of these market segments.

The key to your company's future sales might lie in discovering which of the eight sales strategies are best suited for your company. Chart your course and create a plan to achieve your objectives. You are now in a position to help your business generate future sales.

**CLICK HERE to return to Table of Contents**

Happy selling!

# Chapter 118

# A product is not a business

**Published: Monday, May 30, 2016**

Many readers of this column are familiar with the ABC TV show "Shark Tank." A common, favorite saying from the sharks to aspiring entrepreneurs is, “You have a product, not a business.” Entrepreneurs often ‘fall in love’ with their idea for a new product or service.

CLICK HERE
to return to
Table of Contents

It's true that entrepreneurs often fall in love with their idea for a new product or service:

■ A tradesman, such as a carpenter, plumber or electrician, sees the owner of a business collecting all the money while perceiving that they’re doing all the work and they decide to start their own business.

■ Someone’s friends tell them, “You’re such a good cook! You ought to open a restaurant.”

And so it begins.

What these ‘wantrepreneurs’ don't realize is that there’s a big difference between a product (or service) and a business.

**A business:**

■ Has a product, product line or service offering

■ Assumes entrepreneurial risk. It has to have more sales than expenditures, resulting in a profit.

CLICK HERE
to return to
Table of Contents

■ Exists in the context of the economic, political, legal, cultural and technical environment by operating through a business entity such as a corporation or limited liability company.

■ Is responsible for decision-making, problem-solving and for operational performance.

■ Is responsible for legal performance, strategic direction, environmental and social ethics and for paying taxes.

■ Is responsible for the behavior of management and its employees.

■ Has financial and fiduciary responsibilities to the firm and to its stakeholders.

■ Must find the market for the product or service, then deliver on that promise.

■ Needs to find sustainability — once the life cycle of a specific product has expired, what's next?

**A product or service:**

■ Has features (physical dimensions, specifications, design characteristics) that satisfy a market's want or need, thereby providing a solution to a problem.

■ Has advantages (my feature set is better than the competition's).

■ Delivers benefits (the emotional and physical satisfaction of ownership) of what the product or service will do for the customer.

CLICK HERE
to return to
Table of Contents

■ Delivers utility or usefulness of:

1. Form — the value a consumer sees in a finished product.

2. Time — ensuring a product is available when the customer wants it.

3. Place — the value consumers put on the physical space where they purchase or consume products.

4. Possession — having the freedom to use the product as it was intended or finding a new use for the product.

**My personal experience**

"He was born in the summer of his 27th year..." (John Denver, "Rocky Mountain High").

I moved from New York City when I was 27 and took a position with a young Colorado publishing company. Success in selling advertising space quickly led to several promotions as advertising director, publisher and vice president of the consumer division. Because of my creativity, business acumen and number-crunching ability, I researched new products and helped the company grow from 31 employees to several hundred in just three years.

CLICK HERE
to return to
Table of Contents

After moving to Florida, I started my own publishing company and quickly developed several successful publications, in a manner similar to my Colorado experience. All but one magazine was profitable out of a stable of several dozen.

I was creating new publishing products, restructuring overhead and adding direct costs as needed. It was a lot easier operating from a mother ship than creating stand-alone products from scratch. We successfully rolled out a scalable product into seven markets.

**What it taught me**

■ A cookie-cutter strategy works. It is a lot easier to spin off new products or scale up from an existing model than starting from scratch. It was a cookie-cutter strategy that worked well.

■ How much administrative stuff is involved. The fledgling entrepreneur may be surprised to discover that there is much more to running a business than just creating and delivering a new product or service. It requires establishing a sustainable organization that plans, organizes, hires staff and provides resources. The new business owner leads and controls an ongoing operation that delivers the product or service to interested consumers on time and at a reasonable price.

The business entity, led by the entrepreneur:

1. Must provide vision, a strategic plan, management, marketing, and product distribution.

2. Must be concerned with making payroll and delivering health benefits while providing a safe working environment for employees.

3. May have to arrange for financing, get involved with recruiting, hiring and managing employees.

4. Must lease space, pay rent, provide insurance, and work with accounting, legal and banking professionals

5. May need to conduct market research and develop the next product to replace today's hit.

Most entrepreneurs fail to consider all this administrative stuff before they launch the new Pet Rock! That's where an outside consultant, adviser or SCORE mentor can add value and perhaps be a life saver!

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 119

# Rethink Red Tape: a reform movement

**Published: Monday, June 6, 2016**

It's not easy to be an entrepreneur today. The federal government's regulatory process makes it difficult for small businesses to grow. Reform is needed to better balance entrepreneurship and economic growth and to rid the system of failed, outdated and excessive regulations.

CLICK HERE
to return to
Table of Contents

The economic recession hit small businesses especially hard. Today, 85 percent of small-business owners say they aren't hiring, and almost half of them point to government regulations as the reason. An estimated 600,000 small businesses and six million jobs never materialized between 2008 and 2012, defying historic recovery trends, according to U.S. Census Bureau, Goldman Sachs Global Investment Research.

A coalition composed of the National Association of Manufacturers, the Small Business and Entrepreneurship Council, in partnership with the International Franchise Association and Women Impacting Public Policy recently announced Rethink Red Tape. This multi-year, multimillion-dollar campaign seeks to educate lawmakers about the need for regulatory reform that will help small businesses thrive.

Rethink Red Tape emerged because of the increasing number of regulations that burden U.S. small businesses, manufacturers and startups. This campaign will advocate for positive change.

According to Jay Timmons, National Association of Manufacturers president and CEO, "Smart, transparent and effective regulations are important to a successful system of free enterprise. But manufacturers today bear a disproportionate share of the burden of regulatory compliance costs, and that's costing us jobs and opportunity.

CLICK HERE
to return to
Table of Contents

'Manufacturers are committed to protecting our health and safety, but it's time to improve the regulatory process and start listening to America's small businesses. With efforts like Rethink Red Tape, we hope to make these important reforms a reality."

Karen Kerrigan, Small Business and Entrepreneurship Council president and CEO, said, "The men and women who own and operate American startups and small businesses say complex and expensive regulations are among the biggest challenges they face when starting or growing their businesses or creating new jobs. Through Rethink Red Tape, we hope to change that. We need smarter regulation that balances the need to protect our families, consumers and the environment while promoting a thriving small business economy."

With 120 million American jobs and the majority of private-sector job creation dependent on small firms, Washington's broken regulatory system is a threat to U.S. economic health. It makes it difficult to efficiently and effectively meet policy objectives, like protecting public health, worker safety and the environment.

Solutions promoted through Rethink Red Tape reflect five guiding principles:

1. Meaningful public and small business engagement in the rulemaking process.

2. Prioritization of unbiased, scientific information in rulemaking.

3. Consideration of public costs and benefits.

4. Transparency and clarity in how rules will be enforced and how compliance can be attained.

5. Regular evaluation of whether regulations are working.

CLICK HERE
to return to
Table of Contents

A dozen states will be targeted to educate Americans about the impact regulations have on small businesses and about the solutions to reform.

Members of the public and small-business owners and employees who would like to share their own regulatory experiences through Rethink Red Tape are encouraged to join.

“Women-owned businesses are growing at one and a half times the rate of other small businesses,” said Kristie Arslan, executive director of Women Impacting Public Policy.

'To continue to encourage women to take the leap into entrepreneurship and motivate current women business owners to take their business to the next level in order to increase revenue and jobs, it is imperative that we create a regulatory climate that does not stifle growth and that understands the unique needs of small business.'

Robert Cresanti, president and CEO of the International Franchise Association, said, “I often ask myself how it happens that in a country like ours, we subject our small businesses to an unrelenting drumbeat of headless regulatory assault. Federal, state and local regulations grow unchecked and without a conscience.

CLICK HERE
to return to
Table of Contents

'Government agencies demand compliance, even though their interpretations often directly conflict with one another,' Cresanti said. 'Rethink Red Tape can help reduce these regulations and get our businesses back on track.”

Jason Duff, an entrepreneur and real estate investor, sums up the entrepreneurs’ perspective this way: “Government regulations affect access to capital, they determine the types of paint businesses can have on their walls and how wide each of our door frames must be. They touch almost every aspect of small-business operations and hiring and have a terrible tendency to be one-size-fits-all. 'Saying regulations are complex is an understatement,' Duff added. 'They’re constantly changing, and a lot of the time I feel like a decoder ring is needed to figure out what the government really wants me to do to satisfy its rules. Instead, I’m left to scour the internet.”

“In this country, people actually have the opportunity every day to live and fulfill their dreams. Americans should be able to make the most of that opportunity, and their government — through its broken regulatory system — should not be what stands in the way.”

For more information, see www.RethinkRedTape.com.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 120

# Is it better to be 1st or 2nd to market?

**Published: Monday, June 13, 2016**

Being first to market with a product or service has some obvious advantages.

A breakthrough in research and development or a new and innovative technology can allow a company to seize an almost monopolistic market share, to enjoy large profit margins, to define the space, to set pricing and standards and to become a thought leader in the field.

CLICK HERE
to return to
Table of Contents

The first mover also could have a sustainable cost advantage because buyers might choose to stay with the first brand on the market rather than switch to an alternative. Customers tend to become set in their ways and might need a compelling reason to switch.

**Reasons to be second**

But there are also disadvantages to being first — or at least advantages to being second or even later into a market.

For example, later entrants could compete more effectively, learn from the first-movers' mistakes, use reverse engineering to copy and/or improve a product and have the time and perspective to out-think the first-mover.

According to a study published in October 2001 in the Harvard Business Review, "Over the long haul, early movers are considerably less profitable than later entrants (10 to 12 years later). Pioneers do enjoy sustained revenue advantages. They also suffer from persistently high costs, which eventually overwhelm the sales gains. A true demand premium accrues to pioneers, which is directly attributable to the timing of entry" (Harvard Business Review, October, 2001).

CLICK HERE
to return to
Table of Contents

Additional arguments for being second or later:

- First-movers are at a disadvantage because, in creating the market, they have to sustain it. They can miss opportunities while they attempt to preserve what they have. And if they don't understand why being first is important, they can slow down in an attempt to be perfect and lose their advantage.
- Second-mover advantage occurs when a firm following the lead of the first-mover is actually able to capture greater market share, despite having entered late. It is easier to attract investors and venture capital in a proven market.
- A company that is second to market gets a research-and-development free ride, allowing it to focus its resources on making a superior product or on outmarketing the first-mover.

- Second-mover companies might benefit by not incurring costs that the first-mover had to meet, especially in advertising and marketing. And a following competitor might develop a better yet less expensive product.
- Generally, imitation costs are lower than innovation costs. Oftentimes, being first may equate to being too early.

**Excelling easy as 1-2-3**

As an example of creating a second or third version of a better product, I was a user of Visicalc, the first desktop spreadsheet program, which quickly took a backseat to Lotus 1-2-3 and Quattro Pro. Then Microsoft's Excel came to market and quickly blew away all the others.

**Market acceptance and barriers to entry**

CLICK HERE
to return to
Table of Contents

Comments on the subject I discovered with the helpareporter.com website:

- "Getting the market to accept you is tough and certainly a disadvantage that must be overcome,' said Harry E. Keller, president, chief science officer and founder of Smart Science Education Inc. But that is not the only consideration, he added. "I started a company to be the first mover in a totally new approach to learning science. ... I prefer to think that the joy of creating something entirely new trumps other considerations. If you can get others to like it and buy it, then you have made a difference in the world."
- Angela Bradbury, CEO of Chime Advisors, said that, "Whether being a first-mover is a net benefit or not depends on the barriers to entry into that market. For example, if you develop a new product with a patent or otherwise protectable intellectual property in a way that would make it extremely difficult for any competitor to develop a rival product, being a first mover is hugely advantageous.

  "However, if it would be easy for any competitor with the resources to replicate your product, being a first mover is harder because your potential customers have no reference point, so you'll have to spend more time and money on education and marketing," added Bradbury, whose company consults with companies on strategy, product launches and geographical expansion. "You'll be relying on early adopters to evangelize about your product, so it will also need to be of a very high quality."

CLICK HERE
to return to
Table of Contents

**Ouch!**

A book by Adam Grant, "Originals: How Non-Conformists Move the World" (Viking, 2016) sites a study conducted by marketing researchers Peter Golder and Gerard Tellis. The study compared the success rates of companies that were what they called "Pioneers" with those they called "Settlers." Settlers are slower to launch, waiting until the Pioneers have created a market before entering it.

Golder and Tellis analyzed hundreds of brands in three product categories and found a staggering difference in failure rates. The failure rate was 47 percent for Pioneers compared to 8 percent for Settlers, meaning that Pioneers were about six times more likely to fail than Settlers.

Even when they did survive, Pioneers only captured an average of 10 percent of the market compared with 28 percent for Settlers.

So, surprisingly, the downside of being the first-mover is frequently bigger than the upside.

Pioneers may sometimes capture greater market share, but they end up with lower chances of survival and lower profits. The Pioneer must adapt to changes in demand, the environment and competitive threats.

Although the first-mover has a head start, it is often considered a Pioneer. You know, the one found dead with an arrow in his back. The Settlers end up with the land.

**CLICK HERE**
**to return to**
**Table of Contents**

**CLICK HERE**
**to return to**
**Table of Contents**

# Chapter 121

# Let's chat about exit strategies for your business

**Published: Monday, June 20, 2016**

This week, Manatee County Neighborhood Services coordinated a business walk through four corridors of the Southwest Improvement District, or SWTIF.

CLICK HERE
to return to
Table of Contents

The goal of this event was to connect small-businesses with local and county resources. If business owners weren't already aware, they now know more about the local resource partners participating in the walk, which included Manasota SCORE, the Manatee Chamber, the Gulf Coast Latin Chamber of Commerce and Suncoast Community Capital. Certificates of Appreciation, signed by Cheri Coryea, neighborhood services director, and Karen Stewart, economic development manager, were given to 50 businesses in recognition of Manatee County Small Business Day on June 14.

The walk was a great success, and the local business owners were pleased with the attention they received. They are now better informed about the resources available from the county and aforementioned partners. Several business owners mentioned inheriting their business from their family or plans to pass the business on to their children.

Most business owners lack a business plan, a strategic plan and an exit strategy. This is not unusual. Many small-business clients come to Manasota SCORE for help creating and developing their business and strategic plans. Rarely, if ever, is an “exit strategy” discussed.

CLICK HERE
to return to
Table of Contents

A while back, I gave a small-business presentation at the Manatee Chamber of Commerce on the importance of having an exit strategy for your business. My talk was titled, “How to position your business for transition & future growth.”

According to Norm Silverstein, former business broker and SCORE certified mentor, “Sooner or later, every business owner will confront the question of what to do with their business? Do they want to sell their business, have their children run the business, have the business managed by an employee or another individual, or close the business?”

A successful company is often the largest asset that a business owner has. Frequently, the business value is greater than their home.

It became obvious to me and fellow SCORE certified mentor, Peter Gruits, that a formal exit strategy is needed by all businesses.

“A business owner should know his exit strategy before he opens his business,” advises Norm Silverstein. With that in mind, I am creating an Exit Strategy Canvas TM (ESC, like an escape key on your computer keyboard), which helps make 'Exiting' a business a more manageable decision. This ESC strategy takes into consideration the many possibilities of business disposition including dissolving partnerships, buy-sell agreements, key person insurance, real estate and other variables. The ESC forces the business owner to think through options, which of course are subject to change. It covers short and long terms goals, protection of assets, age of exit, tax consequences and legal issues.

CLICK HERE
to return to
Table of Contents

Sobering statistics; what the big boys do or don't do:

- “Almost half of all companies with revenue greater than $500 million have no meaningful CEO succession plan” — Harvard Business Review
- “Even those that have plans aren't happy with them” — National Association of Corporate Directors
- "...only 20 percent of responding HR executives were satisfied with their top management succession processes” — The Corporate Leadership Council
- “Two out of every five new CEOs fail in the first 18 months” — Booz Allen Hamilton

CEOs are not only being replaced, they are being replaced badly.

Here are six strategies for exiting your business:

Strategy 1: “We gotta get out of this place.” You hate your business and have no successors. Perhaps you are losing money and feeding your life savings into the business. The good news: shutting down the business may be the quickest way out: the bad news, it is certainly not the most profitable way to dispose of your business.

CLICK HERE
to return to
Table of Contents

Strategy 2: Sell to a third party. The good news: this may provide the best return to the owner; the bad news, this strategy may take the longest to implement.

Strategy 3: Sell to your business partner(s). The good news: they are familiar with the business. The bad news, they are familiar with the business.

Strategy 4: Sell to a competitor. The good news: they are familiar with your industry. This may offer economies of scale to a buyer. The bad news: if the deal isn't consummated, you just opened your kimono.

Strategy 5: Sell to your employees. Is there is a financial capability to make this transition happen? Is there a strong first or second person in charge now?

Strategy 6: Sell to a family member. Does your family really want to be in this business? Are they in it now? Is there more than one person involved? Are you planning to stay on? Do you need to receive money? Lump sum? Ongoing payout? Remember what they say about the best-laid plans.

Other considerations: Depending upon the strategy that best suits your business, you may need to come up with a purchase price and a presentation package. You will need to provide accurate and historical financials and tax returns, and also recast the numbers to show your true profit and owner benefits. You may need to have written policy and procedures.

In addition, you should maintain confidentiality less you risk a drove of employee departures.

If you are interested in receiving my "Exit Strategy Canvas," or care to comment, please email me, zinkde@gmail.com, and I will send you the finished form.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 122

# Is it possible to bring the jobs back?

**Published: Monday, June 27, 2016**

Partially as a result of the great recession and the housing debacle, many jobs have disappeared in the United States. Where did these jobs go and will they come back?

**About China**

According to NBC News, 2.7 million jobs were lost to China in the decade between 2001 and 2011. Many of these lost jobs, an estimated 2.1 million, (77 percent) were in the textile industry.

CLICK HERE
to return to
Table of Contents

More than 1 million jobs (37 percent) were in the computer and electronic product category. China and the United States are the two largest manufacturing economies in the world.

Do we blame China because they have lower labor costs? Are these jobs likely to come back anytime soon, or ever?

**Job sectors and cities**

According to an Economic Policy Institute study by Robert Schott, about 50,000 manufacturing facilities in the United States have been shuttered since 2001. "Very few are coming back anytime soon." New Hampshire lost the most jobs (2.94 percent), followed by California, Massachusetts, Oregon, North Carolina, Minnesota, Idaho, Vermont, Colorado and Texas.

In the decade from 2010 to 2020, the United States is expected to add 20 million new jobs. Certain medical and personal-care jobs will make up over 50 percent as the baby boomer generation swells.

CLICK HERE
to return to
Table of Contents

The website 24/7 Wall St. lists the top 10 American cities adding the most jobs as an increase of the number of people employed there. They are: 10 - Lafayette, Louisiana, 8.5 percent; 9 - Naples-Marco Island, 8.6 percent; 8 - Elkhart-Goshen, Indiana, 8.9 percent; 7 - Holland-Grand Haven, Michigan, 9 percent; 6 1 - Laredo, Texas, 9 percent; 5 - Blacksburg-Christiansburg-Radford, Virginia, 9.9 percent; 4 - Gainesville, Georgia, 10.6 percent; 3 - Midland, Texas, 11.2 percent; 2 - Columbus, Indiana, 14.5 percent; and 1 - Odessa, Texas, 18.4 percent.

With college students struggling to find work, what are the most promising sectors for jobs in the near future?

Here they are, according to 24/7 Wall St., expressed as a percent of 2010 employment, followed by the median annual wage: 1 - actuaries, 87.1 percent, $87,650; 2 - glaziers, 79.7 percent, $36,640; 3 - statisticians, 74.5 percent, $72.830; 4 - pest control workers, 70.9 percent, $30,340;

5 - interpreters and translators, 69 percent, $43,300; 6 optometrists, 68.4 percent, $94,990; 7 - natural science managers, 68 percent, $116,020; 8 - market research analysts and marketing specialists, 67.8 percent, $60,570; 9 - insulation workers, 67.5 percent, $35,110; and 10 - environmental science and protection technicians, including health, 65.9 percen, $41,380.

I posed this question at helpareporter.com: "Is it possible to bring back the jobs and do they still exist?"

Dileep Rao, a clinical professor at Stanford and Florida International University who also is with InterFinance Corp., says. "We need to focus on growing entrepreneurs, not small business, not Fortune 1000 companies and not venture capital.

Make trade agreements more balanced so that we can export as much to a country as they export to us."

**CLICK HERE**
**to return to**
**Table of Contents**

Samuel Rines, a senior economist and portfolio strategist with Avalon Advisors, said, "Some manufacturing may return to the United States. Automation, including robotics, is allowing the U.S. to become increasingly competitive in manufacturing, but with fewer and different jobs.

However, labor-intensive manufacturing is far more likely to move to Mexico than the U.S.The jobs that return are not the same as the ones that left."

Ira Wolfe, president of Success Performance Solutions, writes about workforce trends. "Any job that can be automated will be. With enormous improvements in artificial intelligence, service and professional jobs are also at risk. It's estimated that nearly 75 percent of all current jobs are at significant risk to become extinct or dramatically altered within the next 10 to 15 years.

"Bringing jobs back that meet the current skill level of the majority of employees only lowers the bar for productivity. Without gains in productivity, our economic drivers and global competitiveness stall. Technology structurally disrupts labor markets.

We've not experienced structural disruption like this since the Industrial Age. New technology kills old jobs and creates new ones. What we really need are better jobs. But those jobs require different skills.

**CLICK HERE**
**to return to**
**Table of Contents**

Wolfe adds, "The solution is better education and skill training. The political response has been to pour more money into old programs and expect a different result. Meeting business demands requires a different delivery system and business model. We know that our education system needs help. Attempting to train a laborer to become a health care provider seems to makesense but, to date, this has been largely unsuccessful.

"It's not an easy fix," Wolfe says.

"Rhetoric won't solve the jobs crisis. It just gets politicians re-elected." "From a macroeconomic standpoint, we might be trading a small number of jobs for much higher pricing for all

Americans on many goods and services," suggests Alex Zapesochny, president and CEO of iCardiac Technologies Inc.

Gary Patterson, of Fiscal Doctor Inc., said he believes, "It is possible to bring the jobs back if and when the U.S. has the political guts to bring a value added tax like other countries use. With alevel playing field, U.S. manufacturing would be more competitive."

"Jobs won't come back unless domestic factors change," says David Tal, president of Quantumrun.com." These factors may include ending or rewriting existing free trade agreements or investing in enough automation technology that will make domestic manufacturing once again more economical than outsourcing."

For me, what really matters most is the ability for you, and perhaps recent graduates in your family, to stay gainfully employed in meaningful, well paying careers that fulfill dreams and aspirations. If that is combined with an entrepreneurial spirit that helps create jobs, so much the better.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 123

# Don’t let fear make you fail for not trying

**Published: Monday, July 4, 2016**

“The only thing we have to fear is fear itself.”

— *President Franklin D. Roosevelt*

I live in entrepreneurial circles, and align with that breed, so I understand why people do or don’t start businesses. The No. 1 reason they don’t, in my opinion, is fear. Fear of failure, fear of losing one’s savings, fear of the unknown and, to some extent, fear of success.

CLICK HERE
to return to
Table of Contents

If starting and operating a successful business was easy, everyone would do it. Between you and me, it can be easy once you get out of your own way. We truly are our own worst enemy. No question about it, we should prepare to navigate troubled waters; but all too often we imagine the great flood when the rainfall is light. Don’t listen to chicken little, the sky is not falling.

**Are you prepared to conquer your business fear?**

As you read this column, answer honestly whether you have a written business plan. No, not the kind in your head, but a written plan, a roadmap for your successful business journey. Odds are you do not. If you have a written plan, when is the last time you looked at it? Is it buried in your desk drawer?

The business failure rate is very high, largely because of lack of planning. The more you think about and plan for the success of your business, the more likely you are to succeed. A business model canvas or lean canvas will do for starters, especially if you have a new, untested business model.

CLICK HERE
to return to
Table of Contents

I guarantee that the more time you spend researching and developing your plan, the more likely you will succeed. If you really want to up the odds in your favor, then think about contingencies and make sure you have extra cash available for them. Business is a game of mistakes, and like golf strokes, fewer is better. Every business owner makes mistakes, some more than others, some more costly than others. It’s what you do about these mistakes that separates the winners from the losers.

**Let’s get back to fear.** I once heard that fear meant False Expectations Appearing Real. Though I wasn’t around to hear him, Plato said, “We can easily forgive a child who is afraid of the dark; the real tragedy of life is when men are afraid of the light.”

Some other quotes on the subject: *“Fear keeps us focused on the past or worried about the future.”* — Thich Nhat Hanh

*"Fear stifles our thinking and actions. It creates indecisiveness that results in stagnation. I have known talented people who procrastinate indefinitely rather than risk failure. Lost opportunities cause erosion of confidence, and the downward spiral begins."* — Charles Stanley

*"Thinking will not overcome fear, but action will."* — W. Clement Stone Fear is a story we tell ourselves. Real or imagined, perhaps bathed in partial truths, fear is something we can fight and conquer. When we know and understand what we are fearful of, we can take actions to lessen or alleviate the fear.

Ask yourself: What's the worst that can happen? Deconstruct your fear. Yes, tear it apart. Examine it closely and much of it will disappear. There are no monsters hiding under the bed.

**Confidence to the rescue.** The opposite of fear is confidence. Confidence is built from "de-risking" or taking the risk out of your business. The more you can do this, the less fearful you will be. Mitigation of the amount of risk will be directly proportional to increasing the certainty of your success.

CLICK HERE
to return to
Table of Contents

**Why the franchise model dissipates fear.**

That's why franchises tend to be successful. Franchises have the plan figured out for them. As the franchisee, you succeed by following the plan. Bob Melberth, former franchise executive and executive coach with The Entrepreneur's Source, says, "You can alleviate fear and validate the results in a franchise model. You have the support of the franchisor and your fellow franchisees, as they all have a vested interest in your success."

**Reality rules.** You may need professional help to overcome your business fear. But also be realistic about the startup capital that you need. If you don't have or can't get the money to open a business, bravery without capital will do you little good and may do you in.

CLICK HERE
to return to
Table of Contents

# Chapter 124

# Market momentum: Has it got you down?

**Published: Monday, July 11, 2016**

Market momentum, according to Investopedia, is a measure of overall market sentiment, calculated as the change in the value of a market index, multiplied by the aggregate trading volume, occurring within index components.

Market momentum is important because it can be a good indicator of overall market changes that are likely to continue in the near future. It is important to understand that momentum considers not only changes in price level, but also volume.

CLICK HERE
to return to
Table of Contents

The more simple definition of market momentum I am using in this column (Zink's definition) is simply whether your industry/business sector is improving, flat or decaying and whether your company's sales are increasing or decreasing.

**Your industry/business sector**

Is your business in a growth industry like health care or the internet? Or is your business in a decaying industry and are you still selling horse buggy whips? If Henry Ford asked his customers what they wanted, they would have said faster horses. Be sure you are asking the right questions.

Is there a great disrupter in or about to be in your business space? Apple has been and continues to be one of the greatest purveyors of disruptive technological innovation. How would you like to be the marketing director of Garmin with the advent of the iPhone and its GPS maps? Examples of some other recent great disrupters have been cable TV, CNN and the internet itself.

Nothing is permanent. Every business segment has a life cycle and every sector will change, adapt, reinvent and die. It's not a question of if, it's a question of when. The rules of the great game of business have always been in flux. But the speed of change has increased, and it will continue to do so.

CLICK HERE
to return to
Table of Contents

So what's a business owner to do?

**Your business**

To sustain business growth, your company has to be moving forward, not backward. What is necessary to accomplish this positive momentum for your company? Increased profits.

Ideally, you are in a business sector that has a lot of life left in it. It's easier and you travel farther when you go with the flow instead of against the current. A rising tide lifts all boats unless your boat has a hole on the bottom and it's taking on water.

In a small business, a few reliable, great customers can make the difference between having a good month or a great month. Your business has three differentiated humanistic components: management, employees and customers.

Management supplies the vision and direction for the company. The employees execute this vision and mission. If this is done well, assuming all of the other aspects of running a business are successful (marketing, pricing, distribution, etc.), then the consumer buys your products and/or services and your company makes a profit. What if this isn't the case? You must quickly identify the glitches and take corrective action. The longer you wait, the less time you will have to remedy the situation. Time will be either your greatest friend or your worst enemy.

CLICK HERE
to return to
Table of Contents

**Change, change, change**

Competition heats up, price wars ensue, your lease won't be renewed, and dozens of other issues confront your business. What are your options? Close, sell, reinvent — to name a few. Sometimes, the first two options make sense; especially selling. Have you thought of some of the changes you may need to make? Small changes can make all the difference. Explore the change continuum from tweaking to reinventing your business: modernization, new product lines, product line extensions, a new location, additional locations, or franchising may be options to consider.

Write down every possibility you can Have you thought of some of the changes you may need to make? Small changes can make all the difference.

Explore the change continuum from tweaking to reinventing your business: modernization, new product lines, product line extensions, a new location, additional locations, or franchising might be options to consider. Write down every possibility you can conjure up, and don't dismiss anything outright. One by one, examine which ideas could make sense for your business situation and which ideas are no-go's.

CLICK HERE
to return to
Table of Contents

**Get help**

It's lonely at the top, and chances are you have no one to talk to about your situation or your ideas to improve and regain positive momentum.

Develop a dream team, consisting of a mentor or coach and other successful people you admire, trust and respect.

Your dream team can consist of other professionals such as an accountant, lawyer, banker, insurance agent or any other business associate with whom you feel comfortable, but not "yes people.'

Assemble your team, whether formal or informal; be honest with them and then listen to their feedback. Keep an open mind and be prepared for the inevitable changes that you will need to make.

**Implement with precision**

Work on your game plan and execute it with precision. Retain a positive mindset and constantly ask, “What could I do?” and “What should I do?” Then refine what you will do and by when.

Finally, as Nike says, “Just do it.”

Monitor your success and re-establish forward momentum. If you’re not going forward, you’re going backward.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 125

# What to centralize and decentralize when scaling

**Published: Monday, July 18, 2016**

In business, the word scale is generally used to signify growth, or adding units, as in "scaling the business."

**Bigger must be better**

CLICK HERE
to return to
Table of Contents

Two of the largest conglomerates in the United States are General Electric Co. and Berkshire Hathaway. General Electric is probably the better known of the two. In more 100 countries, GE offers diversified technology, including financial services, transportation, health care and home appliances. And who doesn't know the gecko from Geico, one of the many companies owned by Berkshire Hathaway, which is led by legendary investor Warren Buffett?

Several decades ago, one of my companies was being acquired by a large media company. I asked the mergers-and-acquisition guys why they would be interested in acquiring my small company. They replied that as long as my earnings were superior to theirs, their earnings would improve even in a small way and their stock's value would rise. Many companies were following this trend, to get bigger and more profitable through acquisition.

After all, their bonuses were based on doing deals, and CEO pay was tied to company performance. As usual in business, you get what you incentivize.

**So, what happened next?**

Values (multiples) were astronomical, and many of the acquired businesses were purchased with corporate "funny money," sometimes in stock and often with significant earnout incentives attached.

CLICK HERE
to return to
Table of Contents

Everyone made money and no one complained. Then, one day, for various reasons, many of these acquiring companies lost control of their acquisitions. In retrospect, they made some really bad deals. Remember Time Warner/AOL? That turned out to be a terrible merger — just ask Ted Turner.

Many companies chose their path of growth through acquisitions of vertically integrated partners. These partner companies strengthened what they already had. The beer manufacturer might purchase a canning or bottling company. It made sense and dollars to control the means of production and make money every step of the way. If you made your own aluminum cans, you didn't have to worry about a strike from a vendor or price increases holding up distribution. Bad diversification became die-worseification. Management often made poor decisions with acquired targets and frequently divested or shuttered the losers.

**The next step**

Sell off the mistakes and get back to core competencies. This movement, coined by Prahalad and Hamel in 1990, allowed businesses to focus on "collective learning across the corporation." The idea is to realize tomorrow's opportunities and build the capability to exploit them. This is accomplished by developing expertise in areas that make it difficult to compete. A sterling example of this is Microsoft. It is difficult to compete with this company because of its development of its core competencies. Imagine starting a new word processing or spreadsheet program today to compete with Word and Excel. The market share for Microsoft Word and Excel are astronomical.

CLICK HERE
to return to
Table of Contents

**Centralization or decentralization?**

Centralized means the function is managed through the central or home office. Decentralized means the management is in the field at each satellite or local office. As a company — including a small business — scales and expands, it adds units and/or buys competitors.

These new units will be structured in a centralized or decentralized way.

The centralized "home office" sets the rules for consistency and the satellites perform as instructed.

Management tends to be laden geographically, with local managers, district or regional managers, and national managers. This layering can work effectively, except when it doesn't. Management tends to create many layers in the organizational pyramid. Employees often feel isolated in their job slots as they begin to learn the names of the bigwigs from corporate headquarters.

There is no right way to structure a company. It depends on many variables, such as goals, leadership, culture and the environment.

CLICK HERE
to return to
Table of Contents

**Centralized functions**

Big picture, central decision making, accounting or finance, legal, tech support, R& D, manufacturing, engineering, HR, marketing. Centralized functions enable consistency, efficiency and aligned strategies.

Some weaknesses may be a lack of relevancy with the local community and more bureaucracy.

**Decentralized functions**

Local decisions enable the exercise of greater control, speed and autonomy. Functions such as sales, customer service and local advertising usually benefit from this structure.

Unique needs of the market can be addressed. Local teamwork and environmental decisions are made where the rubber meets the road. Some weaknesses may surface in organizational reporting and, perhaps, lack of local resources.

**Less structured structure**

Oftentimes, a company will ebb and flow from centralization to decentralization and vice-versa, often as market and management conditions change.

Management might feel that the company would benefit by restructuring some functions one way or the other. If you own a small business and you want to control everything or most things, opt for centralization. But your ability to scale will be limited. If you want to add more units, then decentralization of certain functions might make more sense.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 126

# Cash is king; keep it flowing

**Published: Monday, July 25, 2016**

Many small businesses struggle with cash flow. Cash is king. If you run out of cash, your business is dead. The faster you grow, the greater your cash demands. Cash is needed to sustain growth, yet you always seem to be behind the cash curve.

CLICK HERE
to return to
Table of Contents

I enlisted experts via Helpareporter.com; here are some suggestions they made for improving cash flow.

Emma Saldanha, a marketing executive with Cogent Accountants Ltd., says, “Don't be a snail on the paperwork trail. It's easy to ignore the boring stuff when you are running a business, but keeping up with your paperwork, particularly invoicing, is vital. It's time-consuming and mundane, but if you want to get the good stuff (the money) you need to do it.”

Michelle Dunn, author of "NEW! Telephone Collection Call Scripts & How to Respond to Excuses," suggests, “Don't extend credit without checking the customer's credit worthiness. Do your invoicing immediately after providing the service or shipping the product. Don't wait, do it once a month.

"Offer an early pay discount to customers. As a customer service call, contact customers before your payment terms are up. Confirm they received the product or were happy with the service and have received the invoice and ask when payment is scheduled. Ask for a check number, the amount and the date it was or will be mailed. Keep communication open. Don't silently wait when someone hasn't paid a few days after terms."

CLICK HERE
to return to
Table of Contents

Jim Herst, CEO of Perceptive Selling Initiative Inc., identifies slow payers, sets them up with pre-agreed terms in writing and enforces them.

“Many ways exist to accelerate receivables. It's what can be done before billing that works best. It's better to agree on 40 days payment terms, when terms are normally 30 days, than to fret over payment 10 days late.

"Execute a post-billing process. If unsuccessful after five attempted contacts over a 30-day delinquency period, suggest that the account will be referred to the company's Policy Review Committee (consisting of CEO, CFO, credit manager, sales manager). Inform the account that the decision may result in the account being suspended or transferred for collection.”

Steven Buchanan, founder and director of Leaf Mother, has a creative method to help cash flow that has nothing to do with collecting receivables.

“One creative idea we've used to improve cash flow is to outsource our core services to virtual assistants. We've been able to cut costs 10x by finding offshore virtual assistants able to conduct the tasks we would formerly employ locals to perform. Previously, we were operating at a loss, and this single change has enabled us to operate profitably.”

Brent J. Broadnax, who has a masters of business administration and is managing partner of NerdBox, emulated software-as-a-service providers who offer discounts for pre-payment. “We implemented something similar. Now, when clients are sent invoices, they are given the option to pre-pay for the entire service being rendered. It has proven effective, even for monthly charges. Since we made these changes, our cash flow ratios have definitely improved.”

CLICK HERE
to return to
Table of Contents

Vernon Tirey, co-founder and CEO of LeaseQ, says, “Managing cash flow is a challenge for businesses of all sizes but particularly for smaller companies needing to add equipment in order to start or grow.

"While purchasing equipment outright comes with benefits of ownership, no interest payments or bank fees, the lack of cash can someday force businesses to lay off employees or pass on a big opportunity," Tirey says. "Financing equipment can put the equipment to work for a business owner without a major capital investment up front.

"Cash flow is fuel for the growth engine, and small businesses who preserve it with financing are ahead of the curve.”

Jon Jacobson, with Late Fee Manager, says, “Auto-send payment reminders and charge late fees or interest for late payers. The added fees will increase cash and profits like banks and credit card companies do.”

Joshua Schall, who has a masters of business administration and is a business strategy consultant, suggests, “Use invoice factoring companies that will buy receivables from you for a discount off their face value. You will get paid less than you would have if you waited for your customer to pay within their payment terms, but you get the money now.”

CLICK HERE
to return to
Table of Contents

I hope some of these suggestions are helpful to your business success. When it comes to collecting your money, remember that the squeaky wheel gets the grease. There are many ways to improve cash flow.

A parting thought on cash: Do you know that a business "going out of business" tends to have more cash during its winding-down stage? During this business phase-out period, the business is, hopefully, collecting receivables, and payables may be drastically reduced or might cease entirely. Perhaps employees are being let go to conserve cash. Cash tends to pile up.

# Chapter 127

# Transferring business risks with insurance

**Published: Monday, August 1, 2016**

While all entrepreneurs take risks, some risks are best transferred to others.

Peter Hedberg, an executive with the Hiscox Insurance Co. was a recent guest on my podcast series, “Been There, Done That! with Dennis Zink.” I asked Hedberg what types of risks small-business owners confront and should protect against. Here is an excerpt of this conversation.

CLICK HERE
to return to
Table of Contents

Q. Many small businesses operate out of the owner’s home. What type of risks, if any, does a typical homeowners policy cover?

A. Homeowners insurance is really not written or intended to cover a small business, but a vast majority of individuals who have small businesses operate them out of their home. It’s kind of a gap in coverage that people don’t know about. Your homeowners policy is designed to cover events that happen to you because you’re a homeowner, such as property damage, storms, things that damage your roof, water leaks, that sort of thing. If you have a customer who arrives at your home and slips on your stairs, that’s a business-related activity, and the insurance company isn’t intending to pick that up. If you have a friend who came over for a party or just to visit and they slipped, that’s a different story. Generally speaking, most homeowners insurance excludes business activities in the home.

Q. What does a small business owner have to do to cover his business when he operates out of his home?

CLICK HERE
to return to
Table of Contents

A. Some people choose to use their homeowners insurance and add an endorsement, which is a document that modifies the policy. This endorsement allows for some business activities to take place in the home. Often, the coverage isn’t necessarily robust or sufficient for their business. Many home-based owners buy commercial insurance for their business. The terms and conditions issued for commercial insurance tend to be better tailored than what you would endorse onto a homeowners policy. The limits tend to be higher. There are also alternatives in the types of insurance that you can buy.

Q. What are some of those alternatives?

A. You can buy a business owner's policy, or a BOP. I liken it to the Happy Meal of insurance because you get several different lines of coverage in one product. You can get auto liability, general liability, personal property coverage, and the like.

Q. What insurance coverage do small business owners tend to overlook?

A. A big one that gets overlooked is professional liability, or errors and omissions coverage. What is colloquially referred to as E&O. E&O protects you when you cause financial harm to another party. Good examples of this are lawyers and accountants. They're not going to cause physical damage or bodily injury to somebody, but they could cause financial harm by making a mistake. Graphic designers, interior decorators and hairdressers have this exposure. It will pay a 3rd party if you did in fact do something wrong. More importantly, whether you did something wrong or not, you could be accused of doing something wrong. In which case, you need to pay a defense attorney to defend yourself, and to get to a settlement at some point. That's one of the big things that that type of insurance pays for.

CLICK HERE
to return to
Table of Contents

Q. What type of coverage limits make sense?

A. Some owners purchase a $250,000 or $500,000 limit, but I don't think that's sufficient nowadays, based on attorneys' fees and the way litigation is going. Others buy a million dollar limit, and the additional coverage is not that expensive.

Q. What are some other coverages to consider?

A. A big one is workers' compensation. A lot of people think because they're a sole proprietor they don't need to buy it because they don't have employees. The state laws may require that they buy it. It's a good coverage to buy instead of relying on major medical coverage.

Q. What happens when a company adds employees?

A. Depending on how they've added workers, the state could view them as employees even if they're 1099 or independent contractors. If they are considered a statutory employee, because you're paying a portion of their income, they could be considered an employee and you may need to have workers' compensation.

CLICK HERE
to return to
Table of Contents

Q. What factors go into the underwriting that affect policy costs?

A. There are a lot of factors relative to the underwriting. We call them exposures. There are different measures that we use to calculate a rate, and that gives us a premium. A good measure of exposure would be company revenue. For instance, a $50,000 a year business is a lot different than a $500,000 a year business, which, again, is a lot different than a $5 million a year business.

Q. How much might a small business owner expect to pay annually for basic coverage?

A. It depends on what the business does. I think between $500 and $1,000 a year for a good policy that pays for everything isn't out of the question. You could buy more options if you want to have more protection. That has to do with your personal risk tolerance philosophy. If you're somebody that doesn't like risk, you can transfer a lot of it, but that raises your premium.

Q. When is a loss insurable?

A. Insurable losses include the property you own, the contents in your building, and the liability you have if there is a fold in your rug and somebody trips.

On the other hand, if your newly-launched product doesn't sell well; or, if a key employee leaves and you've lost revenue because of that; or, if you've opened a new office that isn't performing well - those are just standard business exposures, which, unfortunately, aren't insurable risks.

**CLICK HERE**
**to return to**
**Table of Contents**

**CLICK HERE**
**to return to**
**Table of Contents**

# Chapter 128

# What beats innovation? Execution.

**Published: Monday, August 8, 2016**

As a certified SCORE mentor and consultant, I frequently come across budding entrepreneurs who have "an idea."

Protecting their "great" idea is often paramount to the entrepreneur's thinking, but SCORE mentors typically do not sign non-disclosure agreements. This is for two reasons: We sign an annual pledge of client confidentiality and we may be asked to mentor or co-mentor a client with a similar idea.

CLICK HERE
to return to
Table of Contents

One of my favorite sayings is that I can create faster than a competitor can steal. To my knowledge, I have never witnessed someone stealing and executing my idea and competing with me or one of my clients. This rarely, if ever, happens.

The key lies in the execution of the idea, bringing it to fruition. If it were easy, everyone would do it. You can’t steal execution! The best way to create competitive advantage is to execute the customer experience with excellence.

The best ideas can fail when execution is weak.

I asked my sources at Help-A-Reporter-Out for their input on this topic.

“Many executives live in a state of fear that the competition will steal strategy. The point they miss is that their strategy is already known to the marketplace if not explicitly, then implicitly,” Dan Eyman, managing director with Meld Valuation, said. "Strategy is meaningless without execution.

CLICK HERE
to return to
Table of Contents

"Many businesses are in a state of mediocrity because they are good but not excellent at execution," Eyman said. "The heart of strategy is delivering superior execution on the products or services that customers value and competitors find hard to imitate or steal."

Linda Pophal, with Strategic Communications LLC and author of "The Complete Idiot's Guide to Strategic Planning," said, “As I work with clients, it's not surprising for them to be very protective of their plan document — to the point of not wanting to share it too broadly (or at all) with employees.

"Who do they think is going to get the work done?" Pophal asked. "In my research and experience, I consistently find that the greatest challenge companies face is not in developing their plans, but in executing them. I have asked business owners who are hesitant to communicate their plans with their staff: If you struggle with execution, what makes you think your competitors are going to be able to take your plan, based on your unique situation, and then execute it?"

Travis Bennett, managing director of Studio Digita, said, "Execution is the most important aspect by far. Anyone can have an idea, but it takes drive, determination and a ton of hard work for even the best ideas to gain enough traction to become a business. Without a passion for your work or a real desire to make it a success, an idea is essentially useless."

**CLICK HERE**
**to return to**
**Table of Contents**

Mignonne Wright with Love Pop Soda adds, "You can waste a lot of energy trying to keep others from stealing your ideas or finding out your secrets. In the end, it's the energy you put into innovation, building your team and executing your plans that propel your company forward."

"It's impossible for competitors to steal the level of attention we give our clients, so it doesn't bother us if they take any of our other strategies," said Andrew Choco with Directive Consulting.

"It's important to openly discuss your ideas because you'll find the best insights and connections come from people you wouldn't expect," said Josh Winzelberg, founder and president of Vodka Mariette. "You're also creating word-of-mouth awareness. Don't worry about stealing. A head start is a very intimidating thing, even more than the work required by execution."

Jeff Price, vice president marketing at PrimePay LLC, said, "I've found that businesses operating out of fear and paranoia by fiercely protecting their secrets are unknowingly admitting to being misaligned with the contemporary buyer. The contemporary buyer demands transparency into how a company operates, its values, what's special about its products, and how the company is actively working to address the buyer's unique challenges. If transparency cannot be found, the buyer simply moves on in their search until they find a competitor that provides it."

**CLICK HERE**
**to return to**
**Table of Contents**

Bryan Clayton, CEO of GreenPal, said, "People ask me if I'm worried about others stealing our ideas. I tell them that ideas are still-born and it takes action to bring them to life. The user interface, technology and product itself are commodities these days. It takes relentless execution of well-thought-out plans to achieve success."

"Most people are either too lazy, too ignorant, or too arrogant to successfully execute an idea properly, let alone someone else's idea," said Mel Jones, motivational speaker and founder of Grip Work Gear LLC. "There is not much to worry about when it comes to your company's secrets if you're not at the top of the food chain.

"Your competitors won't usually take you seriously," Jones added. "If they do, they typically will only have a piece of the secret. There are always more aspects to any company's innovative products — like marketing style, niche targeting, customer base, accessories, timing, a company's culture and mission, how you present it and having the necessary resources to pull it off."

To sum-up, execute well or risk execution in the market. Execution trumps innovation every time.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 129

# 31 business mistakes and their remedies

**Published: Monday, August 15, 2016**

I developed a list of 31 business mistakes with remedies for you to consider for your business. They are in no particular order.

1. **Lack of mentors or coaches for your business questions.** *Remedy*: Develop a board of directors or equivalent dream team, and / or belong to a CEO advisory group.

2. **Running out of cash.** *Remedy:* Cash is the lifeblood of every business. When you run out, your business is dead! Keep track of inflows and outflows, stay on top of receivables, make sure you are competitive, yet charging enough to make a profit. Keep expenses in check. The list goes on.

3. **Inability to say no.** *Remedy:* This is especially true for start-ups with limited dollars and limited time. You cannot afford to make big (and usually expensive) mistakes. Learn to "Just say no."

4. **Failure to prioritize.** *Remedy:* Do first things first, and second things never. Always do the most important thing for your business first. When that's done, the second one will become the first.

5. **Failure to track key performance indicators (KPI's).** *Remedy:* Every business should develop its most important metrics. Measure your KPI's often and seek to improve them.

6. **Allowing the business to get fat with overhead and employees.** *Remedy:* Do what you can yourself in the early stages of your business. Keep your business lean and mean.

7. **Falling in love with your business.** *Remedy:* Be passionate about what you are doing but remember it's still a business.

8. **Fast to hire, slow to fire.** *Remedy:* Reverse the order and hire slow, fire fast.

9. **Lack of research.** *Remedy:* If feasible, do the research yourself, (i.e., competitive analysis) so you can better understand all aspects. If not, hire a professional.

10. **Inability to move forward.** *Remedy:* "About right" now is better than exactly wrong later. Act now!

11. **Not doing the right things.** *Remedy:* Be effective first, efficient second and solve the right problems.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

12. **Letting a bad business (loser) drag on.** *Remedy:* Pull the plug if you know it's not working. Take the loss and move on.

13. **Solving the wrong problem.** *Remedy:* Be aware of the problem and learn how to know what you don't know. Easier done than said.

14. **Failure to set realistic and achievable goals.** *Remedy:* Create written goals. The "what" must have a "when." Write specific, achievable, worthy goals (the what) with realistic dates for accomplishment (the when).

15. **Failure to continuously improve.** *Remedy:* Improve a little every day. Over time, the results will be enormous.

16. **Failure to network effectively.** *Remedy:* Network with a purpose. You don't need to meet everyone. Make and nurture *quality* contacts.

**CLICK HERE**
**to return to**
**Table of Contents**

17. **Inability to delegate.** *Remedy:* Delegate tasks or functions. Decide how good employees have to be, considering that they are not you, will never be you and will do things differently than you. It's OK.

18. **Not working on your business.** *Remedy:* Do only those jobs that you must do because they are too important to delegate now. As you grow, work more on your business than in your business.

19. **Failure to have a "To Don't" List.** *Remedy:* If you have the staff, delegate, delegate, delegate everything not on No. 18, above. If it is something that someone else can do, let them do it.

20. **Not creating an exit strategy.** *Remedy:* Create an exit strategy when you start your business and continue to develop it as your business grows. This will help you to maximize your equity when it's time.

21. **Failure to create a written business plan.** *Remedy:* Create a one-page business model canvas (business plan lite) or a comprehensive plan to increase your chances of success. Your success will be proportional to your effort.

**CLICK HERE**
**to return to**
**Table of Contents**

22. **Failure to maintain a winning mindset.** *Remedy:* Stop listening to yourself and start talking to yourself. Don't let negative thoughts permeate your thinking.

23. **Failure to make a profit.** *Remedy:* Without profit, your business doesn't continue to be in business.

24. **Ignoring competition.** *Remedy:* Businesses underestimate the importance of understanding the marketplace in which they compete. It's difficult for a company to position itself and establish a unique advantage without awareness of the competition.

25. **Ignoring market trends.** *Remedy:* Know if your market is expanding or contracting. Are there unmet needs you can fill? Are you able to adapt to a changing market?

26. **Not executing your plan.** *Remedy:* A great idea is worthless without solid execution. Execute your plan flawlessly.

27. **Not firing problematic customers.** *Remedy:* Shed business that is not worthwhile. It may be "the best customer you never had" but there is no reason to lose money or suffer abuse with difficult customers.

28. **A poor corporate culture.** *Remedy:* A healthy organizational culture promotes harmony and teamwork. Develop team activities and encourage employees to focus on the common goal.

29. **Lax customer service.** *Remedy:* Properly train your employees to listen to your customers and provide solutions; under promise and over deliver. Make sure everyone goes the extra mile and cares about your customers.

30. **Failure to promote your business.** *Remedy:* Target your customer, know their problems and offer solutions. Use social media as well as traditional methods.

31. **No strategic plan.** *Remedy:* Develop an achievable, believable strategic plan. Focus on results and ensure that all team members are committed to the plan. Continually track progress and make adjustments when necessary.

**CLICK HERE**
**to return to**
**Table of Contents**

**CLICK HERE**
**to return to**
**Table of Contents**

# Chapter 130

# Winning the great game of business

**Published: Monday, August 22, 2016**

Obviously, it’s better to win than to lose, and yet what I call loser’s traps abound.

Here are some of these obstacles to success:

■ **The tendency to let up.** Business owners often let up or let down their guard, even get sloppy, after realizing some level of success. I’m not sure why this happens, but it does all too often.

CLICK HERE
to return to
Table of Contents

One of the main reasons, I suspect, is that it’s natural to want to keep doing the same things that made you successful. But if you observe your business over time, you will see that things that work great today or tomorrow may not work the day after. The key is to understand that everything is constantly in a state of flux and, while the rate of change is accelerating, slow changes are often imperceptible day to day.

If change is constant and the degree of change is increasing dramatically, the business owner must anticipate these changes and either 'pro-act' or react to reinvent the business to remain viable and/or to stay on top.

■ **The tendency to self-destruct.** Perhaps we should call this the Superman Syndrome, when someone believes that nothing can hurt them except Kryptonite and it's pretty darn rare.

In sports, we refer to somebody getting so nervous that they "choke." Whether it was a double-fault in tennis at an inopportune time or dropping a baseball, throwing a basketball pass away or missing a free-throw, it was still something the player would never be expected to do except when under pressure.

I have witnessed successful business owners, some with a God-complex, lose it all. They were daring the world, saying things like 'Look at me, I can shoot someone and get away with it!' This even works for a while — until it doesn’t.

CLICK HERE
to return to
Table of Contents

■ **Outgrowing your cash flow.** As I mentioned in my column last week, cash is the lifeblood of every business. When you run out of it, your business is dead! Growing too fast can strip your cash resources. Slow and steady wins this race. Doing a cash-flow analysis is a must, especially when growth is dynamic.

**Avoiding the traps**

How to anticipate these pitfalls?

■ Learn how to know what you don’t know. Ask your dream team. What, you don’t have a dream team in place? Request a free SCORE mentor at score.org. Assemble a board of directors, or advisers, an equivalent dream team, or belong to a CEO advisory group.

■ Read industry periodicals.

■ Attend conventions and conferences in your industry.

■ Talk to owners of similar businesses in non-competitive markets.

■ Ask your customers for their insights. Use focus groups. Get a reputable facilitator to help develop the questions, the format and the goals for a meaningful session.

■ Use strategic planning tools. Tools such as the Business Model Canvas can be used to create a one-page business plan. Then you an use the Canvanizer tool (canvanizer.com) to help you tweak your business model as needed.

■ Conduct 'what if' sensitivity business modeling. This enables you to determine what financial results might be anticipated if you make isolated changes to your current business model.

■ Don't charge too little.

Believe it or not, more businesses undercharge for their products and services than overcharge for them. Unless you have a commodity product, don't reach for the ax as a first choice. If you have a well-differentiated and unique value proposition, consider other ways to provide more benefits or services rather than simply cutting costs. Charging too little can be the beginning of a slow death. Don't make this mistake.

■ Cultivate more clients. Be creative with your marketing. Don't offer 'same as' products and services. Know your cost to acquire a new customer and the profit to be derived annually from that customer. Ask how to improve your web presence.

**A message to the winners**

To all you winners reading my column, I salute you! Don't ever get tired of winning, don't lose focus and don't self-destruct.

I'm not tired of winning yet, and I don't think I ever will be.

For example, a local nonprofit of which I'm chairman, Realize Bradenton, was just named nonprofit of the year by the Manatee Chamber of Commerce. Another small business of the year winner, Mike Zeppi, owner of Anthony's Cooling, Heating, Electrical, is a three-year participant in my CEO Round-Table, along with Johnette Isham, the executive director of Realize Bradenton. Two other SCORE clients were finalists.

My SCORE district won district of the year at our national SCORE conference in St Louis last week, and our local chapter, Manasota SCORE, was the No. 1 chapter in our region and placed second overall among 303 chapters in the United States.

Not too shabby, but there is still more work to do.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 131

# Business insurance you need to understand

**Published: Monday, August 29, 2016**

Among the things I do, I am a licensed insurance agent in Florida. After our Insurance 101 podcast on "Been There, Done That! with Dennis Zink," we did a follow-up interview with Peter Hedberg of Hiscox Insurance. We discussed the types of insurance that business owners should know about and understand.

CLICK HERE
to return to
Table of Contents

**General liability** was designed so businesses can continue to exist after bad things happen, whether or not it was their fault. It covers bodily injury and property damage to third parties, whether caused by your products or something you did, and it also covers advertising injury. If it's alleged that you're infringing a trademark or you have defamed somebody unintentionally, it will cover that. It also covers personal injury.

One of the most important protections general liability provides is defense coverage. If you are sued someone alleging that you did something wrong, one of the most important benefits of this policy is to pay to hire a defense attorney. Those costs are often outside of the limit, which means to say if you bought $1 million coverage, the defense costs don't take away from that million. The million is still set aside for a settlement.

**Professional liability** is often referred to as errors and omissions, or E and O. This type of insurance is designed for a financial harm caused to a third party. It's not coverage for bodily injury or property damage. People who carry this type of insurance are accountants, lawyers and doctors. Accountants provide a great example: If an accountant files your taxes incorrectly, it's going to cost money to fix it with the government. That's a financial loss you incurred because a professional rendered a service to you. Liability insurance will also protect accountants if you sue them.

CLICK HERE
to return to
Table of Contents

**A business owner's policy** is often a single policy that includes multiple lines of insurance. You get several types of coverage in one policy, usually at a discount.

**Business-interruption coverage** is typically triggered when you have a weather-related event that diminishes your ability to make money as a company. In Florida, a great example of this is a hurricane that prevents you from producing whatever you manufacture. Business-interruption coverage will pay for the extra expense to find a location to continue making your product. It will also pay for the income that you lost and will finance any additional facilities that you need or repairs to your damaged plant or office so you may continue operating.

**Cyber insurance** is a relatively new type of coverage. Although it's been around for about 20 years, only recently have people become aware of it and started to purchase it. It has third party and first party components. The third-party component pays for defense attorneys to defend you when somebody alleges that you have wrongfully disclosed their personally identifiable, private or corporate confidential information.

The first-party component pays to notify the people affected if that's your responsibility. It will pay for forensics to help identify the extent of the loss. It will also reimburse for data restoration or business interruption if it was a cyber event that caused the problem. Now that more people are purchasing cyber insurance, pricing has become more affordable.

**Key person insurance** is insurance that you don't hear about too often. If you're taking out a loan for your business, the bank might insist that you carry this coverage. It's essentially life insurance on a key person within your organization.

**Commercial property** insurance will pay for the loss of use of your property. It will pay for the contents within your property. For small-business owners, one thing that's important to know about this is business personal property. It covers all equipment -- everything in your office -- including computers, printers and so on. If you own the building, it's obviously going to protect you if you lose the building, whether it's a fire, a wind storm or similar disaster.

CLICK HERE
to return to
Table of Contents

**Business auto** is automobile liability insurance. This coverage typically is in addition to your own personal policy. Your personal policy has to be triggered and exhausted before the business auto takes effect. It often has the hired and non-owned component, which means when you rent a car for the business the business auto policy then becomes the main auto policy for your rented car. This is very important, especially if you're going to be renting cars for your business.

**Theft insurance** is often referred to as an employee dishonesty bond, or just employee dishonesty or crime insurance. When this product was created, it was meant to protect the company from employee theft. It's been expanded in recent years to include theft by third parties against the business, such as computer fraud or burglary.

**Medical insurance and employee benefits**. Depending upon how many employees you have, in most states you have to provide medical insurance to your employees. Other types of insurance you can offer are life insurance, accident, death and disability insurance, either long-term or short-term. Many of these types of insurance are often offered as employee benefits.

CLICK HERE
to return to
Table of Contents

**Workers compensation**. Many small businesses in America are not aware of workers comp or they are not purchasing it. Statutorily, they probably should. Many states will allow a waiver to be filed if you are your own business. It's usually purchased anyway as it protects you as the employer if your employee gets hurt and finds you liable, or simply your employee gets hurt and they need their medical costs reimbursed.

# Chapter 132

# The business of buying and selling businesses

**Published: Monday, September 5, 2016**

Want to get an idea of what similar businesses in your industry are currently selling for? Or perhaps you want to buy a business? Biz BuySell.com, based in San Francisco, offers an online marketing platform to list and, hopefully, to sell businesses. At any given time, BizBuySell.com lists approximately 45,000 businesses spanning 80 countries. This service provides a free shopping tool for prospective buyers, with a $50 fee for a base ad for three months to the listing (seller) company.

CLICK HERE
to return to
Table of Contents

The information includes listing and selling prices, the number of businesses sold and the median cash flow of those companies. The local data is derived from 829 companies.

I spoke with Adam Debussy, marketing manager of BizBuySell.com, to discuss the data in more detail.

“We have about 1.6 million eyeballs a month looking at our site,' he said. 'This year, nationally, we are seeing the most businesses listed since we started collecting the data. We believe that baby boomers are driving a large percentage of that. A chunk of people is interested in doing something after they retire, to keep busy and perhaps earn additional income. Prospective buyers can set up alerts to email them when a business of their interest is placed on our system.”

**The Tampa-area Insight Report**

BizBuySell’s Tampa-area Insight Report for the second Quarter of 2016 offers several interesting insights.

Small-business transactions in the first half of 2016 are up slightly from last year. So how does the Tampa area stack up against the rest of the country’s listing numbers and key financial indicators?

CLICK HERE
to return to
Table of Contents

National asking prices have risen while the time on market has lengthened.

Here are some of the highlights for the businesses listed in the Tampa area.

If you want to buy a business in Tampa, the median asking price at the beginning of 2016 was $199,900. Ten years ago (2007), the median ask was only 5 percent less, at $189,000, so asking prices have not changed very much over this period. At the same time, revenue has increased 37 percent and cash flow multiples decreased 9 percent over the decade. These companies are doing substantially more business today, yet they are selling for less than they did a decade ago.

Tampa business listings in 2016 had median annual revenue of $395,828, up from $351,304 last year. This is an increase of 12.6 percent.

The median cash flow, or the money that comes out of the business over the course of a year, was $101,040, versus a median cash flow of $87,538 in 2015. Profits were up 15.4 percent.

Year-over-year net profit margins were flat, at 25 percent.

Selling multiples were typically between two times to three times cash flow. A business generating $100,000 in cash flow would likely be sold in a range of $200,000 (two times) to $300,000 (three times).

Owner asking prices, on average, equated to a revenue multiple of 80 percent and a cash flow multiple of 2.72. In the median example above, this equates to an asking price of $316,662 (revenue multiplier of .80) to $274,829 (cash flow multiplier of 2.72).

CLICK HERE
to return to
Table of Contents

Of the 62 businesses that sold in this period (second quarter 2016), businesses sold for 94 percent of the asking price. These businesses had median revenue of $317,234 and cash flow of $80,302, with 25 percent profit margins. Buyers paid, on average, 0.55 times revenue and 1.81 times cash flow. Cash flow multiples decreased 7 percent from 2015 to 2016, from 1.95 to 1.81.

Multiples of cash flow for active listings ranged from 2.03 for restaurants to 3.71 for manufacturing businesses. The median asking price for restaurants was $175,000, based on median annual sales of $409,422.

On closed transactions, cash flow multiples ranged from a low of .84 times for a restaurant to a high of five times for a bar/tavern.

Last year, only 6 percent of the closed, sold transactions fetched $1 million. This year, 11 percent topped the $1 million mark in asking price but were not yet sold. Only 49 percent of the listed businesses were asking over $200,000.

**Rules of thumb are dumb, sometimes**

CLICK HERE
to return to
Table of Contents

Generally speaking, multiples of revenue are meaningless. A business is not worth anything if it isn’t profitable. There is no talent or sustainability in losing money in a business. Anyone can start a losing business. Multiples of cash flow is the key metric.

**Owner benefits**

Owner benefits should be added back into the cash flow. These are expenses that benefit the owner of the business and would not necessarily be paid by a new owner. Expenses could include the owner’s car, gas and maintenance, travel-and-entertainment expenses and club membership fees. These expense items are recast (added back) in the balance sheet and will improve cash flow numbers.

**Exit strategy**

To realize the equity in your business, it is never too early to think about your exit strategy. As Debussy put it, “A business owner needs to start putting an exit plan together right away.”

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 133

# County contracts worth half a billion

**Published: Monday, September 12, 2016**

I was amazed to learn recently that Sarasota County spends half a billion dollars annually on purchasing various products and services. As is probably the case with most jurisdictions, and in an effort to spend the peoples' money wisely, the county would prefer that this money remain in the county or at least the immediate area. Whereas most of the larger contracts originate in Sarasota, the smaller contracts are a different story.

CLICK HERE
to return to
Table of Contents

For a variety of reasons, local small businesses and contractors encounter many problems in getting a share of that money, such as being too small to bid, lacking references, a lack of past experience working with the county, not being licensed, being too small to handle the job, lacking knowledge of the process and being unaware that they can subcontract. The result is that few small companies bid on county jobs. Sarasota County would like to see at least 15 percent set aside for awarded contracts for small businesses.

To learn more about the county bidding process, I recently met with Ted Coyman, procurement official with the Office of Financial Management, and Jeff Maultsby, director of Business and Economic Development for Sarasota County, and Carl Hadden, assistant director of the Florida Small Business Development Center at the University of South Florida.

**Bidsync.com –** All contractors must bid online at bidsync.com. The Sarasota County electronic procurement instruction card indicates that Bidsync is a web portal containing the most current Sarasota County solicitations.

Bidsync offers a regional six-month subscription for $499 and a 12-month subscription for $649. National, international and other analytical information is also available by subscription. Business opportunities are organized into categories and fall into one or more of the listings. You can review the list, decide which opportunities to pursue and then submit a proposal. You can also look for potential business in other counties, states and countries. You will receive email notifications when opportunities relating to your interests are published.

CLICK HERE
to return to
Table of Contents

**Failure rates** – Florida counties such as Miami-Dade have experienced failure rates of up to 75 percent, meaning that the winning bid contractor either didn't show up, didn't do the work, or – for whatever reason – did not complete the job satisfactorily.

**Board of County Commissioners resolution passed** – In an effort to address this issue, resolution number 2013-127 was passed as a Local Hiring Initiative on Sept. 3, 2013. This resolution sought to coordinate hiring efforts with local workforce development agencies such as CareerSoutce Suncoast with contractors awarded various Sarasota County projects. In the event the requisite skillset was not available in Sarasota County, the definition of "local resident" could be expanded to include Manatee and Charlotte Counties. Priority was given to the unemployed and underemployed.

To date, not one contract has been awarded as a result of this resolution.

**Challenges –** It is easier to locate licensed tradesman such as electricians, plumbers and masons than it is to find people in the unlicensed trades such as pressure washers and painters. So, how do you get the word out to advise potential contractors of the opportunities available to prepare them to bid, win and execute awarded contracts? Generally speaking, if small businesses are keeping busy, the last thing they want to do is bid for county business. They probably have no clue about how to do this.

A resource partner of the Small Business Administration, is composed of over 70 local volunteers.

**CLICK HERE**
**to return to**
**Table of Contents**

These mostly-retired business executives and entrepreneurs have a broad range of experience in all areas of business. SCORE specializes in educating aspiring entrepreneurs on how to start, run and grow a successful business.

Doug Barber, a retired general contractor, educator and SCORE mentor, is heading up this project.

“We will be educating small business contractors for free on how to work with the county, how the bidding process works and then how to bid on these contracts,” Barber said.

One of the challenges is to figure out how to reach both licensed and unlicensed tradespeople. Barber is assembling a team to address this issue.

**Can this problem be solved?** I give credit to Sarasota County and the County Commission for their efforts to help local companies obtain contracts. I have doubts as to whether education alone about the bid process and contracting with the county will make a difference.

But nothing ventured, nothing gained.

**CLICK HERE**
**to return to**
**Table of Contents**

SCORE will put the best minds on this issue to see if we can encourage more small businesses to bid and, hopefully, receive lucrative contracts.

Sarasota County publishes a 20-page Contractor Guide To Doing Business With Sarasota County, and more information is available at www.scgov.net or by calling 941-861-5000.

# Chapter 134

# The beauty of revenue streams that keep flowing

**Published: Monday, September 19, 2016**

You open your doors for business and you wait until a customer arrives. Wouldn't it be wonderful if you started your month with a large contract base that covered your rent or overhead?

CLICK HERE
to return to
Table of Contents

What if that revenue was there every month, like an annuity?

Recurring revenue streams consist of predictable revenue sources that are expected to continue into the future. Annual recurring revenue or ARR is a beautiful thing. Rather than beginning your month or year at zero dollars, you have a starting base.

If a business can monetize its existing customer base by establishing long-term relationships, it will be way ahead as compared to selling onesies. When you decide to sell your business, recurring revenue takes center stage.

"When you have a recurring revenue business model, you rarely miss your monthly or quarterly numbers by more than 10 to 20 percent," Jeff Bussgang writes in his book, "Venture Capitalist."

"Your forecasting process is much more accurate," he continues. "At the beginning of the quarter, you start with a base to grow from rather than begin at zero. In a SaaS (software as a service) or subscription software business, you can predict your churn rate and new business closings to determine your growth rate. The management team and the investors are thus rarely surprised by major fluctuations in your results."

CLICK HERE
to return to
Table of Contents

Consumers are demanding new consumption models. There are various types of recurring revenue models:

**Annual Contracts** – Both phone providers and cable tv contracts provide good examples of ARR. Penalties for early termination lessen premature cancelations.

**Evergreen contracts** – Contracts that continue "forever," such as document storage.

Example: Ross Perot's successful company, Electronic Data Systems, created a revenue model named Business Process Outsourcing. This model placed IT employees in contracted positions and reaped a healthy profit percentage from those contracts. The contracted employees became so valuable to those companies that they could barely do without them. These contracts renewed perpetually.

**Product purchases and consumables –**

Buy a Nespresso coffee machine and forever buy the coffee capsules from them. Keurig beverage pods are widely distributed and available from many sources other than Green Mountain, which happens to own Keurig. Think about the toner for your Dell or HP printer.

**Subscriptions** – Magazine subscriptions are generally available for one-, two- or three-year terms. Although magazine subscriptions are paid in advance, revenue cannot be recognized until each issue is delivered. Subscription revenue must be carried as a liability until earned.

**Long-term contracts –** Term insurance policies lasting 10, 15 or 20 years provide a steady revenue stream. Sales commissions can provide a trailing annuity to the insurance agent.

CLICK HERE
to return to
Table of Contents

There is often a price to pay for repeat business. It can be as simple as a customer-loyalty card or a discount at a restaurant for repeat business. My favorite loyalty program is my Panera card, which keeps me coming back for a free coffee, pastry, free soup or lunch at reasonable intervals.

Generally speaking, the more you buy, the less you should pay for products and services. The best example of this is the BOGO, the buy one get one free deals that most of us are familiar with. These deals have become popular in retail sales, especially at supermarkets.

**Up-selling, cross-selling, down-selling and cancellations** – Today's customers are in control as they become better informed and connected to vendors they like and trust. Satisfied customers return as long as they receive ongoing value. Happy customers will be open to being upsold or cross-sold, while unhappy customers may be down sold or may cancel doing business altogether.

**Churn –** Loss of business can result from customer downgrading, buying cheaper alternatives, competitive losses or business failure. Do you know what it costs to replace a customer? To remain viable, a business must replace its lost customers as well as cultivate new business.

**Understanding yield –** Are you offering the right product or service to the right customer at the right time and at the right price? Are your products or services overpriced or underpriced or priced right?

CLICK HERE
to return to
Table of Contents

■ Overpriced. This results when a customer has a high price and low usage. High yield results in churn.

Think gym memberships. When is the last time you went?

■ Underpriced. This results when a customer has a low price and high usage. Think "all you can eat." Low yield results in opportunities to upsell.

■ Optimal yield rate or ratio – How can you optimize your revenue streams? When raising prices, will incremental customer loss or churn net you more profit or less profit?

You will receive more revenue per sale but fewer sales. What is the optimal mix of price to value?

**The shift is happening** – Clearly, there is an ongoing shift into what I call the new New Economy (N2). Educated consumers will continue to demand and opt for efficiency, green products, less rather than more, renting versus owning, sharing, subscribing and downsizing. They will embrace trusted relationships and vote by spending their money where they believe they are getting the best value.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 135

# Problems and the ostrich syndrome

**Published: Monday, September 27, 2016**

You can't solve a problem if you are not aware of it. What is a problem? A problem exists if a result is not what you want. The better you can define a problem, the clearer the path to a worthwhile solution is. A poorly defined problem will not present a clear solution strategy.

CLICK HERE
to return to
Table of Contents

Problems may be simple or complex, known or unknown, expensive or inexpensive to resolve — or not solvable at all. Solution strategies may involve dissecting complex issues into their component parts. Both logic and abstract thinking may help with problem resolution.

These are the five types of problems: 1 – the kind you know about and are working to improve; 2 – the type you are aware of and are ignoring; 3 – the type that you don't know exists; 4 – the type you want to solve but do not have the human or capital resources to do so; and 5 – the type that is not solvable.

The first step in solving any problem is, therefore, awareness.

**Awareness**

If you are aware a problem exists, congratulate yourself. It's good that you know about it. You can compare this with an analogy about your health. If you have high cholesterol and take a statin, start eating better and exercise more, that would be a type one problem. If you have high cholesterol and do nothing about it, that would be a type two problem. If you have high cholesterol and you have no clue, that would be a type three problem. A type four problem would be having high cholesterol and you can't afford to join a health club and/or you can't afford to buy the medicine you need. A type five problem, unfortunately, is equivalent to an incurable disease.

CLICK HERE
to return to
Table of Contents

**The most common problems**

Type one problems are the most common you are likely to encounter in your business. You discover a problem or issue. You try to fully understand what the circumstances are and what possibilities exist for a solution. You consider and weigh the downsides and anticipate the unintended consequences you might encounter with each possible solution.

Type two problems indicate one of several possibilities: You are lethargic and too lazy to address the issue; you hope the issue resolves itself and/ or goes away on its own; you have the Ostrich Syndrome. You may require outside expertise to help solve the problem.

Type three problems are the most difficult, but not necessarily the most serious. How can you possibly solve a problem that you don't know exists? What can you do to discover that a problem exists? First, look at the symptoms. What might be the causal factors? What do you know for certain? What don't you know?

As a physician would do, ask a lot of questions to ferret out the truth. Ask others for their opinions: employees, managers, vendors, customers, coaches, mentors and consultants. Look at metrics that could provide a clue. Learn how to determine what you don't know. Try inexpensive and perhaps obvious fixes to see if they resolve the issue.

Type four problems typically require capital to resolve. Perhaps you need to hire additional help or you are involved in expensive litigation.

CLICK HERE
to return to
Table of Contents

Type five problems are the most serious. Either there is nothing you can do or your choices are limited and only serve to make the best out of an untenable situation.

**What have others done?**

Rest assured, other businesses have faced the same or similar problems that confront you. Many solutions can be learned from businesses like yours and also from businesses that are different.

Associations offer a great educational avenue to learn how others have dealt with similar problems. CEO roundtables offer a chance to compare dis-similar experiences gleaned from different industries confronting similar problems. After all, business is business. Do you think that cash flow or HR problems are so different from one industry to another?

**Problem evolution**

This occurs when a new technology becomes a category killer. The dynamics of a business may change so rapidly and dramatically that survival now becomes the main issue. A great example of this is what mobile phone apps did to replace Garmin and other GPS products. Garmin and similar companies adapted by developing new products such as smart watches and exercise-related products.

CLICK HERE
to return to
Table of Contents

**New opportunities may exist**

I was taught that if you look long enough at a problem, you have a great chance not only of finding a solution, but also discovering an opportunity to benefit from the problem with a creative solution. Over the years, I have found this to be true.

# Chapter 136

# What to do when profit margins decay

**Published: Monday, October 3, 2016**

According to Investopedia, a profit margin is part of a category of profitability ratios and is calculated as net income divided by revenue, or net profits divided by sales.

Net income or net profit is determined by subtracting all of a company's expenses, including operating costs, material costs (including raw materials), labor and tax costs from its total revenue. Profit margins are expressed as a percentage and, in effect, measure how much out of every dollar of sales a company actually keeps in earnings. A 20 percent profit margin, then, means the company has a net income of 20 cents for each dollar of total revenue.

CLICK HERE
to return to
Table of Contents

**Industries where the best margins are found**

Accounting services top the list at 18.3 percent, according to Sageworks, a financial information company. Other top industries include legal services and real estate leasing companies, at 17.4 percent, outpatient care centers, at 15.9 percent, and dental offices, at 14.9 percent. Of the top fifteen industries with the best margins, five are in health care and three in real estate.

**What determines average profit margins in a small business?**

According to Grant Houston with studioD, there are many determining factors, including the type of business, location, capital costs, taxes, labor costs, inventory, systems used and technology deployed. Small Business Administration small business loan criteria consist of companies with fewer than 500 employees and less than $7 million in annual sales, although the average small business has fewer than 20 employees and less than $2 million in sales. For example, a $2 million medical equipment and supplies company might have a 27 percent net profit margin; a computer and electronics products company at the same level might return 54 percent; and a food processing sector business might only return 10 percent.

CLICK HERE
to return to
Table of Contents

**Measuring productivity**

A good way of measuring productivity is to look at the average revenue per employee, which is found by dividing total revenue by total employees. Managing inventory and cutting costs provide additional ways to maximize profit margins.

**Why are margins decaying?**

Warren Buffett, the Oracle of Omaha, once said, "In my opinion, you have to be wildly optimistic to believe that corporate profits as a percent of GDP can, for any sustained period, hold much above 6 percent. One thing keeping the percentage down will be competition. The average net profit margin for private companies was 7.7 percent for the 12-mos ended June 30, The average net profit margin for private companies was 7.7 percent for the 12 months ended June 30, based on Sageworks data. Clayton Browne, of studioD, points out that although retail clothing gross profit margins might seem high at better than 48 percent, after deducting operating expenses that number plunges to under 8 percent. The telecommunications industry has better than an 86 percent gross profit margin yet nets only 11 percent profit after overhead.

**Competition and closings**

If you drive around your neighborhood, chances are good that many stores have 'left the building.' Many well-known retailers, such as Sports Authority, have recently filed for bankruptcy. In 2015, store closings by RadioShack, Barnes & Noble, Macy's, Kmart, JC Penney, Sears and Wal-Mart were rampant.

CLICK HERE
to return to
Table of Contents

**The internet's impact on margins**

The internet is a huge factor in the competitive marketplace and affects everyone.

Buying cheap electronics online, like getting a great deal on a TV, might be nothing more than someone selling from their home. These bedroom entrepreneurs drop-ship merchandise to you while they sip coffee in their underwear and make a few extra bucks in the process.

In a commodity business, you can purchase the exact same product from anyone selling it.

There is no loyalty, and the best price with a reasonable reputation usually wins. This drives down margins as competition becomes fierce in the race for a buck. Think about retailers that advertise sales all the time. Do you shop there if you have to pay full boat? Probably not. How often have you priced products at brick-and-mortar stores and then ordered via the internet?

**A confluence of impending changes that will affect margins**

■ U.S. Department of Labor overtime pay changes. Effective Dec. 1, the exemption threshold for overtime pay at time-and-a-half pay effectively doubles from $23,660 ($11.37 per hour) per year to $47,476 per year ($22.83 per hour).

CLICK HERE
to return to
Table of Contents

Employers must pay overtime to salaried employees making below this amount, which effectively makes these employees hourly. To adjust for the net effect of this rule, employers might choose to reduce employee base pay, reduce hours worked or hire additional workers. Tracking compliance and time clocked will add to costs, further eroding profit margins.

■ Rising healthcare costs.

As more insurance companies flee the Affordable Care Act (Obamacare), healthcare costs will rise and put additional financial pressure on employers and employees.

■ Increasing the minimum wage. If wages escalate, it isn't only the bottom rung that will receive higher wages.

Virtually all hourly employees will demand that they receive increases.

Without a gain in productivity, this is inflationary. Cost-push inflation tends to drive up prices and decrease profits.

Even with increased payrolls, adding staff is a more significant change in smaller companies than in larger ones, and margins may be squeezed further.

It is indeed a challenging marketplace.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 137

# ‘Good money’—what does that mean to you?

**Published: Monday, October 10, 2016**

He makes good money!

How many times have you heard a friend, relative or colleague utter this phrase? What does it really mean? Do you make good money? Is there bad money to be made? Actually, there is, if you look up Gresham’s Law, but we are not going there in this discussion.

CLICK HERE
to return to
Table of Contents

Good money is a correlative term. It exists because something else coexists. Its significance is relative to something else.

If you worked at McDonald’s and made $12 per hour, that might be considered good money compared with your minimum-wage co-workers.

If you made $200,000 as a professional, that might be considered good money by those making less.

And if you made $1 million annually, that would be considered good money by nearly everyone except hedge fund owners and the the others among the top 1 percent of earners who make far more than that.

Do you still think you make good money?

This leads me to ask two questions: 1. How much money do you need to earn annually to live the lifestyle you desire, provide for your goals and fund a reasonable retirement? I am assuming that retirement is one of your goals, although it might not be.

CLICK HERE
to return to
Table of Contents

2. What do you have to do to earn good money? Is there a clear path for you if you follow your current financial trajectory? If not, what are your options?

**The 1 percent**

What about the top 1 percent? What amount admits you into that elite club?

Not all states are created equal.

According to the Economic Policy Institute, during the period from 2009 to 2012, Florida was No. 14 for residents in the top 1 percent in income growth. Real income growth for everyone else was 3.4 percent, while the top 1 percent’s income grew 39.5 percent. The bottom 99 percent went backward by -7.1 percent. The share of growth captured by the top 1 percent was 259.9 percent.

In 2012, looking at the ranking disparity from top to bottom, Florida was fourth and the average income of the top 1 percent in the state was $1,488,367, versus $34,387 for the bottom 99 percent. That ratio is 43.3 times from top to bottom. Connecticut led the way with a 51 times differential from top to bottom, with the average of the top 1 percent earning $2,683,600.

The threshold to join the 1 percent club in Florida in 2012 was $378,342.

**The very rich club**

Over the same timeframe, the very exclusive club of the top .01 percent in annual income began at $11,755,699. Now those people are definitely making good money. Many members of this very rich club created wealth with real estate. Decades ago, publishing provided a path to riches. More recently I heard someone say that you can make a small fortune in publishing if you start with a large one. How times have changed.

CLICK HERE
to return to
Table of Contents

**According to Forbes magazine**

"The average annual income of the top 1 percent of the population (in 2012) was $717,000 compared to the average income of the rest of the population, which is around $51,000. The 1 percent are worth about $8.4 million, or 70 times the worth of the lower classes."

Who's in the 1 percent club? For starters, people in the top 1 percent generally include executives, doctors, lawyers and politicians. They control 43 percent of the nation's wealth. As of 2012, 57 members of Congress, or roughly 11 percent, were members of the financial elite. Two hundred and fifty members of Congress are millionaires.

As Forbes contributor Alan Dunn wrote, "Asking politicians to enact changes that would reduce the wealth of the upper classes is a conflict of interest. It's little wonder that tax cuts for the wealthy are repeatedly enacted while the reverse is so rarely true.

CLICK HERE
to return to
Table of Contents

People with high incomes want to keep the money that they have made, and this includes the men and women who control the country."

**Owning a small business**

My 1 percent club friends who make good money earned it by starting or inheriting a small business. While it is more difficult to succeed today with all the regulations and the competition from internet-based companies, it is still possible. This is true even though I know many people who were clobbered by the last recession and still have not recovered.

Another friend suggested that, as one gets older, it is more difficult to start, run and grow a business. It takes a lot of energy, and energy fades with age. That's why it is so important to have an exit strategy. A business owner needs to strategically consider all of the options available to realize equity and/ or pass on a legacy and make or preserve good money in retirement.

**Enough is enough**

My wish for you is to make good money and realize that you only need a quantifiable amount for your lifetime.

My friend Jim Schwartz in Denver, Colorado, and the author of 'Enough' showed me a process through which you can learn what enough is and how to strategically align your life goals with the financial resources needed to succeed. Jim would say that to want more for the sake of more alone is foolish.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 138

# In marketing, know your target

**Published: Monday, October 17, 2016**

A target market is a group of potential customers toward which a business has decided to aim its marketing efforts and ultimately its merchandise.

Doing a good job of refining a target market also is the first element of any marketing strategy.

Product, price, promotion and place are the four elements of a marketing strategy that determine the success of a product or service. It has been proven that having a clear definition of a target market can help a business analyze the needs of its potential customers.

CLICK HERE
to return to
Table of Contents

**Bulls-eye marketing** aims to hit the center of your target market. As in darts, the bulls-eye represents the center and is worth the most points. It is the best you can do, a direct hit.

How do you find your best customers?

**Look at your current customers first.**

Chances are excellent that the customers you already have will help you to better define your customer bulls-eye persona. Look at your top 10 or 20 customers and carefully list their attributes and common characteristics. Then ask if you have a good understanding of who you are, what you do that's special and what your products or services offer. List your value proposition for those customers. What other options do they have to choose from? Why do they return? Perhaps you can form a focus group to determine who your best customers are and why.

Remember, 'If you want to sell Sally what Sally buys, you have to see Sally through Sally's eyes.'

CLICK HERE
to return to
Table of Contents

**There's riches in niches.** The key is to focus. Focus on the demographic, psychographic and geographic attributes of your customers. Know who they are, what they like, and where they live. Identify your niche and play to your strengths. Do what you do well; be the best.

Limit what you offer so you are a master of one, not a master of none. Going small can help you make it big.

**Create your brand.** A strong brand identifies and differentiates what you do from everyone else. Do not skimp here. Hire the best graphic designer you can afford and develop your brand. This includes your name, logo and taglines. Are you able to own the intellectual property for your brand and seek to position your company on top of all competitors to dominate the market?

**Become known as the expert in your niche.**

As the expert, you have to let people know that you are the go-to person, The One. How do you promote your business? Be creative. Write articles, books, eBooks; speak to groups or organizations about your niche topic; become known as a thought leader in your industry; speak at trade shows; create podcasts and YouTube videos; blog; and create strategic partnerships. Use social media to target your bulls-eye prospects. What promise or guarantee are you making to your customers that enables you to charge a premium?

**Online strategy.** Understand and participate in the social media channels that make the most sense for your business niche. The internet is still a constantly changing wild west. You need professionals in the field who will help you with your website, define keywords, perform search engine optimization, use analytics, and do content and email marketing.

CLICK HERE
to return to
Table of Contents

Decide whether you need to use Facebook, Twitter, LinkedIn, Instagram, Pinterest or any combination of these or other social media platforms. According to Barbara Langdon, president of Market Momentum, an expert in email and social media and a SCORE mentor, “At its most basic, each of these social platforms provides an avenue. We call them channels in the trade, but they provide an avenue to a group of people with certain demographics. Pick the ones that best help you connect with the people you're trying to reach.”

**Additional things to know.** Know your competitors, what they do versus what you do. Define the size of your market and specifically the size of your bulls-eye. Know your current market share and establish achievable goals within a finite timeframe.

How does your pricing structure compare with the field? Are your margins stable, increasing or decreasing?

Are there regulations that directly affect your business? Is there anything bad brewing? What keeps you up at night?

Remember, it is better to do one thing well than many things poorly. Focus on your bulls-eye.

CLICK HERE
to return to
Table of Contents

# Chapter 139

# The ‘I’ word and cash flow

**Published: Monday, October 24, 2016**

I refer to inventory as the “I” word. I dare not speak too loud or utter the word at all for fear of having too little or too much of it. I've owned several businesses that depended on having adequate inventory and some that, thankfully, needed none. What I've learned is that the subject becomes less fearful if you understand inventory control and the good and bad aspects of inventory.

CLICK HERE
to return to
Table of Contents

Some of the big issues with inventory include having too much of it, tying up cash, financing, storage, tracking, shrinkage and staleness, to a name a few.

In my podcast series, 'Been There, Done That! with Dennis Zink,' I interviewed Allison Boswell, a retail consultant with Management One, about cash flow and inventory.

**Q:** What’s a common misconception about profit and cash flow related to inventory?

**A:** That they are the same thing.

I see a lot of businesses that show a profit but are strapped for cash.

Typically that profit is tied up in excess inventory. The calculations on your profit and loss do not necessarily reflect your bank balance.

You can also have great cash flow and no profit. It depends on your capital position.

If your profit is tied up in inventory, you need to take a look at the value of that inventory. If it's older merchandise, it's probably not doing you any good. You'd be better off liquidating and taking the cash. Sometimes people stockpile inventory. They say, 'Oh, we use this year-round. We get a price break if we buy a lot ahead of time.'

CLICK HERE
to return to
Table of Contents

This puts pressure on cash flow and it's not really the best use of money.

Purchasing inventory in smaller amounts more frequently is much better for cash flow. It also gives you the opportunity to change your inventory mix as trends change.

**Q:** Are you referring to just-in-time inventory?

**A:** Not necessarily. It depends on the kind of business you have. In retail, clients can spend money for immediate inventory needs within a 30-day window or up to six to nine months out.

The closer to the season you buy your merchandise, generally speaking, the better buy you're going to make.

**Q:** How does inventory turnover affect cash flow?

**A:** It's very important. Some businesses stockpile inventory. The more often you turn your merchandise, the better your cash flow. If you're buying inventory twice a year and turning your merchandise twice a year, that means you've got six months worth of inventory. If you turn your merchandise four times a year, then you only have inventory for three months. In retail businesses, faster turn usually translates into higher sales, because fresher merchandise is more exciting and sells faster. The older the goods are, the less attractive they become.

**Q:** Is there an ideal number of turns or does it depend on the industry?

**CLICK HERE**
**to return to**
**Table of Contents**

**A:** There's a wide range. In some businesses, a two turn is an acceptable ratio. When we plan our clients' businesses, we don't plan it on the store level. We actually plan it on the classification level, so we would plan gifts differently than we would plan shoes or apparel. It really does change dramatically within the industry.

**Q:** What do you think about using credit cards to fund inventory versus using a credit line?

**A:** It's not something we recommend.

The most common reason I hear for doing it is miles. However, when you use credit cards to fund inventory, you lose control over the transaction. The vendor can charge you whenever they want and it limits your ability to cancel goods or turn goods, negotiate markdown money or refuse late deliveries. A line of credit is a much better way of handling inventory purchases. It will also help you establish credit with vendors, which credit cards will not do.

**Q:** Does discounting merchandise hurt cash flow?

**A:** Not really. You should start with a healthy markup to begin with.

**CLICK HERE**
**to return to**
**Table of Contents**

Markdowns or discounts are a normal part of business and can improve your cash flow. Resist holding on to merchandise that isn't saleable anymore. If you have goods sitting for six months and you're hoping somebody's going to want it, chances are they're not. Mark it down and get the cash out of it. Use that money to buy merchandise that is more appealing and will turn faster.

**Q:** What can a business do to improve its cash flow?

**A:** For most businesses, it's controlling their inventory and controlling their buying. When I ask new clients how they decide what to buy, many say, 'I just bought what I bought last year.' How do you know if you bought correctly last year?

What if you want to grow your sales?

You can't do the same thing and expect a different result.

I encourage you to look at your business again by classification; not by SKU, vendor, or department, but really drill down. If you're a clothing store, what's your pant, jacket and dress business? Vendors and SKUs change dramatically from season to season, so there's not much you can learn from that.

Your customer buys by classification based on need, so what you're buying should reflect that need. You might have the appropriate amount of inventory in your store, but if it's not allocated correctly, it's still going to be a problem. Carrying too much inventory is probably the No. 1 reason retail businesses have poor cash flow.

Another way to improve cash flow is to be wary of ordering merchandise you don't need to qualify for price breaks or extended payment terms.

In summary, manage your inventory carefully, and remember that sometimes less is more.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 140

# Social media panel: tips, trends, impact

**Published: Monday, October 31, 2016**

Recently, SCORE hosted a social media panel discussion in conjunction with the Sarasota Library at Jacaranda in Venice and simulcast with Selby Library in downtown Sarasota.

The five panel experts included Ron Belyea, Propel Marketing - Herald-Tribune Media Group; Raj Doraisamy, RD Media; Scott Gonnello, author of 'SEO Mistakes;' Mical Johnson, Omen Interactive; and Barbara Langdon, Momentum Marketing.

CLICK HERE
to return to
Table of Contents

Here are a few of the questions posed to the panel and the members' answers. Moderator Gretchen Miscik, a SCORE mentor, asked the questions.

**Q:** What trends have the largest impact on marketing strategy and tactics for small businesses and why?

**A:** (Ron Belyea) It's the ability to target. The amount of information that we're collecting makes it easier to target your customer.

**A:** (Raj Doraisamy) Mobile. There's just been an explosion in the number of ways people interact with their mobile device. There's also a shift in our culture. We're continuing to become an increasingly more impatient consumer. We want it now. What do you mean I have to wait for 10 seconds? That's unacceptable.

Our demographic is shifting. Age is shifting, behavior of those ages are shifting. These variables are impacting the way people are doing business. I second what Ron mentioned: the ability to get very precise metrics on what people are doing.

**A:** (Scott Gonnello) There's a ton of data out there that you can have at your fingertips. It's all free. You just have to know where to look and how to filter it for your specific industry, product or service. The key is to use that data on a regular basis to help your company grow.

CLICK HERE
to return to
Table of Contents

**A:** (Mical Johnson) The technology and data that's available are great, but if you can't actually do anything with it, then you're stuck in the same situation that you were in before. As the technology advances, there are a lot more enterprise-level applications that you're able to use now at the small-business level. They won’t cost you thousands of dollars a month to use. Constant Contact is one of those type of applications for doing email marketing.

**A:** (Barbara Langdon) Using digital media to effectively tell a company's story creates impact. It also impacts how we design email or use a website.

That, in combination with what I call internet induced ADD (Attention Deficit Disorder), means we've got to have the story in three seconds. That has made a difference in how we tell our story online.

**Q:** If I'm already making a good living and experiencing success using only traditional marketing, do I need to delve into digital marketing?

**A:** (Raj Doraisamy) Look at the behavior of your customers and consumers.

If you see changes in the way they are behaving, then that's what you need to be staying current with (digital marketing). When consumer behavior is changing, you must change as well.

You don't have a choice if you want to stay relevant to your customers and prospects.

CLICK HERE
to return to
Table of Contents

**A:** (Scott Gonnello) If you're doing well doing what you're doing now, that's great. However, you can wake up three weeks from now and that's moved on. By creating a better digital footprint and expanding on the success you're having now, it will be a lot easier than being behind the gun and trying to catch up.

Everything online is relative—everything. How you search, what you search, what you do, where you're searching from, it's all relative. Don't go out and blindly dive into digital marketing because you went to a seminar. Do some searches. See what's out there. See what's popping up with your competition. Is it working well in that sector, or is it working better in another sector? Research before you dive in. You should always be expanding your business; like the internet, it's going to change just about every day.

**A:** (Mical Johnson) The biggest reason I got into digital marketing was because of that old adage that half of your marketing dollars are wasted. The trouble is determining which half and figuring it out. With digital you can track everything. The only problem you have is knowing where to look. With all the tools available now, you can fill in the gaps.

If you've been doing traditional marketing and had some success, then you have a good idea of who your customer is. If you start driving them online, you can track and obtain more information about your perfect customer. Then use that feedback to target them very precisely. It starts with knowing that perfect customer. If you're doing traditional marketing, the next logical step is to get a better understanding of who your ideal customer is. It will probably surprise you.

CLICK HERE
to return to
Table of Contents

**A:** (Barbara Langdon) I have a successful customer in his 60s who is planning on retiring in a year. He knows nothing about and distrusts technology. He shouldn't worry about digital marketing. He should keep doing what he has been doing.

For the rest of us, the reality is that people look online for information on products and services and the people who provide those products and services.

This is happening more and more every day. Like technology or not, it's the reality. We have to grapple with it and figure out how to make it work for us.

**Zink:** Remember, the best place to learn more about digital marketing is Google. It's Ron Belyea's best friend.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 141

# Insulate business, avoid risk exposure

**Published: Monday, November 7, 2016**

There are many ways to help a business remain viable. One of the most important, what I call "business risk insulation," helps deal with uncertainty in business objectives.

Just as electrical wires have a coating of insulation to separate current — positive, negative and ground — companies should practice corporate insulation to mitigate risk in several areas.

CLICK HERE
to return to
Table of Contents

Here are a few ways to do this:

■ Have assets owned by different entities. It has long been suggested that the major airlines compartmentalize their ownership of every airplane as a separate entity either through ownership or lease back. When I bought real estate properties to fix and sell, each property was owned by a separate limited liability company. The main reason for having separate ownership entities is to prevent one problem from bleeding into another entity that is problem-free.

■ Customer depth. Having many small-volume customers is generally better than having only a few larger volume customers. A business with many customers does not have to worry as much about losing one large customer and therefore spreads the risk of one customer discontinuing to do business with your company. A smaller customer switching to a competitor will affect your bottom line much less.

And when you sell your business, it is far more desirable to have a large customer base in which no single customer accounts for more than a fraction of your volume and profits.

■ Succession planning and replacement. Is every key employee in your company backed up with another employee who will seamlessly be able to know what to do should they be called upon to or takeover their position?

CLICK HERE
to return to
Table of Contents

What happens if a key employee left, was fired or for some other reason couldn't do the job anymore? Have you thought this through? Do you have a succession plan in place from the top down, including all significant positions? According to Booz Allen Hamilton, 40 percent of new CEOs fail in the first 18 months.

■ Backups for vendors and suppliers.

What happens if your most important supplier or vendor no longer wants to do business with your company?

Maybe they bought your competitor, went out of business or they are not happy with your low pricing, extended payment terms or complaints. Do you have a backup? It’s a good idea to have a secondary supplier, perhaps one that you use for purchasing some goods and that, more importantly, helps you establish another on-going business relationship.

■ Have more than one bank. I think it’s a great idea to have a super relationship with your bank. Are your loans and credit lines priced favorably for them or for you? I suggest you work with a second lender to keep the first one in check, and let both know you are shopping rates and relationships.

Remember that a banker will often give you his umbrella on a sunny day and take it away as soon as it rains. Having that successful backup relationship enabled my small companies to borrow at prime rate.

**CLICK HERE**
**to return to**
**Table of Contents**

■ Insurance solutions. Transferring risk with insurance to a third party can include many of factors.

Perhaps it’s merely an inexpensive umbrella policy in place, a key-person insurance plan or a buy-sell agreement funded by insurance. Replacing a key employee who has unexpectedly died and having to deal with a partner’s spouse can cause grief, uncertainty and even the forced sale or demise of a business. Business-interruption coverage can help mitigate problems following natural disasters such as fire, flood, a hurricane or an earthquake.

■ Digital and internet risk management. The risk of losing information, being hacked and putting confidential customer information at risk are serious concerns. Regardless of the size of your business, you should have a strategy in place to deal with these risk factors before they occur. Your business should have a strategy for virus protection, regular data backups, a policy for updating secure passwords, designations of security levels and a public relations effort to deal with data theft. It is too late to start thinking about what to do after the fact.

There are many types of risks. Risks can be related to employees, revenue and expenses, quality and scheduling. Obviously, some risks may be controlled better than others.

**CLICK HERE**
**to return to**
**Table of Contents**

Employee-related risks include theft, lack of adequate training, high turnover and poor customer service.

Revenue-related risks include new competition, shrinking market demand, availability of product substitutes, pricing problems and business disruptions.

Expense-related risks include increases in costs, wages and utility rates.

Quality-related risks include poor product quality, poor packaging, recalls and poor customer service.

Schedule-related risks include slow paying customers, late deliveries, lost shipments and equipment breakdowns.

If you don’t have a risk-management plan in place, I suggest you begin to address the issues raised in this column.

**“Just as electrical wires have a coating of insulation to separate current — positive, negative and ground — companies should practice corporate insulation to mitigate risk in several areas.”**

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 142

# Making Facebook engaging is key

**Published: Monday, November 14, 2016**

Five social media platforms are most applicable to small companies: Facebook, LinkedIn, Twitter, Pinterest and Instagram.

I spoke with Barbara Langdon, a SCORE mentor and the president of Market Momentum, about Facebook.

CLICK HERE
to return to
Table of Contents

**Q:** What is the value of social media?

**A:** We want our businesses to be found online. We want to enhance relationships with people we already know and build new relationships.

There are two distinct strategies for online marketing: having someone find your business online (Search Engine Optimization, or SEO) and connecting with your audience.

Websites are central to a company's online strategy because you control that space. You can tell your story just the way you want — in an organized and thorough way. If you want to build a repeat referral engine, then email is the best way to stay connected with existing customers.

It is important to make it easy for the people who love you to refer you, and that's what social media does.

Use these media to build relationships and stay in touch. Depending upon the source, it takes from seven to 12 touches before someone's willing to buy from you. Someone goes to your Facebook page, they see a post, they see a tweet, they get an email — those are all touches that are getting you closer to establishing that buying relationship.

CLICK HERE
to return to
Table of Contents

**Q:** Barbara, why is Facebook important?

**A:** Facebook is everywhere, so my knee-jerk recommendation for most small businesses, but not all, is that you should have a business page on Facebook. One and a half billion people from all over the world have profiles on Facebook. There are over 800 million unique logins a day. If a geek like me goes on Facebook 10 times in one day, that counts as one, so you have exposure to all kinds of people. That's the power of Facebook and why it's the best choice for most small businesses.

The other cool thing about Facebook is, unlike Twitter, you don't have to post that much, maybe three to 10 times a week. What I've been seeing and reading is that less is more. The industry seems to be moving in a direction of slightly fewer higher value posts and content sharing online.

The incredible thing about Facebook and all the social platforms is the analytic information they provide. These powerful platforms tell you everything.

Facebook is visual. Your page should be entertaining and you should keep in mind that when people are on Facebook, they are not there to be sold. They want to socialize, to connect with people, to learn something interesting, maybe even have a laugh.

Therefore, your content needs to be interesting and engaging. We measure success on the social platforms based on engagement. For Facebook, that is likes, comments, and shares. Themother lode is a share.

**Q:** What about using plain text?

CLICK HERE
to return to
Table of Contents

**A:** I suggest that you use great content, videos and text updates. Don't be afraid of plain text if it’s brief and informative. One thing you need to be aware of with Facebook: Just because you posted, doesn't mean everyone who likes your business page is going to see it.

If 100 people like your business page, you'll be lucky if five or six actually get your post delivered to their news feed. Why is that? Because the volume is so incredible, Facebook has developed an algorithm called Edge-Rank. They figured out, of all the people who like your page, what kind of content they like.

They base that on how they engage with your content and other people's content. What kind of things do they comment on? What kinds of things do they share? The age of your posts and how successful you have been in engaging people in the past also goes into that Edge-Rank. Of all your posts, which one stimulated the most engagement and which fell flat?

**Q:** How do you use the analytic information?

**A:** The importance of analytics is that they help us do better as we go into the future. You can see the type of post, video link or photo, and the average reach. The reach is how many people saw that post. It tells us what kinds of posts are doing well. It gives us a thumbnail of the actual post, what type it was, and what the engagement was. You can quickly know, “Wow, that was a standout post.”

CLICK HERE
to return to
Table of Contents

Facebook will tell you the gender, age group, geographical location and what day of the week and time of the day they are online. Go into your analytics, find out when your audience is on Facebook and that's when you post.

Things happen quickly on social media. If you post something and 50 people post after you, your post will be pushed way, way down and the person you want to see it might not get that far.

Find out what content is the most popular with your audience, and use that information to guide your content strategy in the future. For efficiency, use Facebook scheduling tools to schedule your posts. A week in advance seems to be the sweet spot.

We will explore other social media platforms in future columns.

# Chapter 143

# Dipping a toe into the ‘Shark Tank’

**Published: Monday, November 21, 2016**

So, you want to be on “Shark Tank”?

The popular series shown Friday evenings on ABC is must see TV for entrepreneurs to watch, learn from and emulate if you are planning to seek investment capital for your new or established business.

**CLICK HERE to return to Table of Contents**

As the show begins, impressive wooden double doors open and entrepreneurs walk down a long corridor flanked by sharks in large aquariums. The company owners begin their sales pitches in front of five or six entrepreneurs, called Sharks. These successful business people (typically three to four men and one to two women) are waiting to be convinced to invest in one or more of the pitched businesses.

The Sharks are millionaires and billionaires who have made their fortunes in a variety of businesses. They are flush with cash and, hopefully, the knowledge it takes to succeed in entrepreneurial enterprises. Many of their investments and the entrepreneurial owners who pitched them succeed wildly. Others fail miserably.

If you are on the show but can’t strike a deal with the Sharks, don’t fret. It may not be the worst thing that could happen to you. You and your product/ company have just been exposed to a very large national audience. You can’t buy that kind of exposure.

So how can you get on “Shark Tank”?

First, take a look at the screening questions potential contestants are asked to answer and to include with a submission video.

**CLICK HERE to return to Table of Contents**

1. What’s your name, where are you from and what do you do for a living?

2. What is your business/product? Start by saying, “My business is...” and then clearly describe exactly what your business or product does. (This is most important.)

3. How much money do you need from investors and what percentage of your company/idea/product are you willing to give up? Be specific. Simply say “I’m seeking $_____ in exchange for _____%.” Please make sure what you say on the submission video matches what you write on your application. Note: You may later change your requested ask (amount of money) if you appear on the program.

4. How will the money be used? Be specific: If this is for seed funding or a Series-A Round, make sure you say that.

5. Please describe your product/business as follows: (This is very important)

    a. What is so interesting or unique about your product/business? What is your hook? Your hook is key to a compelling pitch, so explain this with lots of energy!

    b. Is it fully patented or is a patent pending?

    c. How far along is the development of your business/product? Is it just an idea, a working prototype/business plan or is it an existing product or business that is currently on the market? Are you satisfied with your development so far? How far along could you be with the necessary money?

    d. Is your product or business currently making money? If so, how much revenue has the product or business generated?

    e. How or why does it work? (Do a demonstration if you can.) f. How is your product or business different from similar ideas? What makes yours unique or better?

    f. How did you come up with the idea? Explain your A-HA moment and share your story. You're the person behind the business, so celebrate yourself.

6. How much have you invested in your business/product? What would happen if you could not get your business off the ground?

7. When did you start inventing or become an aspiring entrepreneur? What influenced this decision?

8. What does your business/product mean to you?

9. What is your ultimate goal for your business/product?

10. Tell us something interesting about yourself.

11. What has been your biggest challenge so far?

12. What do your family and/or friends think of your business/product?

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

**Some 'Shark Tank' tips**

Do not include marketing/advertising in the amount of money you're asking for unless you have a specific plan in mind.

Show your personality.

Have "infomercial" energy and please stand up. Do not sit down while taping — it brings your energy down.

Feel free to brag about any accolades you've received.

No background music.

The video shouldn't be longer than 10 minutes.

**If selected**

In my opinion, if you are fortunate enough to be selected for the show, it is imperative that you know your numbers backward and forward. Know your costs, break-even, profit margins and be able to answer the questions that the Sharks pose to you: Examples include:

What are your current sales?

CLICK HERE
to return to
Table of Contents

Who are you selling to?

Are there any Internet sales?

How long have you been in business?

What does it cost you to make the product (or provide theservice)?

How much are you selling the product for?

What are your margins?

Are you profitable?

How much have you invested?

Are there other investors and how much did they pay for what percent of the business?

Sometimes the business owners argue with the Sharks; this is not a good strategy. Sometimes they perspire profusely under the studio lights, also not cool. Often there are tears; this 'strategy' surprisingly seems to work with a compelling hard-luck story and a borderline product.

CLICK HERE
to return to
Table of Contents

If you are camera-shy and can't imagine yourself on "Shark Tank," the questions the program asks its applicants still are questions every entrepreneur should answer as they move forward with their business plan.

Just make sure that if you do cut a deal with the Sharks, you choose the right Shark for your business and your personality. Make a fair deal, and don't get Shark-bit.

**Shark Tank information:** To apply, go to http://abc.go.com/shows/shark-tank/send-an-email. Videos and other information are sent to Shark Tank Casting, Attn: Thomas Reed, 10202 W. Washington Blvd., Poitier No. 1111, Culver City, CA 90232

# Chapter 144

# Success formulas for your business

**Published: Monday, November 28, 2016**

"People who succeed in any situation have a pattern of what they do to succeed. It doesn't matter if that success is in business or in a relationship — it doesn't matter what the context or environment is.

"The fundamental lessons or laws of succeeding are very basic, and we call it the Ultimate Success Formula." – Tony Robbins. Business success is largely determined by having and using various success formulas.

**CLICK HERE**
**to return to**
**Table of Contents**

Franchising provides a great example of a success formula because most franchises have and use tried-and-true processes often developed by the original franchisor company.

Replication of this process represents a large part of what a franchisee is purchasing when buying one or more franchise units. These formulas are often referred to as "the system."

Think of McDonald's. There is a consistency in the product, the service, the pricing, the advertising, the value meals, etc. Franchisees go to McDonald's Hamburger University to learn these cookie-cutter systems.

The franchisor wants the franchisee to succeed. If they didn't succeed at a great rate, it would be difficult to sell more units to investor-operators. It is widely known that Burger King, Wendy's and other fast-food restaurants are located near a McDonald's.

How can a business owner leverage a non-franchised business's success formulas and succeed at a high rate?

**CLICK HERE**
**to return to**
**Table of Contents**

They can either reinvent the wheel or hire consultants and mentors who have been there, done that.

If they have experience in the "space" then they should have a good idea of how the business works. But flipping burgers doesn't mean they can successfully operate a restaurant.

One of my favorite principles is to count everything that is countable in a business and then decide what metrics are worth tracking as your key performance indicators (KPI's). You will see patterns and develop baselines that you can strive to improve upon. Virtually every segment of your business can be represented in formulas of tracking numbers, ratios and percentages.

If you want a third party to offer objective feedback, hire a consultant or a SCORE mentor. A good consultant should be able to provide formulas to track your numbers and offer ways to improve your business.

Understand what it costs to bring in a new customer; compute a breakeven figure; determine revenue per employee, cost per unit sold, overhead per square foot and countless other measurable business metrics. Some track able information may prove to be 100 percent accurate but nevertheless useless. Stop counting these and make priorities of the metrics that are most important for your business. Other principles:

■ Business is business. The reason that a generalist such as I am can successfully consult with all types of businesses is because, in the end, business is business. It is simply a matter of understanding your product or service and your market and determining the important formulas to track. Then, develop a strategy to improve your business in every area.

**CLICK HERE**
**to return to**
**Table of Contents**

■ Work on your business. When you take a step back and analyze what you are doing, wonderful things often happen. Assess where you are now and where you want to be in X months or years. Your strategy should take you from now to then. A linear path is almost always better than a curving path. Sometimes you have to veer around unforeseen obstacles. If it was easy, everyone would do it.

■ Benchmarking. So how do you know if you don't know? You can look at what other businesses like yours are doing.

What are the ratios for product costs, revenue, overhead, employees, etc.? This information is readily available from several sources. You can ask a non-competitor with a similar business in a different market, but that represents only one data point. You can look to your industry for pertinent association information or you can ask your banker to reference RMA (formerly Robert Morris Associates) ratio data to use as a multi-data point baseline.

Compare what you are doing well and not so well. Work on improving in all of the areas in which your business is operating below the baseline.

**CLICK HERE**
**to return to**
**Table of Contents**

In summary, count everything countable, prioritize and track your KPI's, compare with other similar businesses, improve below-par benchmark items, develop a plan by stepping back and working on your business. Or call a consultant or a mentor to help. If that doesn't appeal to you, you can buy a franchise and follow their formula for success.

# Chapter 145

# Use small business credit to fuel your growth

**Published: Monday, December 5, 2016**

Obtaining a small business loan or establishing a credit line is not always easy these days.

In my podcast series — "Been There, Done That, with Dennis Zink"—I interviewed Ty Kiisel with OnDeck.

CLICK HERE
to return to
Table of Contents

OnDeck is an online lender providing business loans to small businesses that have been in business for at least one year. They have loaned over $5 billion dollars since 2007. Our interview discusses some challenges that an owner might confront when trying to use debt financing as an option to grow their business.

Zink: Ty, what is the greatest misconception that most small business owners have regarding business credit? Kiisel: The greatest misconception owners have about business credit is that it actually exists. They are surprised to learn that their business has a business credit profile.

Zink: What do lenders want to see in terms of credit scores?

Kiisel: A traditional bank, for example, wants to see a credit score of 700-ish. However, in some instances, they may drop to 680. If your credit score is below 680, you probably won't find success at a bank. The SBA (U.S. Small Business Administration), however, has a different threshold.

If you've got a credit score of 650 or better, you'd probably have success at the SBA. With a credit score below 650, you probably will not find success with the SBA.

CLICK HERE
to return to
Table of Contents

Online lenders like OnDeck will work with a borrower who has a slightly lower credit score than that, provided they have a healthy business and can demonstrate that their business is able to repay the loan. Some lenders go as low as a credit score of 500, depending upon the circumstances.

Realistically, if you're a borrower with a credit score of 600, you will likely pay more in interest than you would if you had a credit score of 700.

You can't go to the Bank and get a low-interest loan from the SBA or from the bank. Depending upon your credit worthiness, the interest you pay is likely going to be greater.

Zink: In recent years, lenders have been conservative regarding opening the purse-strings to small business loans. Do you think the environment is changing?

Kiisel: From traditional sources, I don’t think it has rebounded. However, I think that online lenders and others have made it possible for small business owners to access capital to fuel growth and build healthy businesses.

It’s a good time for small business owners right now.

Zink: Is it a good idea to establish a line of credit while you can?

Kiisel: If you never access borrowed funds and a situation comes up where this is necessary, you have absolutely no credit profile for a lender to evaluate. Let’s say you’ve been in business for seven years. You have an opportunity to expand to a new location, but you need a million dollars to do it. If you’ve never borrowed, there’s no way for a lender to evaluate whether-ornot they’re going to loan to you. They pull up your credit profile and see no history. Lenders are looking at your past performance to make a judgment about what you’ll do in the future.

CLICK HERE
to return to
Table of Contents

I’m not advocating that you should just borrow to borrow. However, I think it makes sense to get a line of credit, use it and pay it back. Lenders want to see that you’re able to use credit appropriately and repay in a timely fashion.

Zink: What about vendor relationships?

Kiisel: You can build a credit profile with your vendors. Most vendors and suppliers offer credit to their best customers. Using 30 or 60-day terms paid in a timely fashion helps build your credit, provided that supplier or vendor reports to the credit bureaus.

Zink: There are times when a lack of capital is the biggest constraint to growth.

Kiisel: You need to understand your credit situation and how easily it's going to be for you to access capital.

Results of a recent survey indicate if you pay attention to your credit profile, the odds of getting a loan are exponentially better. Human nature dictates that we improve what we pay attention to. It's relatively straightforward to improve your business credit profile.

CLICK HERE
to return to
Table of Contents

Just like your credit score, paying your bills on time is probably the single biggest impact to whether your score is going up or down.

Zink: What credit advice can you give to a new business?

Kiisel: Build a business credit profile.

Take advantage of suppliers who give you terms. Go to Home Depot or Staples and establish a business credit account.

Purchase your supplies and make timely payments. When you need capital to fuel growth in your business, you'll have a better chance of getting it because you have established a track record.

Zink: Is there ever an instance where the business owner won’t have to personally guarantee a loan?

Kiisel: No.

Zink: What is OnDeck’s response time for a loan approval?

Kiisel: You can get an approval within an hour or so, and sometimes as quickly as a few minutes. You can have money in your bank account within a couple of days, often as soon as 24 hours. Getting an answer in an hour or two may sound insanely fast, but we use technology to help make those decisions, so it's definitely possible.

To sum it up, borrowing can be expensive, but not borrowing can stunt your company’s growth. The key is to prepare ahead of time by developing and maintaining a strong credit profile. As you grow your business, determine how much money you need-and why.

More important, make sure you will be able to pay it back.

**CLICK HERE**
**to return to**
**Table of Contents**

**CLICK HERE**
**to return to**
**Table of Contents**

# Chapter 146

# Being a leader requires good EQ

**Published: Monday, December 12, 2016**

Have you ever wondered why the smartest people are not necessarily the leaders, the richest people, or the most successful in business? A lot has to do with how well they "read the room" and understand the emotions of others.

As a leader, my employees told me they would follow me because I cared about them, their successes and their personal lives and that I motivated them to stretch and accomplish great things. And in my experience, emotional intelligence, as sometimes expressed as Emotional Quotient (EQ) as opposed to Intelligence Quotient (IQ) should be the first thing an employer considers when making a hire.

**CLICK HERE**
**to return to**
**Table of Contents**

EQ differentiates good managers from great managers. It separates complacent teams from engaged teams. Soft skills are needed to succeed. After all, business is transacted among people with different personalities, and IQ does not measure personality. In fact, weakness in EQ is a reliable predictor of leadership failure.

To learn more about this topic, I took the Harrison Assessment test for Emotional Intelligence, which measures: Step 1 - Knowing oneself (I scored 94 percent); Step 2 - Self-motivation and self-management (95 percent); Step 3 - Social awareness and service orientation (92 percent); Step 4 Relationship leadership (88 percent). My Emotional Intelligence overview was 92 percent.

Emotional Intelligence is a well-researched and underestimated determinant of success, according to The Emotional Intelligence Training Co. Inc. website.

I reached out via helpareporter.com to those in the know about the importance of Emotional Intelligence and its impact on leadership.

**CLICK HERE**
**to return to**
**Table of Contents**

According to Jim Povec, CEO of Povec Leadership, "When we talk about leadership at very high levels, IQ is assumed. You have to have it. Knowing yourself (self-awareness) is the first step on the journey of developing emotional intelligence. Managing that deep look at who you are (self-awareness management) allows you to control your emotions rather than letting your emotions control you.

"People are attracted to those who are comfortable in their own skin — a quality that is attained by mastering the first two levels of self-awareness and self-awareness management. The third level is the process of developing important friendships and relationships (social awareness). Those with whom you develop friendships and business relationships become the people who trust you and follow you as you take the flag up the hill (relationship management). C-Suite success depends 20 percent on IQ and 80 percent on EQ."

Harvard-educated psychologist Daniel Goleman defines EQ as, "The ability to recognize one's own and other people's emotions, to discriminate between different feelings and label them appropriately, and to use emotional information to guide thinking and behavior. Executives with high empathy are better able to keep employees engaged, and employees with empathy provide customers with the best experience."

An EQ guru, Goleman wrote the book "Emotional Intelligence: Why it Can Matter More than IQ."

"In a company comprised of individuals with comparable IQs, Goleman predicts that the most outstanding leaders will be the individuals with the highest EQs," said Jessica Cuesta, a project manager at Genentech.

CLICK HERE
to return to
Table of Contents

According to Becky Walker, president of Beyond Adoptions Inc., "Intelligence Quotient is the fixed or finite capacity of a human being to learn. Emotional Intelligence starts at zero and increases throughout a person's life; a process known as gaining emotional maturity.

'Leadership actions and strategies can be learned by someone who has sufficient IQ capacity,' Walter said. 'However, leadership is primarily dependent on interactions with other people, whether positive or negative, direct or indirect.

Leadership is relational and is influenced more by EQ than by an IQ."

"IQ will help get you through school. EQ will help you get through life," says Evan Thompson, a business and relationship development coach specializing in EQ development.

"Employees, shareholders and customers expect a business leader to demonstrate sound judgment and communication skills that bring people together,' Thompson says. 'The successful leader communicates their audience's feelings. They channel their emotions appropriately while correctly anticipating people's responses in varying situations.

CLICK HERE
to return to
Table of Contents

This earns them trust, which is essential to successful leadership."

Robert Johnson, president and CEO of The American College of Financial Services, cautioned, however, that "many individuals are thrust into leadership roles because of IQ and subject matter expertise. However, their success in leadership roles is determined more by how they treat and motivate people than technical expertise. Some of the most intelligent people I have known had their careers limited because they lacked EQ and relied solely on their subject matter expertise."

According to Lara White, principal of Lara White Marketing Group, "Charisma, relationship building, emotional regulation, empathy and persuasion are all built on EQ. Great leaders inspire people with passion and confidence. They persuade people by understanding emotions."

“High EQ gives you likeability, which is very important in business,” says Brad Hines, a startup adviser and digital marketing strategist. Caroline Stokes, an EQ2.0 certified assessor who founded the Forward Co., an executive search and coaching firm, uses EQ in the all-important transition stage — the first 100 days of a new job.

“Everyone we place goes through emotional intelligence development to ensure they can be their best — not just their ’technical best.' People with high IQ’s welcome EQ development to aid in their success. Understanding EQ enables you to understand yourself and how you typically approach challenges and conflict when things are going well and when they’re not. Growth comes from awareness of your EQ.”

Yvonne Thomas, a Los Angeles-based psychologist whose specialties include career-building and work relationships, notes that, “I have worked with my clients to increase their EQ by improving their skills in communication, listening, rapport and collaboration. In turn, their direct reports are responding with more cooperation, enthusiasm and confidence. Typically, the best business leaders has both the EQ and the IQ to get the best results from his or her people.

CLICK HERE
to return to
Table of Contents

They feel appreciated and valued by their boss.”

Psychologist Gretchen Kubacky adds, “EQ allows a person to successfully identify the emotional triggers that drive both good and bad business decisions, develop complex social networks, and leverage popularity to get things done more easily.

People with high EQ are simply more likable and in business, likability gets you far. No one likes a smart person who lacks interpersonal skills. They’d rather have lower quality intelligence and a more pleasant experience.”

It is encouraging to note that EQ skills can always improve, whereas IQ never changes. Nobody cares how much you know until they know how much you care, about them.

**Recommended:** Recent Sarasota transplant Cynthia Howard, a registered nurse with a doctorate who is CEO of Vibrant Radiant Health, published 'Everyday EQ, Say This, Not That, A Guide For Better Relationships. Better Results.' This is a quick read and serves as a guide to increase your awareness of your daily interactions.

CLICK HERE
to return to
Table of Contents

# Chapter 147

# Knowing customers' needs even if they don't

**Published: Monday, December 19, 2016**

Do you or your customers know why they want what they want? If I wanted a car only for transportation, I might simply buy a Smart Car. A car is a functional tool to get you from point A to point B, isn't it? No, it isn't!

I'll bet you want a safe and reliable car, one that gets good gas mileage, is relatively new, will have a high resale value, is comfortable, can hold groceries and maybe golf clubs, it's gotta look good, be fire-engine red and, of course, be a Lexus.

**CLICK HERE**
**to return to**
**Table of Contents**

Tony Ulwick pioneered an innovation process in 1999 and introduced Clayton Christensen, the Kim B. Clark professor of business administration at Harvard Business School, to the idea that "people have underlying needs or processes in their lives that they are addressing in some way right now" — an insight that was to become known as the Jobs-to-be-Done Theory.

As Christensen wrote in the Harvard Business Review, the JTBD Theory states: "The consumer has a job to be done and is seeking to 'hire' the best product or service to do it. If the product or service does the job well, we'll hire it again. If it does a crummy job, we fire it and look for something else to solve the problem."

The word "best" needs a closer look. Best takes into consideration aspects both functional and emotional, such as feelings and perception by you and by others. Which of the benefits mentioned in the car example are functional and which are emotional?

Functional: The automobile gets you from point A to point B, it's safe and reliable; it gets good gas mileage, has high resale value, is comfortable, fuel-efficient and can hold groceries and maybe golf clubs.

**CLICK HERE**
**to return to**
**Table of Contents**

Emotional: The car is relatively new, and it's an attractive, fireengine- red Lexus.

In this case, there are two JTBD. The primary job or task is functional — transportation — and the secondary job is emotional and/or provides social satisfaction.

A 2007 Sloan Management Review article stated, "Most companies segment their markets by customer demographics or product characteristics and differentiate their offerings by adding features and functions. But the consumer has a different view of the marketplace. He simply has a job to be done and is seeking to 'hire' the best product or service to do it."

Why does the customer buy or 'hire' a product or service to do a job?

As Harvard marketing professor Theodore Levitt put it: “People don’t want a quarter inch drill, they want a quarter inch hole.”

“If you understand the jobs your customers want,” Levitt said, “you gain new market insights and create viable growth strategies. Sometimes, a good solution for a JTBD does not exist; when this is the case, you have a great opportunity to innovate.”

**About innovation**

Christensen’s Harvard Business Review article cites a McKinsey poll: 84 percent of global executives reported that innovation was extremely important to their growth strategies but a staggering 94 percent were dissatisfied with their organizations’ innovation performance.

CLICK HERE
to return to
Table of Contents

An article on the New Market Advisors website points out that, “The fundamental problem is, most of the masses of customer data companies create is structured to show correlations: This customer looks like that one, or 68 percent of customers say they prefer version A to version B. While it’s exciting to find patterns in the numbers, they don’t mean that one thing actually caused another. And though it’s no surprise that correlation isn’t causality, we suspect that most managers have grown comfortable basing decisions on correlations.”

So, the question is, are we focusing on the wrong things? The wrong data? According to JTBD theory, focusing on knowing more about customers takes you in the wrong direction. Jobs aren’t only about function. As stated above, they also have significant social and emotional dimensions.

The New Market Advisors article goes on. “If we live in an age of unlimited data, why do more than 50 percent of new products fail to meet expectations?” As Henry Ford reportedly said, “If I’d asked people what they wanted, they would have said faster horses.” The truth is that we need to go beyond what customers say they want and understand why they have the wants that they do.

In another Harvard Business Review article entitled, “The Customer-Centered Innovation Map,” Ulwick introduces a jobs-to-be-done framework that turns the fundamentals of jobs-to-be-done thinking into an innovation practice. This framework enables companies to deconstruct a job that customers are trying to get done into specific process steps. The steps provide a structure that makes it possible to capture the customer’s needs and to systematically identify opportunities for growth. Isolate job tasks and look for ways to make steps easier, faster or unnecessary. At the same time discover innovative opportunities.

CLICK HERE
to return to
Table of Contents

The New Market Advisors article suggests, “When companies understand that customers hire products, services, software and ideas to get jobs done, they can dissect those jobs to discover the innovation opportunities that are the key to growth. JTBD research can lead to better design of products, services and business models.

# Chapter 148

# Where is business in its life cycle?

**Published: Monday, December 26, 2016**

If you're in business, at what stage in its life cycle is your company? When might your business become obsolete, be outrun by its competition or run out of money?

Maybe pivoting or reinventing your business to stay viable is the right call. How will you know? Companies don't come with expiration dates.

**CLICK HERE**
**to return to**
**Table of Contents**

I encourage you to assess where your business stands.

Ichak Adizes, founder of the Adizes Institute consultancy and a leading expert in transformational management, created a simple, 10-stage, corporate life-cycle model. This model shows how a business proceeds from one stage through the next, from beginning to end. It provides a fundamental basis for understanding organizational change and principles such as reinvention, domination and acquisition.

According to Adizes, "Organizations are born and grow, and, unless management knows what to do, they age and die." He goes on to explain that there will always be change and the faster the rate of change, as manifested in problems, the faster that disintegration will occur.

Leadership's challenge is to change continuously and reintegrate into the organization any new problems so the new problems can be solved. Preventing change is corporate suicide, and inaction does not prevent system failure. To remain healthy, proactively change what needs to be changed.

Change causes conflict that must be converted from destructive to constructive results. Preventing change is corporate suicide, and inaction does not prevent system failure. To remain healthy, proactively change what needs to be changed. Change causes conflict that must be converted from destructive to constructive results.

**CLICK HERE**
**to return to**
**Table of Contents**

Adizes' "Managing Corporate Lifecycles," an update and expansion on his earlier book, "Corporate Lifecycles -How and Why Corporations Grow and Die and What to Do About It?" is regarded as a classic in management theory.

According to Adizes, the corporate life cycle has 10 stages:

1. Courtship is the first stage of an organization's development. It is the unborn dream of the founder's vision. The founder must believe that the idea will succeed and be committed to doing whatever it takes to make it so. Courtship can turn into an "affair" in which the founder's commitment dissipates at the first sign of difficulty.

2. Infancy occurs after the launch when business activity begins. Founders do most of the work themselves and there is little delegation. An administrative function is scarce and the focus is on producing results (sales). Cash flow is negative. Market validation of the product or service is critical. Effective leadership style must be a benevolent dictatorship.

3. Go-go is the energetic early growth stage and is often chaotic, with rapid sales growth and strong cash flow. Confidence turns to arrogance and, when taken to extremes, can lead to trouble. There is a tendency to diversify and make bad decisions at this point. Workloads become overwhelming and accounting controls usually lag.

The Founders Trap occurs when the company is unable to escape its dependency on the founder. This happens when the founder is unwilling or unable to delegate and decentralize control or when it is difficult to replace the founder's unique skills. Strategy and flexibility are keys to success. Continuous restructuring is needed.

CLICK HERE
to return to
Table of Contents

4. Adolescence is the stage where you are still developing but you are more established. This is a difficult time with much internal conflict. Authority should be decentralized and leadership must move from entrepreneur to professional management. When the company creates the infrastructure it requires for growth and is no longer dependent on the founder, it enters the next phase.

5. Prime is when your company is at its best: efficient, competitive and profitable. The organization achieves a balance between control and flexibility. The company is focused and goals are achieved. Change is embraced. Sales and profits are healthy and people enjoy working for the company. Prime is a temporary condition and the goal is to stay there as long as possible. The attitude that everything is fine, why change, and thus become complacent is the first step toward decline.

6. The Fall phase is when companies have begun to lose their vitality and are aging. Companies in this phase tend to be cash-rich More time is spent in the office than in the marketplace. Marketing, sales and production take a back seat to finance, accounting, human resources and legal matters. The entrepreneurial spirit is dwindling.

CLICK HERE
to return to
Table of Contents

7. Aristocracy is the stage in which your company is cash-rich and has reduced growth expectations. The focus is on the past rather than on the future. The business climate is stale. Executives have become suspicious of change. More is invested in controls than research and development. This is typically the time when the company may acquire others or become a takeover target.

8. The Recrimination stage focuses on who caused the problems rather than what to do to fix them. Backstabbing and interpersonal problems take center stage and turf wars sap the energy needed to focus on customer needs. Price increases have stopped working as a substitute for providing real new value.

9. The Bureaucracy phase has many systems and rules and operates on ritual. Very little is accomplished. Leaders feel they have little control. One department rejects what another one

requests. Customers are frustrated and lost. At this stage, an exit or divestiture may be appropriate.

10. Death occurs when no one remains committed to sustaining the organization. Death results in closure, bankruptcy or selling off assets or the customer base.

At adizes.com (lifecycle.adizes.com), in 10 minutes you can learn where your company is in its life cycle and decide what you can do to improve its longevity, although the Adizes Institute says the model may not apply to all business types.

**CLICK HERE**
**to return to**
**Table of Contents**

**CLICK HERE**
**to return to**
**Table of Contents**

# Chapter 149

# Ten resolutions for your business

**Published: Monday, January 2, 2017**

Chances are good that you made some personal resolutions for the New Year. Perhaps you vowed to eat healthy, lose some weight, join a gym and actually go there two to three times a week. Or you may be determined to check some items off your bucket list.

Your business may need some attention and a few New Year's resolutions, too.

**CLICK HERE**
**to return to**
**Table of Contents**

Business issues may be a factor and perhaps one of the reasons you need to pay attention to the personal items. Here are 10 suggestions for you to consider for your 2017 business resolutions.

**1. Shore up your cash position** — This may or may not be an issue for you.

If your cash isn't flowing as well as you would like, you may want to take a look at improving this critical area.

Can you accelerate your receivables?

Perhaps you can offer your customers discounts for prompt payment. Will your vendors give you more favorable terms? Some other suggestions listed below may trigger thoughts and/or strategies that you can implement to improve your cash position. If you struggle with cash flow, this should be your most important focus.

**2. Remove deadwood** — Do you have someone in your employ who really needs to go? Terminating someone around the holidays is never enjoyable. January is typically the month for helping an employee make this difficult decision. If an employee isn't cutting it, you would be wise to help them move on to greener pastures.

**CLICK HERE**
**to return to**
**Table of Contents**

The sooner the better for you, them and your other employees.

**3. Create or update your strategic plan**

— Is your business taking you where you want? Gather a team and discuss strategic initiatives. Ask three questions. What could you be doing that you have not done this past year? List everything. Then narrow your choices by asking the second qualifying question: What should you be doing in 2017? Now, narrow your choices further by asking: What will you do this year? Then concentrate on doing these items this year. If you already have a strategic plan in place, congratulations, but you need to review and update it now.

**4. Delegate** — Are you delegating routine tasks to your employees? List all of those things that you currently do yourself but that could be handled by others.

**5. To Don't List** — Create a TDL of all those things you should not be doing.

Post it conspicuously on your wall above your computer. Read this list daily until you have internalized not doing these tasks any longer. You may need to delegate these important tasks as indicated above.

**6. Work on your business more and work in your business less** — Now that you are delegating more tasks to subordinates, spend time thinking about what you can do to improve your business in key areas. Start with the highest dollar items first to reap a larger reward. If you use QuickBooks, you may want to sort your expense items by dollar volume to order this impact list.

**CLICK HERE**
**to return to**
**Table of Contents**

**7. Learn how to know what you don't know**

— Listen to my 30-minute podcast called "Been There, Done That! with Dennis Zink" on iTunes. Podcast selection No. 14 is about how to know what you don't know.

**8. Ensure that your social media is mobile friendly** — Make sure that your social media is mobile friendly by entering your URL at this site. This is a FREE test and only takes a few minutes. You will receive a list of what issues you need to fix.

**9. Implement new sales strategies** — as outlined in my May 23, 2016, column, "Eight Sales Strategies for Success."

Look at market penetration, market development, customer retention, new product introduction, brand switching, increases in consumption, win-back strategy and customer dumping.

**10. Create a Business Model Canvas** using the free Canvanizer.com tool. Chances are that you do not have a written business plan and you certainly are not going to create a 40-page plan because of my column. However, I strongly suggest that learn about the "Business Model Canvas" and view the two-minute YouTube video. Then create a one-page plan using the free Canvanizer tool. This entire process should take you one to two hours. You will thank me.

**CLICK HERE**
**to return to**
**Table of Contents**

I thank you for being a loyal reader of the Business Weekly and the Business SCORE Card column. SCORE One Minute Business Tips will begin to air on SNN News this month. You may also benefit from my podcast series, "Been There, Done That! with Dennis Zink" on iTunes.

I congratulate you for making these wise business decisions and wish you success for 2017.

# Chapter 150

# ‘Sickly competitive’? That’s what it takes

**Published: Monday, January 9, 2017**

Do you have entrepreneurial traits of competitiveness and confidence?

I love INC. magazine, and so should you. It’s a great read for those who have an entrepreneurial spirit and/ or an interest in succeeding in a small business.

INC.'s November 2016 cover story featured Barbara Corcoran, the former owner of New York City’s biggest residential real estate brokerage company, the Corcoran Group. Corcoran sold the firm for $66 million in 2001. More recently, she has appeared for seven years as an 'investor' participant on ABC’s 'Shark Tank' series.

CLICK HERE
to return to
Table of Contents

Barbara has invested in 27 Shark Tank companies in seven years; some have been successful, others have not.

Interestingly, she had framed photos of the principals from each company on her wall. She turns those who she concedes are not going to build a big business upside down and removes the failures.

“The worst partners I have had hung on my every word,” she told INC. “Many of these entrepreneurs took a hit and were unable to move forward. They felt sorry for themselves.”

Those company founders remaining upright have many things in common, Corcoran explained in her INC. interview. “They’re sickly competitive. The more sickly competitive someone is without reason, like me, the better.”

She realizes that such a personality trait is “harmful in almost every situation, but it makes you a great entrepreneur.” She goes on to explain that, “Even if you’re aiming at the wrong stuff, you’re running hard. So you run hard at everything. Some of it hits and some of it doesn’t.”

CLICK HERE
to return to
Table of Contents

The second point Corcoran makes is, “The entrepreneur has total confidence they’re going to succeed. They sometimes don’t know how but they know that they are going to.”

Below, I reflect on my experience within these two areas—competitive spirit and total confidence.

### Competitive spirit

If you ask those who know me well, they will tell you that I am a fierce competitor in all that I do. When I play schoolyard basketball or tennis, I am the guy who strategizes about how to beat the other team. I analyze our strengths and the other team's weaknesses and play each point like it was life or death. I give my all and it generally serves me well.

My attitude is, whatever you do, do it well, be the best, but only as long as it generates an adequate return for your effort. Sometimes, that return is the satisfaction of winning and nothing more. In business, it's generally about the return realized for my time invested.

My goal is to increase my return by spending less time on a project yet reaping larger rewards. This is where efficiency comes into play. As long as I was doing the right things first, then I was being effective. When I worked to improve those things, I concentrated on being efficient, thus doing things better, in less time, at less cost and with better results.

The payoff is typically greater profits and therefore greater satisfaction.

CLICK HERE
to return to
Table of Contents

**Total confidence**

I remember starting my first business with minimal savings and a Visa credit card. I had a written business plan and perhaps that was my saving grace. I knew that, no matter what, I would be successful. Out of necessity, I convinced everyone, including employees and vendors, to work with me.

When faced with an obstacle, my response was to go around it, go over it, or go through it. My confidence was sincere, and I had no doubt that I was in the process of becoming successful. It was only a matter of time and performance.

Although I thought about every detail, there were always curve balls or contingencies that I didn't count on. No problem, just recalibrate or pivot.

How do you fare in these two areas?

I think Corcoran is right about her assessment of these two important and dynamic entrepreneurial traits. I don't think you can learn to have a competitive nature. You either do or you don't. How important is winning to you?

CLICK HERE
to return to
Table of Contents

Confidence, however, is something that relates to what you are doing and your knowledge in that area. Confidence grows and flourishes from understanding what you are going to do and how you are going to go about doing it.

A business plan helps to build confidence because it forces you to think things through. In the early stages of a business, I suggest learning about and following the Business Model Canvas, as I have mentioned often in this column. It's a tool that was designed to create a new business or help one pivot in a new direction.

Another way to build confidence is to hire the talent you need to fill the gaps; people who know how to do what you need done.

If you find yourself on 'Shark Tank,' stress your competitive nature and the confidence you have in yourself, your team and your product.

Barbara Corcoran just may end up investing in your deal. Your photo may end up in a frame in her office, hanging upright.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 151

# Are you prepared to negotiate a deal?

**Published: Monday, January 16, 2017**

What is a negotiation? A negotiation is a discussion between two or more people aimed at reaching an agreement.

Some people hate to negotiate and may suffer by paying more than necessary. When negotiating, be sure to pay attention to these 12 points:

CLICK HERE
to return to
Table of Contents

**Binding authority** — Does the negotiating participant have the authority to enter into and bind an agreement that is reached? If the answer is no, then you are wasting your time.

**Do you have a target? —** What type of deal are you hoping to get? Have you determined a threshold that will make you walk away if that goal is not reached? Do not disclose your best offer to the other side. Be sure that all offers are in writing.

**Research —** Knowledge is power, so understand what the key issues are likely to be. Learn as much as possible about the other side and what is important to them. As part of your research, prioritize what is most important to you. Determine what you are willing to accept and what won't fly. Are there trade-offs that you can work with? It is important to approach the negotiation with reliable information.

**Who goes first? —** Making the first offer sets the stage and anchors the deal.

Anchoring is a psychological concept that sets the spectrum of the negotiations from high to low. If someone told you they would pay between 100 and 125, then you are thinking 125 and they are thinking 100. Whatever you do, don't bid against yourself. If you make an offer, wait for a counter-offer before you say anything additional.

CLICK HERE
to return to
Table of Contents

Often, first offers are not aggressive enough, so be realistic but not ridiculous. Don't accept the first offer without a counter. Ask for some concessions, even if they are minor.

**Low-ball offers —** If you receive a ridiculous offer, explain that the offer is too low and ask for a realistic offer to reset the anchor.

**Win-win deals —** Both sides expect a good deal and want to feel they got one. It's a win-win deal if both sides consummate a negotiation and feel good about it. If the situation involves working with the other side after a deal is made, you certainly will want to have a win-win deal. "My price, your terms," is a saying that refers to the relative relationship between price and terms.

If a buyer adjusts the terms of payment, he may be agreeable to paying a higher price if he has longer to make the payments or vice-versa.

**Patience —** Be patient. Have a positive attitude and don't get emotional, defensive or irrational.

**Seesaw deals —** If it's a fire sale or major problems exist, the desperate party is more likely to cut a deal at a lower price. On the other hand, if the quality of a deal is high and there are no major problems, then a premium price is likely to be paid. This is especially true if there are several interested parties.

**Bad-faith negotiations —** Once you have agreed upon price and terms, then you are done. Do not renegotiate to extract a more favorable deal unless something materially changes.

**CLICK HERE**
**to return to**
**Table of Contents**

**Bargaining chips —** Keep items of secondary importance as bargaining chips that can be sacrificial pawns in your dealings.

**Splitting the difference —** Never split the difference on important points.

However, splitting the difference on bargaining chips in order to finalize a deal is fine.

**Preparing the offer should include —** The price, terms, scope of work, quality of goods or services, delivery schedule, performance incentives, warranties and all documents included in the deal by reference.

I cannot stress the importance of documenting everything in writing. I have completed nine major buy-sell transactions and following these 12 points have served me well.

The 12 items mentioned above represent a short list of important variables to consider when you are negotiating a deal. But, sometimes, a deal may be the best deal you never had, so don't be afraid to walk away from a bad deal.

**CLICK HERE**
**to return to**
**Table of Contents**

# Chapter 152

# Pruning your hedges and business expenses

**Published: Monday, January 23, 2017**

My house sits on a small, beautiful lake; the view is superb. All the greenery seems to grow uncontrollably — the shrubs, bushes, trees, hedges and especially the weeds. I hire a gardener to cut, mow, edge and maintain the yard. For some strange reason, I love to clip the hedges myself. There is something rewarding and relaxing about pruning the hedges. Maybe it's the idea of keeping the sprouting popups under control or my effort to keep the height level at my goal of five feet.

CLICK HERE
to return to
Table of Contents

Like hedges gone haywire or weeds gone wild, business expenses can quickly grow out of control. They also require periodic pruning.

One dollar of eliminating expenses is equal to one dollar in additional profit, without any sales effort.

Most of the time, business owners focus on the revenue side of their business. Who doesn't want additional sales? Surely, most of your effort should be spent on building your business through sales growth.

But one dollar of revenue generally has direct expenses tied to it in order to produce gross margin. Therefore, a dollar of revenue doesn't necessarily drop to your bottom line. If your profit margin is 50 percent, then only 50 cents of every dollar goes toward your gross profit. For example, you buy a widget for 50 cents and sell it for $1.00. You have to, therefore, create $2 in revenue to profit $1. This is before we factor in overhead expenses.

Saving one dollar in expenses is worth adding two dollars in sales revenue at a fifty percent gross profit margin. Does that mean that the net effect is the same? Yes, except that you can't keep cutting expenses or you will be out of business.

CLICK HERE
to return to
Table of Contents

What I am suggesting is that you spend some time, preferably quarterly or monthly, reviewing and pruning your expenses.

Annual expense pruning (at a minimum) is a wise ritual. Think of it as the same as cleaning out your closet or your garage. There is a tendency for business owners to add expenses that seem to be a good idea at the time — until they're not. People are often lazy — but not you — and they tend to ignore the expense side of their business in favor of the revenue side.

Cut those items that are no longer necessary and cut them now.

You can't grow a business by cutting costs. However, you do add to profitability and probably increase your efficiency by pruning expenses. This is not a substitute for the pursuit of revenue growth; it's merely another tool in your bag. There should be a balance of adding revenue and decreasing costs, with the scale leaning heavily but not exclusively toward increasing sales.

Where to prune? Which expenses should you consider paring back or eliminating entirely? It's best to begin at the beginning.

■ Ask these questions while you ponder what to cut. What would you do without this item? Is it still a necessary component for your business? What line items could you eliminate? What should you cut, and what will you prune? If you can't eliminate an item, can you replace it with a less expensive alternative and maintain the quality you desire?

CLICK HERE
to return to
Table of Contents

■ If you use QuickBooks or Excel, sort your expenses from high to low. Be sure to have an adjacent column with percentages.

■ Methodically look at each line item, review what comprises that item and determine what you can cut.

■ Keep track of the dollar amount of the cuts and tally them after you have completed the last line item on your list.

■ What is the total dollar amount and the percentage of all the expenses you will chop? Do any of these cuts affect your business adversely? If the answer is no, then proceed to make those cuts.

How much were you able to cut: 3 percent, 5 percent, 8 percent? This number represents the immediate impact on your bottom line. Remember, you would need two times this dollar number in sales growth to equal the amount you are cutting to get to the same bottom line.

It's Saturday and my hedges need attention. I'm going to have a beer, cut my hedges and enjoy the process while you ponder pruning your expenses. In a future column, I will look at re-sodding my grass. Can you guess how that will relate to your business?

CLICK HERE
to return to
Table of Contents

By the way, I hate raking and bagging the clippings.

**Saving one dollar in expenses is worth adding two dollars in sales revenue at a 50 percent gross profit margin. Does that mean that the net effect is the same? Yes, except that you can't keep cutting expenses or you will be out of business.**

**What I am suggesting is that you spend some time, preferably quarterly or monthly, reviewing and pruning your expenses.**

# Chapter 153

# Ten things that require zero talent

**Published: Monday, January 30, 2017**

Our January CEO Roundtable speaker was Peter Gruits, aka “My Uncle Pete.” Peter is a certified SCORE mentor and a Realtor with Coldwell Banker in Lakewood Ranch.

Pete’s topic was sales.

CLICK HERE
to return to
Table of Contents

One of the PowerPoint slides in the presentation that stuck with me was called “10 Things That Require Zero Talent,” and is attributed to @Mindsetofgreatness.

Since attitude is one of the biggest determinants of success, I thought I would relate these items to you. The 10 items mentioned are: being on time, work ethic, effort, body language, energy, attitude, passion, being coachable, doing extra and being prepared. These items cost nothing. Therefore, everyone should be able to adopt these behaviors.

1 - Being on time shows a respect for others. It is a promise of dependability waiting to be kept. Forming the habit of punctuality extends to everything you say or do. Timeliness has cultural differences. If you have been to the Bahamas, you know what I’m referring to when they say, “Island Time.” In social settings, sometimes people prefer to be what is sometimes called “fashionably late.” Still, it is better to err on the side of being a little early. Life happens, but if you are unexpectedly behind schedule, be sure to call and give an ETA.

2 - Having a good work ethic illustrates some of the same attributes as being on time. A good work ethic screams professionalism and integrityand also fosters trusting relationships. Responsibility is exemplified by an emphasis on doing quality work and giving your best effort.

A sense of discipline and teamwork helps to meet team goals and provides accountability for completing job objectives.

CLICK HERE
to return to
Table of Contents

3 - Effort is the work itself. It’s a physical and/or mental attempt to do something and should be undertaken with the objective of being successful.

After you have a specific, attainable and measurable goal, have a good idea what it will take to achieve it and when you expect to succeed. Break the larger goal down into smaller, more frequent tasks, so that as you make progress you’ll feel good about the smaller wins.

4 - Body language is what others observe about you and what you observe about others. Non-verbal communication often speaks louder than words. The key is to understand the many cues and signals given.

Posture, facial expressions, tone and loudness of voice, gestures, stances, eye movements, eyebrow motions, pupil size, smiles, leaning in and nervous ticks are some of the more common signals.

5 - Energy has to do with the high or low frequency of your behavior. Are you excitable, courageous, shy or fearful?

High energy is generally better than low energy. But too much energy displayed at inappropriate times could be a negative. The pace of your behavior may be indicative of high energy. A great saying I learned in my 20s was, "Act enthusiastic and you'll be enthusiastic."

6 - Attitude is a state of mind, a way of thinking, feeling or a viewpoint that is reflected in behavior. Having a friendly, cooperative attitude can be contagious.

**CLICK HERE**
**to return to**
**Table of Contents**

A negative attitude turns people away.

7 - Passion is strong enthusiasm and a compelling emotion for something.

Being passionate about something helps to accomplish a positive result.

Lack of passion often signals the beginning of the end.

8 - Being coachable means you know that you don't know everything and you are open-minded about learning how to be better. If you are coachable, you are ready to change, grow and improve. Although athletes immediately come to mind, coaching also applies to business owners who want to understand what works, what doesn't work and how to modify their behavior to improve and excel.

9 and 10 - Doing extra and being prepared both contribute to a state of being ready and greatly increase the odds of your success. For example, taking the time to research a new customer helps you anticipate some questions that may be asked.

A few years ago, I spoke at a luncheon to a group of approximately 25 people.

**CLICK HERE**
**to return to**
**Table of Contents**

The attendance list was available in advance through the MeetUp.com website. I spent about an hour looking up their profiles on LinkedIn and made some notes. Consequently, I felt more at ease giving the talk to people who I knew something about. I was able to interact in a more engaging way. The audience couldn't believe that I took the time to learn about them in order to relate my talk to their personal situations. Always know your audience and relate to them as much as possible.

Improving your attitude, developing good habits and enjoying what you do will go a long way toward improving yourself.

And isn't that what it's all about?

# Chapter 154

# Reputation Management and how to clean up online dirt

**Published: Monday, February 6, 2017**

Everything that appears on the internet about you and your company is as indelible as astronaut footsteps on the moon. That's fine as long as the information is positive, but what if it is negative? Maybe an unhappy customer or a vicious competitor felt like telling something negative to the world. What can you do to vacuum up this dirt?

CLICK HERE
to return to
Table of Contents

A relatively new industry has cropped up to deal with these unfortunate situations. For a small fortune, you can have reputation managers fix or bury negative search results. You are unlikely to get retractions from the people who spread the dirt or to persuade a website or internet service provider to remove it. So the only way to minimize the damage is to create new, positive comments that will drive the negatives off Google's first page of search results. It's important for a company to develop a fast, strategic response to negative online information in order to prevent further damage to the brand.

I asked some reputation managers, via helpareporter.com, about what they do and how much they charge for this service.

John David, president of the David PR Group and author of a new book, "How to Protect (Or Destroy) Your Reputation Online" (OnlineRepBook.com), suggests that suppression is just one way to approach the issue. "The first solution is to make an effort to get negative content removed at the source. Believe it or not, we have had success by simply identifying the right person at a blog site or other site and asking to have content taken down. It doesn't always work, but it is almost always worth a try.

CLICK HERE
to return to
Table of Contents

"The second option is what I call the covert operations of reputation management," David said. "Some companies have identified ways to get content removed from search results or even removed at the hosting level by leveraging the many terms and conditions which every piece of online content must abide by. It works in some cases but can be expensive."

The reputation management trade has major players, such as reputation.com, but most people hire their neighborhood search-engine optimization firm, with marginal success.

Most clients want content gone from search results. Many believe suppression is the only way to go. Sometimes, it is the only solution.

Nataliya Yakushev, with Rubenstein Communications, said, "The pricing model for reputation management is typically a monthly retainer and includes public relations support. The most sought-after services are search suppression (replacing negative, outdated articles with fresh up-to-date content) and digital branding. Digital branding for a company or an individual includes digital asset creation and optimization, thought leadership amplification and creation of controlled digital assets.

"Reputation management industry players vary from small SEO firms to full-service marketing agencies that offer online reputation management," Yakushev said. "Every reputation-management case is unique and requires a blend of web development, SEO, content creation and public relations."

According to Julia Angelen Joy, a public relations consultant with Z Group PR, the price will vary based on the expected level of service. Cost estimates may range from $100 to $350 per hour for an experienced communications consultant. Monthly retainers can range from $100 to $1,000 or more.

CLICK HERE
to return to
Table of Contents

Joy cited several questions that need to be answered, "Whether the problem consists of online issues only or real life reputation issues? Is it the corporation or an individual? Is there a current or recent crisis, or is this a business-branding strategy? Are there published media articles or online product reviews? What is the timeline? Does the company need to make something disappear or show improved customer service?

"Removing online content is difficult, but a strong PR strategy may help to bury it," Joy said. The speed of resolution will increase costs.

Brad Chase, Partner with Capitol Media Partners, said, "Big traditional firms with offices across the nation or globe will regularly charge hundreds of thousands of dollars per month with a minimum contract length. They generally scoff at any type of work where the client wants to pay less than $25,000.

"There has been massive growth in boutique firms, where senior executives who have worked at the UN, White House, cable TV networks and Fortune 500 companies gravitate to take on more of a consulting role - giving direct advice and less fieldwork in exchange for prices in the $20-50k range," Chase said. "Finally, there's the bottom rung: People who know how social media promotions (basic marketing communication) work but are unschooled in the difference between brand and reputation. Some rake in huge billings, but most are willing to just undercut the competition for the quick paycheck. With these guys, you get what you pay for. They'll take whatever they can get."

CLICK HERE
to return to
Table of Contents

Of course, the best advice is not to need a reputation manager in the first place.

# Chapter 155

# What’s a value proposition? Is yours good enough?

**Published: Monday, February 13, 2017**

Your value proposition is the value you are delivering to your customers, and creating a compelling value proposition should be the central part of your business strategy. This strategy must show how your product or service is different from the competition’s.

CLICK HERE
to return to
Table of Contents

Satisfying your customer is the most important consideration in sustainable value creation. Your value proposition positions your company among a hierarchy of customer choices and should convince buyers that you offer the best alternative. Value propositions provide a framework for alignment of your business activities and output for your target customers’ needs.

The goal is to deliver a compelling experience that can be monetized through an exchange of value.

Michael Lanning and Edward Michaels coined the phrase “value proposition.” They first used the term in a 1988 staff paper for the consulting firm McKinsey and Co. In the paper, entitled, “A Business is a Value Delivery System,” the authors defined value proposition as “a clear, simple statement of the benefits, both tangible and intangible, that the company will provide, along with the approximate price it will charge each customer segment for those benefits.”

Product and service differentiation and positioning are often determined by quality, features, service and price.

The same product may be offered at several price points. The perception may be that the more expensive product is superior. But this may not be the case. Quality may be a determining factor, depending on the needs of the buyer. Features may vary greatly, and various features may be deciding factors in a purchase decision. The service component is another important variable that can sway a buying decision.

CLICK HERE
to return to
Table of Contents

Other variables may also come into play, such as the longevity, reputation, dependability, experience and trustworthiness of the company.

How should you look at your value proposition? Some considerations:

■ Identify market segments in which you can deliver value. Know who are you selling to.

■ Define your product offerings and your position in the marketplace. Know what makes you different.

■ Deliver your product efficiently.

Know what your distribution channels are.

■ Analyze the benefits of the client experience and improve them where possible. Know why customers need what you are offering and how they benefit.

■ What alternatives are available?

Know who your competition is.

Your value proposition can also be used within your organization as a rallying cry to attract and retain good employees. For example, Zappos, an internet-based shoe retailer, offers a positive cultural experience and a value proposition for employees. Zappos employees enjoy numerous on-the-job perks while providing exceptional customer service. Zappos offers bonus pay for rogue employees to leave, ridding the company of cultural misfits and non-believers.

CLICK HERE
to return to
Table of Contents

A well-defined value proposition focuses on your target marketing efforts, instills confidence that you are providing a useful product and improves engagement with a product that fits your customers' needs.

**Bigger, better, faster**

Some questions to ask about your business: Is it significant for your products to be bigger, better or faster than your competition? Is your product new or improved? Does it have well-designed features? Is it easy to use? Are you priced competitively? Is it accessible and convenient? Are you creating a brand or status symbol? Is it customizable to meet the needs of a particular user? Does your product save time? Does it reduce risk?

**Pains and gains**

In the end, are you solving a problem that exists or do you have a product in search of a market? Do you have evidence that your product works and will solve the customers' problems? Is there a guarantee?

CLICK HERE
to return to
Table of Contents

**Value experience**

If customers feel they are receiving adequate value for their money and you offer the best alternative available to them, then you may very well have a value proposition that works for your company.

**You must answer this question from the perspective of your customer, "Why should I buy this product or service from you?"**

# Chapter 156

# The Business Canvas Model and customer relationships

**Published: Monday, February 20, 2017**

Last week, I wrote about the Value Proposition, one of the nine building blocks in Alexander Osterwalder's Business Model Canvas. The Business Model Canvas provides a simple, one-page draft of a business plan, allowing for changes or iterations as assumptions change, are re-assessed or prove to be incorrect. This column focuses on two other segments of the Business Model Canvas: customer relationships and channels.

CLICK HERE
to return to
Table of Contents

According to Osterwalder's book, "Business Model Generation: A Handbook for Visionaries, Game Changers, and Challengers," (John Wiley and Sons, 2010) co-written with Yves Pigneur, the customer relationship building block describes the type of relationships a company establishes with its customer segments. Some factors that affect customer relationships include customer acquisition, customer retention and upselling.

You should determine what kind of relationship each customer segment expects you to establish and maintain with them. Consider the various relationships you have already established and what they cost your business and what they return to you in profits. For example, what does it cost you to acquire a new customer? It is always more profitable to sell to your existing customer base.

Some of the different types of customer relationships you can have may include:

■ A personal-assistance relationship based on human interaction, in which the customer communicates with company representatives to get help during the sales process or after the purchase is complete. This may occur on-site, at the point of sale, through call centers, online chat, email or other means.

CLICK HERE
to return to
Table of Contents

■ A dedicated personal-assistance relationship that involves a customer representative specifically assigned to a client.

■ A self-service relationship, in which a company has no direct relationship with its customers. They help themselves.

■ An automated-service relationship, in which the company may use self-service in combination with automated processes.

■ A community relationship exists when companies and user communities become more involved with customers and facilitate connections between members. Many companies maintain online communities that allow users to exchange knowledge and solve each other's problems. Communities can also help companies better understand their customers.

■ A co-creation relationship exists when companies go beyond the traditional customer-vendor relationship to jointly create value with customers. For example, customers' reviews create value for other potential and existing customers. Some companies engage customers to help design new and innovative products.

Retaining customers is a lot less expensive than constantly having to replace them with new ones. Your goal should be to develop and enhance your relationship with each customer in every profitable segment.

Ideally, your happy and satisfied customers will refer new business to you, and these retained customers should be receptive to new products and services you may offer in the future.

**CLICK HERE**
**to return to**
**Table of Contents**

But if one of these types of relationships proves unprofitable, then consider changing the relationship to a profitable model or possibly discontinuing the relationship altogether.

Upselling is a method used to sell more units or more expensive products to your customers. Often, price is used as a draw to accomplish upselling. If you buy "X" at full price, then you get "Y" at a discount. Restaurants are notorious about upselling. Do you want fries with that? Super-sized?

Channels are another Business Model Canvas building block. They describe your touch-points and how a company communicates with its customers to deliver its value proposition. Various channels may be provided through your own (direct) efforts or through partners (indirect). They may be made through a wholesaler, internet sales, an inside or outside sales force or a combination of these. There are five basic functions of channels. The various phases include:

1. Raising awareness among customers about your products and services.

2. Helping customers evaluate your value proposition.

**CLICK HERE**
**to return to**
**Table of Contents**

3. Allowing customers to purchase specific products and services from you.

4. Delivering a value proposition to customers.

5. Providing post-purchase customer support.

It's your customers' choice — how do your customers prefer to be reached? Review how you currently reach them. Examine which channels work best for your different market segments. Some channels will be more cost-efficient than others. Find the right mix of channels to satisfy how different customer segments want to be reached, as this will be crucial in bringing your Value Proposition to your market.

Remember that partner channels will usually have lower profit margins but they allow an organization to expand its reach and benefit from partner strengths. Channels you own, particularly direct ones, will have higher margins but they may be costly to install and operate.

Your goal should be to achieve a balance between the channels and to integrate them when possible to create a great customer experience and maximize your bottom line.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 157

# Employee-engagement crisis calls for leadership changes

**Published: Monday, February 27, 2017**

Gallup Inc. developed a State of the American Workplace report using data collected from more than 195,600 U.S. employees via the Gallup Panel and Gallup Daily tracking in 2015 and 2016 and more than 31 million respondents through Gallup's Client Database.

CLICK HERE
to return to
Table of Contents

IN 2016, 33 percent of U.S. employees were engaged — involved in, enthusiastic about and committed to their work and workplace. This number is the highest in Gallup's 15-plus years of tracking employee engagement. But it's not quite cause for celebration. The majority of employees (51 percent) is not engaged and hasn't been for quite some time. Employee engagement has barely budged over the past decade and a half. At times, the metric has stagnated; at other times, it has retreated. From 2012 to 2016, employee engagement increased by just three percentage points.

The U.S.—and the world at large—is in the midst of an employee engagement crisis.

"The very practice of management no longer works,' according to Gallup Chairman and CEO Jim Clifton. 'The American workforce has more than 100 million full-time employees. One-third of those employees are what Gallup calls engaged at work. They love their jobs and make their organization and America better every day.

'At the other end, 16 percent of employees are actively disengaged — they are miserable in the workplace and destroy what the most engaged employees build. The remaining 51 percent of employees are not engaged — they're just there.

CLICK HERE
to return to
Table of Contents

'These figures indicate an American leadership philosophy that simply doesn't work anymore. One also wonders if the country's declining productivity numbers point to a need for major workplace disruption."

I have selected a few interesting items from Gallup's 214-page report that need your attention. They are points essential for your retention of your workforce and, perhaps, for your company's survival.

■ A record 47 percent of the workforce says now is a good time to find a quality job and more than half of employees (51 percent) are searching for new jobs or watching for openings.

■ With more people looking for jobs, businesses must refine their employee attraction strategies to effectively recruit sought-after candidates. They also need effective retention strategies to keep them.

■ Only 21 percent of employees say their performance is managed to motivate them to do outstanding work. Companies are not providing compelling reasons to stay. Ninetyone percent of employees say the last time they changed jobs, they left their company. Companies must adapt to the needs of the modern workforce or they will struggle to attract and keep qualified employees and, consequently, their customers.

■ Only 22 percent of employees strongly agree the leadership of their company has a clear direction.

■ 15 percent of employees strongly agree the leadership of their organization makes them enthusiastic about the future.

CLICK HERE
to return to
Table of Contents

■ 13 percent of employees strongly agree the leadership of their organization communicates effectively.

According to the U.S. Small Business Administration, 65 percent of all new jobs are created by small businesses. The U.S. Bureau of Labor Statistics reports that the percentage of the total U.S. adult population that has a full-time job has been 48 percent since 2010.

Employees are less inclined to stay with a job simply because it provides a paycheck. After all, employees are consumers of the workplace. They are drawn to brands they can connect with, and they stay and often advocate for those brands that honor promises.

The more benefits a company offers, the more likely they can compete for employees and retain existing talent. Some business leaders believe that benefits help to improve business performance.

Forty percent of employees in companies with 25 or fewer employees can participate in a 401(k) program with an employer match.

CLICK HERE
to return to
Table of Contents

At least one-third of workers say they would leave their job for specific benefits and perks.

Although 91 percent of employees say they have access to health insurance, 61 percent say they would change jobs for this benefit. This percentage could include those who do not have health insurance through their employer but it could also include those who have this benefit but are unhappy with some aspect of their employer's plan.

For example, 82 percent of companies provide coverage other than health insurance (dental, vision, life). Forty-eight percent would change jobs to have these benefits.

Employees aren't demanding a long list of benefits and perks from their employers. The ones they want are understandable — insurance, retirement plans, flexibility. They want to be able to take care of their families and themselves while preparing for the future

**Although 91 percent of employees say they have access to health insurance, 61 percent say they would change jobs for this benefit. This percentage could include those who do not have health insurance through their employer but it could also include those who have this benefit but are unhappy with some aspect of their employer's plan.**

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 158

# Some top apps for your business

**Published: Monday, March 6, 2017**

There are two 800-pound gorilla app platforms vying for market share: Google Play for Android and the Apple App Store for the Apple iOS platform.

As of January, 2.2 million mobile apps were available to download from the Apple App Store for various iOS devices such as the iPhones, iPod Touches, and iPads, with an estimated 100 billion downloads worldwide. Statista, the Statistics Portal claims that total app downloads are expected to reach 268 billion through 2017.

CLICK HERE
to return to
Table of Contents

The most popular download categories were games, with a 22 percent share, followed by educational apps at 10 percent. Business apps came in third with a 9 percent share.

Google Play for the Android platform is a direct competitor to the Apple App Store. Google Play held a 19 percent share of revenue in 2012 and grew market share to 37 percent just one year later. As of 2015, Google Android led as the No. 1 smartphone platform, with a 51 percent share. Today, the Android platform is clearly in the lead.

According to a July 2015, comScore report, Facebook was the top smartphone app, reaching 73 percent of the app audience, followed by Facebook Messenger, at 60 percent, YouTube, at 59 percent, and Google Search, at 52 percent.

GetApp, an online resource for apps, recommends these best smallbusiness apps by category: Customer relationship management: Insightly, Zoho CRM, Freshsales Project management: dapulse, RoboHead, Asana Help desk and ticketing: Desk.com, ManageEngine, Freshdesk Human resources: Namely, ClearCompany, BambooHR Email marketing: ActiveCampaign, Campaign Monitor, Delivra Professional services automation: Project Insight, dapulse, Project Manager.com Billing and invoicing: HouseCall Pro, Fleetmatics WORK, FreshBooks Field service management: House-Call Pro, Field Nimble, Fleetmatics WORK Learning management systems: Asentia, SmarterU LMS, Inquisiq LMS

CLICK HERE
to return to
Table of Contents

**Creating your own**

Want to create an app for your business?

One of the first considerations will be whether you want a paid app, a freemium, or free with ads. Will you design for Google's Android, Apple's iOS or both? The amount of testing is higher for an Android app because of the large number of vendors and their different hardware.

Expect to pay from $8,000 to $30,000 for a simple app and much more if what you want is complicated. There are mobile app creation wrap-around packages that you might be able to implement yourself, and fortunately they cost very little. Some examples suggested by Steve Lamattina with Apptooltester.com are Goodbarber.com and Shoutem.com. You will want to know to what extent they provide app support and eCommerce capabilities.

Pete Johnson, president and CEO of Apollo Matrix Inc., says, “There are many options for mobile apps as a service. These solutions entail using existing templates and back-end services to deliver a semi-custom solution owned by the vendor but operated on behalf of the small business client.

“Mobile as a service evolved to help small businesses seeking a standard set of features for a common need such as equipment inspection, restaurant point of sales, conference event management or news delivery,” Johnson said. “Partnering with such a vendor is a low-exposure and low-budget way of addressing mobile without investing in software development.”

CLICK HERE
to return to
Table of Contents

If you create an app, you will need to hire people who know what they are doing. Hourly fees typically run $100 to $150-plus per hour, with a minimum of 60 to 80 hours anticipated. An app budget should include a design prototype, app creation, testing, fixing bugs, allowance for new versions and updates.

User friendliness across mobile platforms is crucial, and analytics should be used from the start. Allow three to six months of development time for a minimum viable product with only a few features and functions.

Google Play charges a one-time platform fee of $25, the Apple App Store charges $99 annually. The big expense is for paid apps, which cost 30 percent of the revenue generated, regardless of the platform. If you decide to go with a paid app, then marketing takes center stage.

Some other questions to consider:

How are you going to monetize the app? What is your ROI? Do you have a marketing plan? What are the marketing costs? How often will it be used? How is a mobile app going to benefit your business? Who will you reach? How will they find you? How will you get feedback and make improvements? Are you solving the customer’s problems? Is the app purchased through your website? Are you providing data security? Can you accomplish the same thing on your website?

CLICK HERE
to return to
Table of Contents

If you outsource your development, India, China, Russia and Ukraine offer discounted services. Be wary of communication issues.

Before you decide on embarking on making an app, you should pay attention to the following.

“Apps get uninstalled as frequently as they are installed, and though the average person has 27 apps on their phone, they only use about five regularly,” according to Nikisha Reyes-Grange, principal consultant with aka NRG Mobile Strategy.

And if you do pursue an app, remember that prices and quality may be all over the place but, generally speaking, you get what you pay for.

So choose wisely.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 159

# How your small company can compete with big ones

**Published: Monday, March 13, 2017**

If you stopped offering your product or service tomorrow, what would your clients miss the most about no longer working with you? Have you given much thought as to how you can better compete against larger companies?

CLICK HERE
to return to
Table of Contents

After all, they probably have more money than you do; they have larger credit lines; an elaborate infrastructure; a more sophisticated computer system; certainly, more employees; and more marketing dollars to spend attracting and retaining customers.

Theoretically, you shouldn't stand a chance.

Here are some things you can do to level the playing field.

Seb Dean with The Imaginaire Web Design, who I reached via helpareporter.com, said that Google Trends (www.google.com/trends/) can be used "to find new opportunities and quickly create pages optimized to the search terms that take advantage of this wave."

If you took a poll, just about everyone would say the answer is to have a better, easy-to-use product, with more personalized and faster service that focuses on your target customer's needs.

Be unique, customize where you can and be responsive and flexible for your customers. Identify specific niche segments of the market that you can uniquely serve. Make sure that knowledgeable and friendly staff answer your business phone. Under promise and over deliver (UPOD) should be your mantra. And company size can be a double-edged sword.

CLICK HERE
to return to
Table of Contents

Mark Churchill, marketing manager with Wealth Club, explains, "Beyond a certain size companies get good at systems to measure everything and maximize profit — in doing so, they lose touch with the customer."

Do a SWOT analysis (Strengths, Weaknesses, Opportunities and Threats). Your digital footprint should convey relevant, indelible stories using social media.

Create customized landing pages, use blogs, and advertise relevant keywords derived from Google AdWords (adwords.google.com/KeywordPlanner).

Get as many favorable reviews as possible.

Form strategic partnerships with like-minded companies to further enhance the user experience.

Build direct relationships with suppliers, customers, local business networking groups, chambers of commerce and educational institutions.

Bradway Adams grew an automotive electronics supply business from $2 million to $36 million.

He developed a Strategy of Differential Impact that makes your company the only logical choice to buy from.

"Large companies are bureaucratic and often make slow decisions, whereas small businesses stress faster decision making. Executives of larger firms are usually geographically remote and not connected with the day-to-day operations. On the other hand, small business CEOs develop personal relationships with their customers."

CLICK HERE
to return to
Table of Contents

Don't fight in a ring where you have large competitors that are strong while your company is comparatively weak. Find areas where you can do things better, faster and with greater flexibility. Make your advantages distinct and obvious.

"A small company can compete with a large one by advertising directly to the larger company's customers," says Bob Bentz, president of Advanced Telecom Services. "Mobile advertisements can target the phones of consumers who have visited a competing store within the past 30 days. We have found this targeting to be very effective for small businesses."

One of the more interesting strategies is used by serial entrepreneur Trent Silver.

He uses "Newsjacking," the same strategy Donald Trump used to generate $2 billion in free press and to compete with infinitely better-funded candidates to help win the presidency.

"By injecting our product or service into a breaking news story to benefit our company and a cause, we balance giving back and profitability. We leverage activism as a commodity," says Silver, who is considered a modern- day Robin Hood who "borrows" publicity from celebrities, allowing clients to make a profit and then give back to the people who really need the money through various charities.

CLICK HERE
to return to
Table of Contents

"The more value you provide upfront, the more loyalty you'll instill in customers and the more likely you are to win their business," says SCORE mentor Blair Nastasi with Media Moguls PR.

Augustin Kennady, media relations director of Shipmonk, says, "While structure and scalability are the bastions of large companies, flexibility and customization are the weapons of the small business. Few individual clients are valuable to large companies. As a result, the client needs to play by their rules. At smaller companies, we learn how they want to play, and we craft the rules together."

In summary, a small company has many advantages in key areas. Local impact may be a critical key to success in your community.

Get involved and win the great game of business.

Use social media and content marketing to your advantage.

Reach your potential customers with minimal investment.

Exploit your strengths of smallness while you expose the weakness of largeness.

Remember that being small can help you to make it big. Just make sure that the niche market you choose is large enough to support your sales efforts.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 160

# China will help US companies sell there

**Published: Monday, March 20, 2017**

*"No American organization would ever think of doing something like that within this country!" — SCORE Mentor, Charles "Chuck" Steilen*

Charles Steilen recently took on a new role of advising the Hong Kong Government's international trade operation in the United States. Initially, Steilen will focus on Florida and report to the head of Hong Kong's trade operation in the U.S., which is located in New York City. Steilen visited Hong Kong to make a presentation to the Hong Kong trade development unit. He was then invited to New York to make the same presentation to the key personnel there. Both offices agreed that Steilen should start with Florida's medical device manufacturers to begin exporting their products to Hong Kong and China.

CLICK HERE
to return to
Table of Contents

**Background — Looking at the other side of the coin.** International trade is one of the key political topics of the day. There are important trade issues that Americans should understand, yet they currently know absolutely nothing about how this should be accomplished.

**There is no integrated U.S. export strategy.** There are only a few ad hoc activities. What the U.S. should be doing is developing an integrated export strategy. However, the U.S. has decided to go the political route and cut back on various types of trade agreements. One might think that the U.S. should be looking at the "other side of the coin."

**The demise of Enterprise Florida.** Enterprise Florida had three fundamental objectives: attract investment to Florida, promote tourism and encourage exporting. According to Steilen, "About three years ago, I went to the presentation of Enterprise Florida in Orlando which focused on the opening of offices in Hong Kong and Shanghai and the role that these offices would play. At the conclusion of that presentation, it was my opinion that this program was doomed to failure."

CLICK HERE
to return to
Table of Contents

The strategy Enterprise Florida used was to find companies with products, and like a needle in a haystack, find a market (the haystack) in China for those products (the needles). The Hong Kong strategy was the exact opposite, find a market and then find manufacturers of those products that fit the need. Steilen says the American approach just doesn't work and the results have been dismal.

Last November, after making a presentation to the Hong Kong trade development unit, Steilen met with the Enterprise Florida office in Hong Kong. That meeting focused on Steilen's recommendation to totally reverse the strategy that they had been told to implement. It was too late, and that office closed five weeks later.

**Chinese checkers and exporting.** The China strategy was initially designed by the Hong Kong Trade Development Council for which Steilen was marketing consultant. The initial exporting plan developed for Hong Kong manufacturers (before China opened up) was based on the same objective and strategy as the old Sears Catalog (lots of pages, lots of products). Until recently, the largest exporter out of China to the U.S. was the Fung brothers from Hong Kong. The Fung brothers are American citizens.

Look at the recent success of Alibaba's market debut in the U.S. in September 2014. Alibaba is a giant China-based e-commerce company that is proving to be very successful at on-line marketing. Alibaba provides a business portal to connect Chinese manufacturers with overseas buyers. It has become the largest retailer in the world, surpassing Wal-Mart in 2016.

Understand that the Chinese export strategy was not developed by anyone in China. The main exception to the Chinese export strategy was conducted by Deng Xioping followed what Chairman Mao set up. They developed a Special Economic Zone across the border from Hong Kong. Deng wanted to get rid of Communism and renamed this initiative a "market economy with socialistic characteristics." Personal income levels across the border from Hong Kong, in the southern part of China, were 10 times what they were in Beijing, home of the central government. Goodbye, Communism!

CLICK HERE
to return to
Table of Contents

**Health care and aging.** The Hong Kong trade development unit is now trying to help U.S. companies export their goods into East Asia and China. Why would China show U.S. companies how to export goods to China? Because China has a major problem in health care and aging, that's why.

Steilen made a presentation to the Florida Medical Products Manufacturers Consortium, based in Tallahassee. They have 107 Florida medical products manufacturers in their group, out of 600-plus medical manufacturers in Florida. Most of these companies are small businesses.

The consortium has agreed to promote this exporting opportunity to its members. Steilen arranged for the head Hong Kong guy in New York to be a speaker at the consortium's upcoming annual meeting in St. Petersburg. The topic is medical product opportunities in China.

Steilen took advantage of a trade show scheduled in Hong Kong in mid-May focusing on medical products. He is capitalizing on the connection of Florida medical product manufacturers to the trade show in Hong Kong.

CLICK HERE
to return to
Table of Contents

"Why not invite those importers and distributors from China to the Hong Kong show and promote this trade show within the U.S. to American manufacturers of medical products?" Steilen asked. He is hopeful this relationship will result in more U.S. export business to China.

**Market research and the future.** Reports on two other market sectors in China show there is also a tremendous opportunity for the exportation of cosmetics and packaged food products.

In 10 years, four of the five largest economies of the world will be in Asia. These include China, India, Japan and Indonesia. The fifth one is the U.S.

Let's get prepared for the future!

# Chapter 161

# Do you have what it takes to be a successful leader?

**Published: Monday, March 27, 2017**

Being a good leader will have a lot to do with your success. But how do you measure it? As Bruce Bachenheimer of Pace University says, “A definition of a leader is someone with followers. The top quality of a leader is the ability to attract top quality followers.” To explore what attributes great leaders possess, I looked at a survey by the Alternative Board and I conducted my own less formal Zink poll.

CLICK HERE
to return to
Table of Contents

The Alternative Board, an international provider of executive peer advisory boards with over 3,000 members worldwide, conducted its study last month. It surveyed hundreds of entrepreneurs to gather their predictions for 2017 and measure what’s driving them forward and holding them back this year.

The survey results had a lot to say about what it means to be a leader, including:

■ Although 95 percent of business owners have a positive outlook for the new year, only 85 percent feel positive about the overall U.S. economy.

■ Business owners report positivity as their No. 1 leadership trait (47 percent), above passion (27 percent), personability (26 percent) and decisiveness (23 percent).

■ Entrepreneurs feel they’re most lacking on holding others accountable (67 percent), which may explain why 86 percent of them report working 40-plus hours a week.

How are business owners planning for success in 2017? For 76 percent of entrepreneurs, preparing for more success means strategic planning, with the primary intention of improving sales revenue growth (50 percent) and profitability (44 percent). For those with strategic plans, the majority (85 percent) intend to review and adjust their strategy quarterly or annually. As for the 24 percent without strategic plans, it’s not so much that they don’t see the value in them (22 percent), it’s just that they are “too busy” (50 percent).

CLICK HERE
to return to
Table of Contents

“Strategic planning is an essential function for small business success,” said Alternative Board chief marketing officer Jodie Shaw.

“Entrepreneurs who are operating without a strategic plan because they are ‘too busy’ are likely working in their business (putting out day-today fires) rather than on it,” he said.

The majority of business owners selected "fulfilling our vision, mission and goals" as their No. 1 responsibility as a leader. This outranked keeping customers satisfied (21 percent) and keeping employees happy and productive (15 percent). "If your company's vision, mission and goals are your No. 1 priorities, strategic planning should take precedence over everyday customer and employee concerns," Shaw said.

I couldn't agree more, as I am often asked to help clients with this process.

I decided to conduct my own Zink poll with key players in my network. I received 66 responses. In order of importance from high to low, the most popular responses to the question, "What are the top qualities that a leader should possess?" were: 1. Inspirational communicator 2. Visionary 3. Open and transparent 4. Integrity 5. Empathy 6. Decisive 7. Focused 8. Critical thinking skills 9. Listening skills 10. Lead by example.

CLICK HERE
to return to
Table of Contents

Here are 10 Secrets to Success put together by Investor's Business Daily (I agree most leaders have these): 1. Positivity 2. Goal planning 3. Acting on goals 4. Life-long learning 5. Persistency 6. Being analytical 7. Focusing time and money 8. Innovating 9. Communicating with and motivating others 10. Being honest and dependable, taking responsibility.

Here are some other practices of successful leaders that I've collected:

1. Show the way. Be credible. Do what you say you will do.

2. Share your vision with disciples.

3. Search for opportunities.

4. Promote collaboration and build trust among the troops.

5. Show appreciation for significant contributions.

Sean Douglas, a U.S. Air Force veteran, motivational speaker, life coach, and author of TheSuccessCorps.com, says, "Leaders lead from the front, managers lead from the back." Douglas believes the attitude of an organization will always reflect its leadership.

CLICK HERE
to return to
Table of Contents

Joey Price, CEO of Jumpstart:HR, suggests that good leaders take a group from point 'A' to point 'B', sometimes in spite of constraints and differences of opinion. Leaders differ from managers because managers stabilize and restore status quo but leaders push boundaries.

Finally, some additional Zink tips. It is important to be results oriented, have emotional intelligence, be flexible, optimistic, accountable and respectful. It is also important to be curious, ask for feedback, know how to delegate and be a student of time management.

If you master most of these behaviors, your chances of success will increase exponentially.

# Chapter 162

# The secrets to using LinkedIn successfully

**Published: Monday, April 3, 2017**

Three years ago, I wrote a column on tips for networking with LinkedIn service. Since then, my first-level connections have increased from 57 to 1,258 with 1,301 followers. In the same time, LinkedIn has grown from 300 million to over 400 million users, with approximately two members added every second.

CLICK HERE
to return to
Table of Contents

Eighty-four percent of LinkedIn users are college graduates, 76 percent drive business decisions and 38 percent have household incomes in excess of $100,000. LinkedIn is the largest professional social network in the world. As such, it is a great tool for both finding business people and being found on the internet.

One of my new contacts is Wayne Breitbarth, author of “The Power Formula for LinkedIn Success (Kick-start Your Business, Brand and Job Search),” (Greenleaf Book Group Press). Here are some highlights from Breitbarth’s informative book.

According to Breitbarth, your network should be made up of people you know and trust. Most business professionals have 200 to 250 people they consider trusted professionals. The quality-versus-quantity issue is continually debated by those who study LinkedIn.

Your LinkedIn profile is a place where you can tell your professional story completely and fully. When people are looking at your profile, based on your content, they will be encouraged to do business with you over your competition, according to Breitbarth.

Here is a list of exciting things you should know:

CLICK HERE
to return to
Table of Contents

1. Every word in your profile is keyword searchable.

2. You are 14 times more likely to have your profile viewed if you have a photo.

3. A basic headline consists of the company you work for and the position you hold. You have up to 120 characters to tell an abbreviated version of your story. Use them.

4. A powerful headline could be the deciding factor in someone’s choice to connect with you or look at the details in your full profile.

5. LinkedIn’s current search ranking formula gives extra weight to the words in your headline.

6. In the Experience section, Breitbarth recommends including anything that: adds to your story and increases your credibility, makes it easier for people to find you and helps people understand what you do and how you can help them.

7. Include every job you have ever held on your profile because recommendations must be attached to a job entry. You want at least two recommendations per job.

8. Use plenty of relevant keywords throughout your Experience section.

9. Use links to your affiliated websites. This will move your Linkedin profile up in the search results of Google, Bing and the other search engines.

10. Use all 2,000 characters allotted in the Summary section.

CLICK HERE
to return to
Table of Contents

11. Using keywords multiple times will move you up in the search rankings, but don't overdo it — keep it readable.

12. Words included in recommendations are keyword searchable. Request that your contacts use some keywords in their recommendations for you.

13. Use Boolean logic for best results in LinkedIn searches. Use "and" "or" "not."

14. Join Groups. You are allowed to join up to 50 groups. Choose groups that relate to your industry and your interests. This enables you to increase the size of the population you have access to when doing any type of search.

15. Take advantage of status updates. This is one of the most powerful functions of LinkedIn. Having your name show up on a consistent basis on your entire network's home page is invaluable.

16. Include Skills. List the most important skills at the top and actively seek endorsements for those skills. You are allowed up to 50, so use them all.

CLICK HERE
to return to
Table of Contents

17. There is no limit to the number of companies you can "follow."

18. Update your LinkedIn status frequently. Breitbarth suggests two to three times per week.

19. Personalize your LinkedIn address to read like this www.linkedin. com/in/zinkdennis/. Placing this link in a document will enable easy access to your LinkedIn profile.

LinkedIn is certainly a great tool for recruiting and being recruited, but it is also an invaluable database to research prospective customers, vendors and people you may want to do business with or recommend to others.

Use common links to ask LinkedIn members to provide introductions to people you would like to meet. Often the member may not know or recall how that common-linked person was added as a first-level connection.

Breitbarth's book provides a six-week, two-hour-per-week roadmap to results and includes handy checklists for assembling important keywords and developing a strategy to find the right people.

Approximately 400 new members have joined LinkedIn while you read this column. Impressive!

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 163

# 10 trends that may disrupt businesses

**Published: Monday, April 10, 2017**

The 2017 version of predictions from Deloitte Global is designed to provide insight into what might cause disruption or offer growth opportunities across the technology, media and telecommunications ecosystems.

1. The active base of fingerprint reader-equipped devices will top 1 billion for the first time in early 2017.

CLICK HERE
to return to
Table of Contents

2. A form of cyber attack will become more frequent and harder to mitigate. Unsecured internet of things (IoT) devices are vulnerable, and attacks are easier to execute.

3. Automatic Emergency Braking on cars will be the single largest factor in helping to save 6,000 lives by 2022.

4. Variants of 5G wireless networks are already in place in some markets. This represents a significant upgrade to 4G with a potentially large impact. By 2018, there will be tangible progress, and 5G should be available by 2022. This will enable faster data transmission speeds, lower costs and greater efficiency. 5G supports IoT.

5. Machine-learning (for example speech and image recognition) goes mobile in 2017. This functionality will enhance applications such as indoor navigation, image classification, augmented reality, speech recognition, and language translation. This will be possible even where there is little or no cellular or Wi-Fi connectivity, such as in remote areas, underground or on an airplane. Where there is connectivity, onboard machine learning may allow tasks to be done faster and more efficiently.

CLICK HERE
to return to
Table of Contents

6. By 2022, at least a quarter of all uses of digital navigation will include indoor capability. Precise indoor navigation's potential is significant. It is likely to benefit most vertical sectors and affect government, businesses and consumers alike.

7. U.S. TV advertising revenue in 2017 will be flat, with revenue the same as it was in 2016. For an industry widely thought to be following the sharply negative trend of other traditional media, flat is the new up. Although traditional TV advertising is not growing as rapidly as it used to and is losing share to digital it remains an important advertising medium.

8. Sales of tablets will be fewer than 160 million units in 2017, suggesting that we have passed the peak demand for these devices. There is no dominant, compelling use case for these devices. Across a range of online activities, tablets have their fans, but there is no single activity for which tablets are the preferred devices.

9. Vinyl records will continue their seven-year growth resurgence and may approach $1 billion globally in revenues for the first time this millennium. Today, for many buyers, the record has become a collectible, a memento, a proudly physical format and an expression of individuality in an increasingly digital world. Sales are estimated at one twenty-fifth of vinyl's peak in 1981.

10. By the end of 2018, spending on IT-as-a-Service, similar to a S-a-a-S model, (Software-as-a-Service) will be just under $550 billion worldwide. It will be 33 percent of all spending and by 2022 it will be more than 50 percent of all spending. For many enterprises, large and small, IT-as-a-Service is appealing for several reasons. It avoids significant capital expenditures and provides a predictable expense based on actual use that is easily scaled up or down, based on business needs. Technology companies, industrial products, health care and financial services are the four industries that are moving the fastest toward its adoption.

CLICK HERE
to return to
Table of Contents

Looking back at four of Deloitte's 2014 predictions, one product segment was a total flop. Do you know which one?

The 2014 predictions were:

A. Global sales of smartphones, tablets, PCs, TV sets and video game consoles will exceed $750 billion, up $50 billion from 2013 and almost double the 2007 total. The living room in developed markets is almost completely digital.

B. Smart glasses, fitness bands and watches should sell about 10 million units, generating $3 billion. Of these wearable computer form factors, smart glasses should generate most revenues, from sales of about four million units at an average selling price of $500. Smart fitness bands should sell four million units, at an average selling price of $140; smart watches should sell about two million units at an average price of $200.

C. In the first quarter, the installed base of compact tablets (with screens smaller than 8.5 inches) will surpass the base of classic tablets (8.5 inches and larger) for the first time.

D. Student registrations in Massive Open Online Courses will be up 100 percent (compared with 2012) to over 10 million courses. However, the low completion rates mean that less than 0.2 percent of all tertiary education-equivalent courses completed in 2014 will be conducted that way. The growing awareness of online education will force educational institutions to increase investment in this area, drive more acceptance of online education as it becomes accredited and increase adoption by corporate training groups.

CLICK HERE
to return to
Table of Contents

OK, now for the flop. It was Google Glass (optical head-mounted display designed in the shape of eyeglasses with an attached camera). I predict that the vinyl record resurgence predicted in number 9 will also be short-lived.

# Chapter 164

# Don't let ICE put the heat on you

**Published: Monday, April 17, 2017**

What does the Trump administration's immigration policy mean for small businesses? "The Trump administration has been relying on raids by the Immigration and Customs Enforcement division (ICE) and will most likely require all businesses to use the federal E-Verify service in the near future," said Dawn Davidson Drantch, corporate counsel for Alcott HR.

CLICK HERE
to return to
Table of Contents

According to employment law attorney Michael Kelsheimer, a partner with Gray Reed & McGraw LLP, "The president has implemented two immigration bans, is challenging so-called Sanctuary Cities that do not help federal immigration enforcement, has instructed government agencies to become more aggressive in enforcement of immigration laws and is reviewing proposals to strengthen the border wall."

So it seems clear that enforcement is tightening. I used the Help a Reporter website to find experts on the issue.

What is at stake?

According to Kelsheimer, knowingly hiring undocumented workers carries fines of $539 and $4,313 per worker for a first offense. Failing to properly complete the Form I-9 https://www.uscis.gov/i-9 carries a fine of $216 to $2,156 per document. Employers found to engage in a pattern or practice of hiring or recruiting undocumented workers may be penalized up to $3,000 per undocumented worker and receive six months in jail. In addition to requiring employers of various sizes to use the E-Verify system, some states have additional penalties.

So what's a small business to do?

CLICK HERE
to return to
Table of Contents

**Develop an I-9 compliance program**

Compliance means following the I-9 form's directions and making sure your business is reviewing proper documentation and requiring extra proof if you suspect someone is undocumented.

You should not impose requirements above and beyond what the I-9 requires.

Doing so can result in a lawsuit by the applicant or the government. I-9 issues are best handled by a trained person within your organization, Kelsheimer said.

The government finds, on average, five errors in each I-9 when it does an audit. Each error can result in a fine. Create and maintain an internal compliance policy and require that it is followed by all hiring supervisors to ensure consistency in handling I-9s. This may help protect business owners from liability if they consolidate handling I-9s with one person and that person does not follow the policy.

Kelsheimer said that an I-9 compliance policy will do six things:

1. Control who completes the I-9 paperwork.

2. Mandate the timing to complete the I-9.

3. Outline the correct procedure and clarify incorrect procedures such as asking for additional information, accepting suspect documents, or preferring certain documents.

4. Arrange for I-9 forms to be retained.

5. Mandate the re-verification of temporary employment authorizations. Failure to re-verify documents that expire is a huge issue, and a solid compliance policy will include a procedure to schedule and follow up on reverifications.

6. Plan for an I-9 self-audit once a year.

Some businesses try to avoid I-9 and other issues by treating individuals who should be employees as contractors. They assume that doing so will avoid violations. But the government will pursue business owners who intentionally circumvent the I-9 rules by trying to treat undocumented workers as contractors. It may be wise to require all contractors to ensure I-9 compliance for their employees and provide access to their I-9s for verification.

**Filling out the form**

Nikki Larcher, co-founder of SimplyHR, explains that since Jan. 22, 2017, there has been a new I-9 form all employers must use.

Employers need to use the new I-9 for new hires but they are not required to re-validate forms or fill out a new form for employees who already have an I-9 on file.

All fields that are left blank must contain "N/A." The smart form will do this for you; but if you decide to print and hand write on the form, make sure that all fields without information have "N/A" in the field.

You must print the form and physically sign it. The new I-9 provides the capability to fill out everything electronically, but employee and employer are required to sign and date the form.

A Spanish version of I-9 should only be used as a translation tool. If no preparer/ translator was used, the employee must check the appropriate box stating that they did not use a preparer or translator.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

Employers must complete I-9 forms for every new hire. There are no exceptions for part-time or temporary employees. The employer must see original documents establishing eligibility to work, although certified copies of birth certificates are acceptable. Copies of the eligibility documents need to be attached to the I-9 form.

The I-9s must be completed within three business days of employment date. Employees fill out the first section of the form on or before the first day of their employment. Employers complete the third and fourth sections within three business days after the first day of employment.

**Software can help**

"If you are hiring a lot of employees, consider using an I-9 software provider. The advantage to going digital is that all information is stored in the cloud, everyone can sign digitally, and — in the case of an audit — your information is available immediately. The ease of such organization of data and timely notification of non-compliance will significantly reduce your cost of an expensive I-9 audit," says Bob Shoyhet with Melillo Consulting.

CLICK HERE
to return to
Table of Contents

"I-9 forms must be kept by the employer for as long as the employee is employed. If the employee is terminated, the employer must retain the document for three years after the person began work or one year after the person departs the company, whichever is longer," said Renata Castro, an attorney with the Castro Legal Group.

There are also criminal penalties, especially if a pattern is found of hiring undocumented workers. Enforcement has increased in industries that historically have hired undocumented workers: agriculture, restaurants and hospitality, Castro said.

"Employers must also be aware of increased litigation stemming from I-9 discrimination violations for document abuse, citizenship-status discrimination and national-origin discrimination," she said.

When it comes time to dispose of I-9s, it is considered a best practice to destroy old forms with shredding or incineration.

Be prepared so ICE won't put the heat on you.

CLICK HERE
to return to
Table of Contents

# Chapter 165

# Maximizing your ROI on Facebook advertising

**Published: Monday, April 24, 2017**

According to Mical Johnson of Omen Interactive, having a customer-acquisition system is the most critical component of any business.

Using Facebook advertising, you can create such a system that is both predictable and scalable. In my podcast series, "Been There, Done That! with Dennis Zink," Johnson, a digital marketing expert, shares best practices to maximize the return on your Facebook advertising investment.

CLICK HERE
to return to
Table of Contents

Whether your marketing objective is increased website traffic, more leads or higher conversions, you can begin applying Mical's practical tips to improve the effectiveness of your online marketing campaigns. Here are some highlights from this podcast.

**Your audience.** You already have a custom audience. Use the email addresses and phone numbers of your customers and upload them as a file to Facebook. Facebook can find more people like your customers and target them. Generally, targeting your customers, especially on Facebook, will keep acquisition costs low. Target website visitors using the Facebook pixel and target them on Facebook. Most people are familiar with Google Analytics; you can also put Facebook Analytics on your website.

**Other audiences.** You can target fans of your page or your competitors' pages. Using Audience Insights on the Facebook page itself gives you a breakdown of the demographics of people who are your fans. More people who "like" your page — especially if they're your customers — can help you can get a good picture of their demographics. Use this information to build out your target profile and your advertising.

CLICK HERE
to return to
Table of Contents

Within your advertising platform on Facebook, you can go to the Ads Manager, where one of the options in the menu is your pixel. Get the pixel and upload it onto your website. The big difference between the Facebook pixel and many of the other pixels you may have is that you only have to install it once. Then you can use the same pixel for everything, including the conversations, for leads and other marketing tasks.

**Keep it simple when gathering data.** Most people don't want to provide lots of information on a form. You should be happy with an email address. When you ask for more information, your conversion number will go down and the number of people who respond will decrease. If you target your efforts, it won't matter because the person who is interested in what you are offering is willing to give you that information. At the same time, you can exclude the tire kickers.

**Proportionality matters.** If you are paying $2.49 per lead and the product you are selling is $20,000, great. However, if you're selling a $10 widget, then $2.49 per lead is not so good.

**The four components of a newsfeed ad.**

The top text is text that's above the picture or the image. There's the image itself, with the body copy underneath the headline. The headline is the larger text underneath the image.

The image and words must capture attention. You want to test the images. Facebook allows you to choose up to six images when you're running your ads, and then they'll split test them. In other words, rotate them. That's a great strategy, in theory. It doesn't work very well for a small business working in a geographic area like Sarasota.

CLICK HERE
to return to
Table of Contents

What works better is to test multiple images: Clone or copy the ad and then change images. Run the two ads with the same audience and you can discover which one works better. Use images that convey emotion, make people smile and express your value proposition.

Keep headlines short — three to five words. AdEspresso analyzed 37,259 ads and found that the ads with the highest click-through rates had short headlines.

When it comes to colors, stay away from blues and grays unless it's your logo's colors. Advertising on Facebook tends to blend in with everything else.

Use colors that contrast well; yellow is a good choice.

**You want clicks.** The function of the ad is not to sell anything. You want clicks on your ad. Wherever you're sending them, that's where you introduce your sales process. The function of the ad is to get them to click on it.

Ad placement is where your ad is going to be shown. Use only one placement at a time. It's fine to test different options. What works the best for most small business clients is using the newsfeed ads.

CLICK HERE
to return to
Table of Contents

Most people are familiar with Google AdWords. Facebook doesn't work that way. Facebook analyzes many data points, not just a keyword that somebody has typed in as part of a search.

The biggest benefits come from using the Facebook pixel. The conversion focused ones, the lead-focused ones and those that result in traffic to your website.

Don't limit the audience with fine tuned demographic targeting. Let Facebook's pixel do the job, and you will end up spending a lot less money.

Focus on things that are going to bring you the biggest ROI.

# Chapter 166

# What do entrepreneurial leaders excel at doing?

**Published: Monday, May 1, 2017**

Phil Knight, the founder of Nike, says at the end of his inspirational book, "Shoe Dog," "Free enterprise always irritates the kinds of trolls who live to block, to thwart, to say no, sorry, no, and it has always been this way. Entrepreneurs have always been out-gunned, out-numbered. They've always fought uphill and the hill has never been steeper."

Knight goes on to explain that America is becoming less entrepreneurial, not more. He cites a Harvard Business School study that ranked all countries for entrepreneurial spirit. America ranked behind Peru.

Knight talks about knowing when to give up as genius. But he goes on to advise, "Giving up doesn't mean stopping. Don't ever stop."

While Knight suggests that hard work is critical, a good team essential, brains and determination invaluable, often it's luck that decides the outcome.

**My professional network**

I decided to poll my professional business network and received 134 responses. The question posed was: What are the most important traits of entrepreneurial leaders? I've tallied the top results below:

1. Persistence/tenacity. This was far and away the top trait, with nearly 50 percent of respondents offering this choice.
2. Consistently learning and adapting to change/flexibility
3. Being a visionary
4. Creativity
5. Enough courage to take risks
6. Hard working
7. Confident
8. Passionate
9. anagement and recruiting talent Some other noteworthy traits mentioned but not in the top nine included patience, positivity, curiosity, discipline, honesty and leadership.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

Susan French, founder of the marketing communications firm Flack-Shack, said she discovered that, “It is crucial that budding entrepreneurs be able to work independently, accept failure, be tenacious and willing to work all hours of the day and night.

“For me, those things were easy to adapt to. What was a challenge were the more mundane tasks of owning a business. It was simple to go into the workplace, do the job and cash the paycheck at the end of the week. Owning my own business, however, meant that I was the one who had to figure out salaries and how much I would charge clients. I had to make sure the 1099s, 1040s, and now the corporate return, were processed at the end of the year.”

**CEO Roundtable**

I asked the participants of a monthly CEO Roundtable I facilitate to share their thoughts on entrepreneurship. Forty-four percent rated persistence and integrity as the top traits they possess. Twenty-two percent said positivity. Hard work, effective communication skills and having fun were also key attributes they mentioned. The most interesting response was “strategic agility,” which I consider similar to learning and adapting.

CLICK HERE
to return to
Table of Contents

**Harvard Business School**

“We’ve always had a hard time being able to identify the skills and behaviors of entrepreneurial leaders,” says Harvard Business School professor Lynda Applegate, who has spent 20 years studying leadership approaches and behaviors of successful entrepreneurs. “Part of the problem is that people usually focus on an entrepreneurial ‘personality’ rather than identifying the unique skills and behaviors of entrepreneurs who launch and grow their own firms.”

The Harvard Business Review conducted a survey/self-assessment test of entrepreneurial leaders using 11 factors. Some interesting results had to do with the differences between a company founder and non-founder, a one-time versus a serial entrepreneur and men versus women entrepreneurs.

Founders scored significantly higher than non-founders on identifying opportunities, being visionary and influential, feeling comfortable with uncertainty, building networks, finance and management. They rated significantly lower, however, when it came to having a preference for established structure. Women scored higher on vision and influence and management of operations; did better on being comfortable with uncertainty and with finance and financial management. Serial entrepreneurs scored significantly higher than one-time entrepreneurs on identifying opportunities, comfort with uncertainty, and finance and financial management.

CLICK HERE
to return to
Table of Contents

They showed no difference on their preference for established structure.

Harvard Business School entrepreneur in residence Janet Kraus said of the survey, “This tool is going to be uniquely useful in that it was specifically developed to help entrepreneurs gain a deeper understanding of the skills and behaviors that they need to be successful.”

Are you an entrepreneur? How many of these traits do you possess?

What traits would you have listed instead of, or in addition to, these?

Please email me and let me know. The great lesson learned from “Shoe Dog” was that no matter what obstacles Phil Knight and Nike encountered, he persevered.

Just do it!

**CLICK HERE**
**to return to**
**Table of Contents**

**CLICK HERE**
**to return to**
**Table of Contents**

# Chapter 167

# Small-business owners become more optimistic

**Published: Monday, May 8, 2017**

A survey commissioned by Fifth Third Bank showed that 70 percent of small business owners expect companies to increase their annual revenue in 2017 by 1 to 24 percent. Fourteen percent anticipate 25 to 74 percent revenue growth and 5 percent expect to exceed 75 percent. Only 10 percent anticipated no revenue growth this year.

CLICK HERE
to return to
Table of Contents

Sixty-one percent of businesses surveyed had revenue growth in 2016, versus 90 percent anticipating growth in 2017.

Fifty-eight percent are more optimistic about their future business success than they were before the presidential election. Anticipated business-friendly policy changes by the new administration, including decreased regulations, reduced tax rates and possible health care repeal/reform have fueled a positive economic vibe.

One interesting insight that arose from the recent nationwide survey was that while small business owners are more optimistic, they are not taking actions that could lead to real growth.

According to this survey, despite a mood of optimism, only 51 percent of business owners regularly follow and update their business plan. A mere 2 percent turn to free or low-cost growth solutions offered by the Small Business Administration and just 4 percent seek advice from their banker.

Small business owners generally don't see their bank as a resource and consequently don't turn to their banker for advice. I believe this happens for several reasons: They are fearful their bank will see what shape their business is in and the bank will call their loans; business owners don't believe banks can help in any meaningful way and are not aware of helpful services they can provide.

CLICK HERE
to return to
Table of Contents

**Passive solutions**

The government-outcome-based situations offer static solutions to businesses. In other words, the businesses do not have to do anything newly productive, such as adding new products or services, hiring employees or developing new markets.

“We’re pleased with the positive outlook carried by many small business owners,' said Kala Gibson, head of business banking at Fifth Third Bank, 'but we also strongly encourage them not to rely on optimism alone to grow in 2017. Small business owners must translate optimism into action if they want to achieve their business goals."

Global research firm You-Gov conducted the survey in the middle of the first 100 days of the Trump administration.

The breakdown of the sources of small-business owners' optimism is:

• 77 percent, more business- friendly policies.

• 68 percent, loosened business regulations.

• 60 percent, corporate tax cuts.

CLICK HERE
to return to
Table of Contents

• 59 percent, the potential for lower health care costs.

Gibson encouraged small-business owners to use some of the plentiful resources available to help them plan and build for their success. "We believe that growth requires faith plus action."

The survey showed that small-business owners most often turn to peers, friends and family for support instead of professionals such as lawyers, bankers and community assistance providers, such as SCORE and the Small Business Development Center of the Small Business Administration. Thirty-one percent do consult with other small-business owners.

**Active solutions**

Ninety percent of small-business owners expect some level of revenue growth in the next 12 months, while 86 percent are planning to take actions to make that growth happen. During the next 12 months, 31 percent of small-business owners plan to increase their online presence; 30 percent want to target new markets; 29 percent plan to hire new employees; and 28 percent want to offer new products and services.

**Obstacles to growth**

CLICK HERE
to return to
Table of Contents

In addition, the survey identified obstacles that small-business owners face that might be causing them to leave valuable resources on the table.

Some obstacles cited include: 32 percent reported a lack of funds, 21 percent felt their product offering was too narrow and 17 percent felt that a lack of resources other than money was limiting their growth.

**A disconnect**

Surprisingly, although 38 percent of those surveyed felt their bank could help grow their business with loans, advice and other help, only 4 percent take advantage of their bank as a resource. Eight percent most often use the internet as a resource for help and advice.

Apparently, the folks at Fifth-Third think bankers can help more.

**Peer group success stories**

As a four-year facilitator of a local chamber of commerce CEO Roundtable, I continue to witness the benefits that member CEO's derive from peer-group support. Being able to discuss similar topics with other CEOs offers a rewarding experience and shows up on their bottom line.

When you combine 10 business owners in a non-competitive, confidential space, lights go on. The CEOs learn from each other and adapt, develop and cheer each other on as they achieve that next level of growth.

I belonged to a CEO Roundtable for seven years and felt it was the best use of my money and time. Many of the members of my group are still in touch. One of our members was frustrated and was going to quit his company. We convinced him to hang in there. He went public and eventually his payday was $125 million. Not too shabby.

**CLICK HERE**
**to return to**
**Table of Contents**

**CLICK HERE**
**to return to**
**Table of Contents**

# Chapter 168

# The ins and outs of independent contractors

**Published: Monday, May 15, 2017**

Are you an independent contractor? Have you hired one?

It's not that easy to tell.

According to the Internal Revenue Service, people such as doctors, dentists, veterinarians, lawyers, accountants, contractors, subcontractors, public stenographers or auctioneers who are in an independent trade, business or profession in which they offer their services to the general public are generally independent contractors. But whether these people are independent contractors or employees depends on the facts of each case.

CLICK HERE
to return to
Table of Contents

The general rule is that an individual is an independent contractor if the payer has the right to control or direct only the result of the work and not how it will be done.

If you are an independent contractor, you are self-employed and your earnings are subject to the Self-Employment Tax. To find out what your tax obligations are, visit the Self-Employed Tax Center on the IRS website.

You are not an independent contractor if you perform services that can be controlled by an employer (what will be done and how it will be done). This applies even if you are given freedom of action. What matters is that the employer has the legal right to control the details of how the services are performed.

If an employer-employee relationship exists (regardless of what the relationship is called), you are not an independent contractor and your earnings are generally not subject to Self-Employment Tax. But your earnings as an employee may be subject to Federal Insurance Contributions Act (FICA—Social Security tax and Medicare) and income tax withholding.

CLICK HERE
to return to
Table of Contents

For more information on determining whether you are an independent contractor or an employee, refer to the IRS section on Independent Contractors or Employees.

**What is independent contractor income?**

According to efile.com, independent contractor income is compensation you receive for doing work or providing services as a self-employed individual, not as an employee. If you are self-employed and an independent contractor, your compensation is reported on Form 1099-MISC (along with rents, royalties and other types of income). If you received a 1099-MISC instead of a W-2, the payer of your income did not consider you an employee and did not withhold federal income tax or Social Security and Medicare tax. A 1099-MISC means that you are classified as an independent contractor and therefore self-employed.

“Having been a contractor in my last venture, I think I saw much more of the benefits than I had considered previously,” said Bob Melberth, a certified SCORE mentor and vice chairman of Manasota SCORE. “One, the freedom I had to explore options to expand the business was not restricted by any employee manual. Two, I could use an S Corporation for my expenses for tax benefits. Three, I enjoyed an elevated relationship with the business owners with whom I worked.”

“The new freelance economy is here to stay,” said Pat Loftus, Marketing Team lead at Manasota SCORE. “Entrepreneurial freelancers are shaping their business models to achieve their lifestyle goals. Business owners with innovative business models who choose to capitalize on this workforce segment stand to benefit from the innovation, agility and flexibility independent contractors can provide.”

CLICK HERE
to return to
Table of Contents

There are no clear-cut rules to distinguish between an employee and a contractor, but the following are good indicators” according to Corey Bray, founder and CEO of LegalNature. “When hiring staff, it is important to define their employee status. There are usually two options: employees or contractors.” The term “freelancer” is ambiguous and is generally used to describe a self-employed, independent contractor.”

Be sure that you are classifying these two groups appropriately. Just because you call someone a contractor doesn’t necessarily mean that in the eyes of the law and the IRS they are actually a contractor.

As anyone who has started a business knows, it is usually more cost-effective to hire contractors. Employees usually come with payroll taxes and, often, health insurance costs and other expensive benefits.

**Supervision, means of work, payment, and the ability to incur a loss**

Supervision: A contractor should have identifiable tasks with a deadline for completion. Supervision is normally little to none. If the contracting party is involved in day-to-day management, setting working hours, etc., there would be a higher likelihood that the provider of these services will be considered an employee.

CLICK HERE
to return to
Table of Contents

Means of work: In most cases, a contractor should already possess or acquire their own means of completing the work. However, some specialized equipment may be provided by the contracting party.

Payment: Employees are typically paid at regular intervals, whereas contractors’ pay is linked to results and meeting deadlines.

Ability to incur a loss: A contractor is usually at risk of incurring a loss. This may be due to higher costs of work materials or the need to outsource work. Employees are paid the same salary.

Dorris Hollingsworth, president of Evergreen HR Group, suggests, “Hiring an independent contractor can be a simpler solution for a business owner by virtue of a more streamlined process and relationship.

“On the plus side,” she said, “a business owner won’t have to deal with employment issues such as payroll taxes, benefits, new hire paperwork and setup. It is easier to end the relationship if you are dissatisfied with the work performed. However, you also lose some control if you choose an independent contractor. You don’t control the schedule, the way the work is performed, whether they perform similar work for others, or what tools are used to perform the job.”

CLICK HERE
to return to
Table of Contents

SCORE’s Megaphone of Main Street: Report on America’s Small Businesses indicated that 46 percent of startups reported hiring one or more part-time employees and independent contractors, for an average of 3.2 jobs.

Hopefully, this information will help you make the right decision when contracting with independent contractors.

CLICK HERE
to return to
Table of Contents

# Chapter 169

# Online or flatline: Coaxing search results to do your bidding

**Published: Monday, May 22, 2017**

Persuading the great gods of search to allow potential customers to find a business is important. It also sometimes seems like a black art and a goal that is constantly moving.

CLICK HERE
to return to
Table of Contents

"Understanding and working with search engines is complicated and ever-changing," according to author Nick Choat. His first book, "Online or Flatline, The Small Business Owner's Guide to Digital Marketing," (Elevate Publishing; $12.99) provides a common-sense view of the digital marketing space for the layman.

I met Choat several years ago. As a SCORE member, Choat taught a social media workshop to a standing- room-only crowd at the offices of the Community Foundation of Sarasota. His mastery of the topic and ability to explain social media in a simple way enabled the audience to easily follow along.

Choat came from a small town in rural East Tennessee. His family owned the local grocery store where everybody knew everybody. After earning a computer science degree, he became a software developer. His multifaceted career includes a stint at The Boeing Co., consulting at Ernst & Young and work at several dotcom companies where he focused on retail and online entertainment. He later landed at Disney, where he held a leadership role in its migration to digital media.

Professionally, Choat's focus has been on the business that surrounds the technology rather than the technology itself.

CLICK HERE
to return to
Table of Contents

"Online or Flatline" is about developing a digital strategy to acquire and retain customers. The themes woven throughout this book include: satisfying the demands of your target audience that expect you to engage via digital platforms; digital strategy skills that a business owner needs to define and implement and achieving a comfort level managing and using these platforms.

Man cannot live by digital alone.

"With very rare exceptions," Choat says, "no business, especially small business, can survive wholly as a digital business."

Businesses need to engage their target markets the way their consumers want to engage. According to Choat, this is still Marketing 101. With a maturing business pipeline and an ever-aging market, there is a need to stay relevant with the younger consumers who heavily rely on mobile to explore their world.

If your business doesn't have a website, your business doesn't exist. Your website is the mainstay of your digital strategy. Choat says that if you don't have an up-to-date website, focus on creating one before you do anything else. He suggests the following:

1. A clean and simple design with a convincing homepage. Use a healthy amount of well-spaced imagery and text.
2. A description of your services and a phone number to call.
3. Your site must be mobile friendly so it works well on smartphones and tablets. Do not proceed without this.

CLICK HERE
to return to
Table of Contents

Other topics he considers crucial:

**Search and you shall find.** "If potential customers can't find you with search, you don't exist. Consumers who use search engines typically focus only on the first page of the results. Once your business is landing on the first page of search results, your cost to acquire new customers from that channel is essentially free."

**Organic versus pay-to-play.** Organic is free (search engine optimization) and pay-to-play is paid (search engine marketing). Search engine optimization, or SEO, is achieved by building your website to work best with the search engines. Search-engine marketing is paying the search engines for search terms to enhance your results. You only need to worry about the 800-pound gorilla, Google, as Bing is a distant second. If you satisfy Google you'll be okay with Bing.

**How to win this game.** Search Google for "search engine optimization 2017" and study the results. Read the Google document and methodically implement Google's recommendations. Hire a search-engine specialist to help you implement those things you can't do on your own.

**One good social network should do the trick.** This advice was suggested by an master's of business administration student, and Choat says it still applies today, at least for starters, that is. Social media platforms initially were focused on individuals but now have capabilities for businesses. If your customers are consumers, use Facebook. If your customers are other businesses, use LinkedIn. Invest in the channel that gives you the broadest reach. If your business is highly visual, use Instagram or Pinterest.

CLICK HERE
to return to
Table of Contents

**A direct hit with Facebook.** Facebook has an amazingly powerful paid advertising capability that can enable any small business to reach their target market with surprising precision.

Choat cautions that social platforms are just that: social. So remember to engage with your followers. "Be a real person, as people will not be social with a business," Choat says.

His 85-page book provides a quick read and some good advice worth the price of admission. Today he owns two Sport Clips Haircuts franchise stores; one is in Bradenton and the other in Sarasota. But don't worry, you won't get clipped with this book.

# Chapter 170

# 28 favorite nuggets of small-business wisdom

**Published: Monday, May 29, 2017**

Here are some of my favorite nuggets of small business wisdom. Many of them are original, some are borrowed, and I can't remember which is which.

But they are all worth absorbing because any small-business owner can benefit from them.

Cash is king; do not run out of cash — Cash is the lifeblood of every business.

When you run out, your business is dead!

Don't reinvent the wheel, just change the spokes — This is my best adaptation of any tip. Just a small change to a proven strategy may make all the difference in the world.

Prioritize by doing first things first and second things never — Always do the most important thing for your business first, and when that's done, the second one will become the first.

Count everything that's countable, then determine the most important metrics for your business — These are your key performance indicators, or KPI. Every business should develop its most important numbers.

Measure them consistently and constantly.

Hire slow, fire fast — Admit the mistake, face up to it and terminate immediately — it will be better for all concerned. Most companies do the exact opposite — they hire fast and fire slowly. Inspect what you expect from others — If you ask someone to do something, make sure they did what you wanted and that it was done properly.

"About right" now is better than exactly wrong later — Act now!

Don't procrastinate because you're waiting for more information.

Hire smart rather than manage tough — You can't change people and shouldn't try. Hire for attitude and train for skills.

Do the right things rather than do things right — Be effective first, efficient second and focus on solving the right problems.

Learn how to know what you don't know — Easier done than said. To solve a problem, you have to be aware of the problem.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

Nobody cares how much you know, until they know how much you care, about them!

— Take the time to learn what your customers and employees really want.

The "what" must have a "when" — Create written goals.

Write specific, achievable, worthy goals (the what) with realistic dates for accomplishment (the when).

Think both inside the box and outside the box — Use convergent thinking to drill down and divergent thinking to explore possibilities.

Bet on the person with past successes in the industry — People who have been successful will tend to be successful again and again.

CLICK HERE
to return to
Table of Contents

Network with a purpose — You don't need to meet everyone. Before you go to a networking event, try to learn who will be there and decide whom you would like to meet. Think quality over quantity.

Nothing happens until someone sells something — There is nothing else to do other than sell something or prepare to sell something (especially during the start-up phase).

Have a to-do and a to-don't list — Most of the things on your To-Do list are probably things you should not be doing. Just because you can, doesn't mean you should.

Your most valuable commodity is time — You can't get time back. Unlike a bank account, you really don't know how much time you have left in your account.

Productive time is disciplined time — You decide what, when, where, with whom and for how long. Make the best use of your time at work, play and sleep.

All small businesses have limited funds; some more limited than others, but limited, nonetheless — How you allocate those funds can make the difference between success and failure. Without deep pockets, one critical mistake may be your last.

CLICK HERE
to return to
Table of Contents

Ask the right questions and you'll get the right answers — It is more important to ask the right questions; the answers will come.

Don't be afraid to walk away from a bad deal — It could be the best deal you never had.

Consider working more on your business than in your business — This gets easier to do as your business grows and you have the luxury of being able to delegate.

Spend your time doing whatever advances your business — Again, disciplined time management.

Your business will die. 'When' is the big issue — Sorry to break this to you, but forever doesn’t happen with businesses.

Creating a business plan greatly increases your chances of succeeding in your business — You do have a written business plan, don’t you?

Develop the habit of doing those things that unsuccessful people don't do — One of my favorite sayings.

Without profit, your business doesn't continue to be in business — Go back to the first saying, this counts twice!

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 171

# Seasonal slowdown and some suggested solutions

**Published: Monday, June 5, 2017**

Well, it's that slow time of the year. To help local businesses cope with the slow summer season, Manasota SCORE sponsored a panel discussion on the topic of business seasonality and what a small-business owner can do to mitigate the damage.

CLICK HERE
to return to
Table of Contents

Manasota SCORE's Success Strategies for Business Owners' MeetUp.com, the Manatee County Public Library and the Manatee County Economic Development Division sponsored the event as one of a four-part education series.

The three seasonality panelists were John Horne, the CEO of Anna Maria Oyster Bar's four local restaurants; Dylan Bower, manager of the Holiday Inn Sarasota Airport; and Stefan Sommerfield, who worked 40 years in retail store management and merchandising in the clothing industry for Saks Fifth Avenue, Gimbels, Izod and big box retailers such as Target, Burlington Coat Factory and Dick's Sporting Goods. The panel discussion was moderated by Bob Melberth, vice chairman of Manasota SCORE, and Chelsea Baker, information services librarian.

**Make decisions based on reliable information and planning.**

Seasonality is the nature of all retailers. "If you are not constantly evaluating where you are in your planning process," Sommerfield said, "the surprises will kill you in the marketing and in the handling of merchandise. When you buy something, have a plan to liquidate it."

**Make the money last; have a budget.**

CLICK HERE
to return to
Table of Contents

This holds true for both the business and its employees. "We make a lot of money in season and we try not to spend it all in the off-season," Horne said.

During the first quarter of the year (January-March), Anna Maria Oyster Bar does 35 percent of its annual sales. Contrast that with the four months of June, July, August and September that account for less than 25 percent. Locally, September is horrible, and a lot of restaurants close for a week, two or even four weeks. September is a good time to tweak the menu, remodel and fix or replace equipment. It's a great time for staff to take vacations. Business comes to a screeching halt June 1.

**Focus on service.**

“January, February, March and half of April are peak season for our Holiday Inn and we run 100 percent occupancy seven days a week,” Bower said. “We can literally pick and choose the business that we want to place in our hotel to maximize every dollar we can on every room.

“My whole focus is service,” he said. “You want employees who have the passion to make a situation right. Those are the people you want in your business. The people who will serve your guests first but protect your business a close second are the people who will keep you successful. Service will sell. Your product is what it is. If you provide the service that makes people feel special, makes them feel welcome, they will continue to be excited to come back to your property. “On the hotel side,” Bower added, “accommodation and occupancy trends are pretty much, year-to-year, the same. Other than some minor tweaks like weather (up north) and when holidays like Easter fall, we can pretty much tell what our occupancy is going to be.”

CLICK HERE
to return to
Table of Contents

“We make sure that we are strategically priced according to the market, to ensure that we are maximizing revenue. But the hotel restaurant day to day is much more difficult.

Do I have enough staff in case we get busy or do I have too much staff?”

**Strategies to manage existing customers.**

At Anna Maria Oyster Bar, “We do special things in the summer to encourage people to come in, and we try to keep our locals engaged,” Horne said. “We do ‘Lunch Bunch’, where you buy so many and then you get a free lunch. We use our e-blast (email list) and reach out for birthdays, anniversaries and other special occasions.

“The credit card companies can act as a quasi-loyalty card,” he said. “They can send out an email to guests who haven’t been in for X months or provide a $10 credit on a credit card statement if they come back within two weeks. The technology is phenomenal on what you can do to bring people in.” “We are doing a summer reading program, “Camp Rise,” where we have 50 guests with 100 children and have the guests reading to the kids. We teach them how to eat a healthy breakfast. Rising second and third graders help them read. It endears our guests because we are helping our community.”

CLICK HERE
to return to
Table of Contents

Well, the snowbirds have flocked north until fall. Restaurant wait times have ceased, the traffic has eased and our diverging diamond is now open. Perhaps our new tourist ad campaign should be: “Florida, it’s a hot market in season and even hotter in the summer. C’mon down.”

# Chapter 172

# How a buyer might rate your small business

**Published: Monday, June 12, 2017**

If you had to sell your business tomorrow, how would it fair? How can you know how your company is positioned in the market?

What follows is a list of variables that a prospective buyer would consider when evaluating your business.

CLICK HERE
to return to
Table of Contents

The final score is a combination of market, management and product metrics that will help define the appeal your business could have to potential buyers. Using a 1 to 5 scoring system, where 5 is excellent and 1 is poor, you can use your best judgment to self-score your business in these areas.

Don’t be discouraged with a low score. Do use this as an opportunity to take corrective action.

**Score values:** 0 Beyond poor; 1 - Poor; 2 - Fair; 3 - Good; 4 - Very good; 5 - Excellent.

• **Product mix –** How many products or services does your business offer? If your company is a one-trick pony, give yourself 1 point.

If you have a diverse product mix, score whatever you think best represents your product mix up to a maximum of 5 points.

A prospective buyer will appreciate a diverse product mix. Having more products or services to sell gives the customer more options to buy. In this instance, more is generally better, although too many products and services could be confusing.

CLICK HERE
to return to
Table of Contents

Product differentiation from your competitors is important. What makes you different?

• **Customer mix –** If you have one or perhaps just a few income sources and your business would be decimated by the loss of that customer or customers, score one point. If you have many revenue streams, score 2 to 5 points. You never want to have your business dependent on only a few customers, because losing that customer/revenue source could result in your company’s demise.

Diversity is good here.

• **Business and industry trends –** If your business has been trending downward, score 1 point. If you are more than 15 percent behind last year’s sales, score minus 1. If your sales are trending up strongly, perhaps a 4 or 5 makes sense. Now for your industry trend score.

If your industry is collapsing, score 1 point. If you are in a fast-growth industry, perhaps a 5 is your score.

Add these two — your business and your industry scores — and then divide that sum by two to give you a composite trend score.

• **Receivables and collections –** If you have a problem with aging accounts receivable, score 1 point. If you have no past-due accounts or you get paid either upfront or upon sale, score 5 points.

• **Size –** If you have one operating unit that is doing above-average business for your industry, score 3 points. If you have many operating units and you're killing it, score 5 points. Size is an important variable but it's not a be-all and end-all metric. Size usually lessens the risk to a potential buyer. But a smaller business with greater profits might be viewed as more appealing.

**CLICK HERE**
**to return to**
**Table of Contents**

• **Geographic penetration –** If you have only one location or if your business is coming from a limited geographical area and your penetration is weak, score 1 point. If your business is well established in the market and your penetration is greater than your competitors', score 5.

• **Management –** If you do everything yourself, score 1 point. If you never have to be involved in the day-to-day aspects of running your business and it is running smoothly, give yourself 5 points. A strong management team is very important to a buyer.

Chances are good that a buyer will not want to retain your "consulting" services for more than three months to a year after you are bought out.

• **Quality of your financials –** If your financial statements would hold up to an audit, give yourself 4 points. If you don't have financial statements, give yourself a zero.

Audited statements earn a 5 here.

• **Management Information Systems –** If you have state-of-the-art computer software that provides virtually all the information you need to run your business effectively, give yourself a 4 or 5. If you are using pencil and paper, you get 1 point.

**CLICK HERE**
**to return to**
**Table of Contents**

• **Profitability –** If your company is losing money, give yourself a zero.

If profits are minimal, then score 1 point. If profits are outstanding and increasing year-to-year, then give yourself 5 points. A business will not remain in business without profits. Of course, you want to include owner benefits in this metric.

• **Total** – Tally your points in these 10 categories and see how close you are to a perfect 50. A company with a high score has the potential to attract sound buyers and maximize equity in a sale. A business with a low score will not be an exciting target for an acquirer and may sell for break-up value, discounted inventory value and little to no goodwill.

The areas where you are relatively weak, where you scored less than 3 points, should warrant your attention. Areas in which you scored less than 2 should be addressed immediately. Areas in which you scored 0 or 1 should be reviewed this week.

If you scored less than 30 total points across all 10 areas, I suggest that you request a SCORE mentor's help at score.org to help you improve your business viability and your score. Email me if you are not sure what to do next, centreofinfluence@gmail.com. I'll be glad to help.

**CLICK HERE**
**to return to**
**Table of Contents**

**CLICK HERE**
**to return to**
**Table of Contents**

# Chapter 173

# Should you be tweeting?

**Published: Monday, June 19, 2017**

Created in 2006, Twitter is an online news and social networking service. It offers the ability to have multi-directional conversations in real time restricted to 140 characters. It may be the president tweeting at 3 a.m. or a live tweet with videos from space.

More than 500 million tweets are sent daily.

Should you be tweeting?

Tips for tweeting:

1. Understand what you hope to accomplish: Know why you are tweeting and what your objective is. Your tweets should be in sync with your goals.

2. Include a call-to-action in your tweets.

3. Keep tweets short (65 to 95 characters). This leaves room for retweeting as tweets can't exceed 140 characters. Use short links like Bit.ly. Include relevant hashtags. If your tweet is shared thank the retweeter.

4. Retweet popular trends and interesting content.

5. Set up schedules to tweet automatically.

6. Use the most popular words for retweets. 7. Be professional, don't attack others.

8. Learn what works best and adjust.

**The Twitter ad platform**

I spoke with Mical Johnson, who is an expert on Twitter.

Mical is with @OmenInteractive,and he commented on the Twitter ad platform as not being as mature as Facebook. "Twitter excels as a platform for live events or news focus. Website clicks and conversions matter."

On Facebook, you target the followers of users. If you have a brand ambassador, or a thought-leader in your space, you target their users. That's very powerful when you are trying to grow your business.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

If someone is interested in following a person on Twitter, they are going to be interested in a specific subject.

Build a story, have a reason that people are going to become engaged. For example, target a TV show that you know your audience is going to have an affinity for, and then tie the TV show to your ad in an interesting way.

Often at large events and conference, there will be a lot of live tweeting. It's the in-thing. Instead of a reporter, have someone doing live tweeting at the event. This is a great way to get the word out. Twitter advertising is the exact opposite of Facebook advertising. If you want to target someone who is in the health and fitness space, then find every health and fitness guru in that space.

If they have published a book, and they have a Twitter account, use it.

If they're on a TV show, find and engage them.

Build your list as large as possible and then advertise to it. Twitter is live; it's a livestream that enables you to report up to the minute, as things happen.

**The way Twitter works**

When you tweet, the only people who will see your tweet are the people that follow you. (Unless you have directed your tweet to a specific person.) But this doesn't apply with advertising. You choose the audience that you're going to tweet because you're going to pay for it. Within a week of opening a Twitter advertising account, you can start advertising. You may have only a few followers but you can advertise to them.

People will follow you if you're advertising and targeting larger users, gurus, influencers or celebrities who are in the space. If you're advertising regularly to an audience, your Twitter follower count will increase. Be sure to tweet on a regular basis. Add people you want to follow. If your audience is global then you need to be aware of time zone differences. Companies with a marketing message should use Hootsuite to schedule tweets up to three times per day.

**Twitter handles:** Your ads can target specific Twitter handles. A Twitter handle is a user name, published by the user because they want to build a following. Check Amazon for the top 10 bestsellers and thought leaders on a specific topic. These authors will publish their Twitter handles. You can use those handles in you advertising, thus, targeting those followers.

A Twitter handle is a username with an @ symbol, and whatever follow such as @ zinkdennis. You can communicate with a specific person using their Twitter handle. A Twitter handle allows you to target and build your profile. Publish content regularly. The challenge is finding people who will engage with you. Use the Twitter search functionality, which is search.twitter.com and type in the box "See what's happening right now." Note that the "Trends" are listed below. This will enable you to find people who are having relevant topical conversations.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

According to Mical Johnson: “Think of Twitter as walking into a party, and you don’t know anyone. Chances are that you will overhear discussions about different subjects, some of which may be of interest to you. You might introduce yourself to the conversation to add value. With Twitter, it’s similar but with less formality. If you want to comment just chime in. The way to find these conversations is by using the search function. The reason people use hashtags (#) is to group similar conversations together. If you know the hashtag, you can search for that hashtag, find people that may want your service, and reach out to them with tweets.”

Use their Twitter handle so that person will know you are talking to them and send them a message.

**Livestream:** There are different areas in which you can interact on Twitter. You have your ‘stream,’ which includes everyone that you follow. It consists of their tweets as they occur, often at a fast pace. Hashtags also function to have a conversation. If you’re doing a search on a hashtag, the only visible conversation revolves around that hashtag.

CLICK HERE
to return to
Table of Contents

**Mentions:** A mention is a different inbox.

Direct Twitter messaging comes in your inbox.

Mentions happen when somebody references you. You can click on the mention just like you would a Facebook post, and you will only see that post.

**Bids:** Bids determine how much you are willing to spend in an ad campaign and is similar to other platforms. If your budget does not get spent, then you didn’t target enough people. Your ads should always point back to your website where you will have a call-to-action. Plan this beforehand, know what you want to accomplish and geotarget your audience. If your business is in a geographic area, target that area.

Start small with your targeting: perhaps just the thought-leaders in your space, maybe one subject. Build that audience. If you have a live event, you can run though your budget quickly.

**Twitter cards:** With Twitter cards you can attach photos, videos and other multimedia.

CLICK HERE
to return to
Table of Contents

This will help capture people’s attention and drive more traffic.

**Take your best shot:** If your business is getting started, find out and go where the people are.

Many are going to be on Facebook. Start there as Twitter tends to be more of a niche audience.

Advertise your best product or service and keep your messaging simple.

Target those within your delivery area.

Keep it short and sweet, and tweet.

# Chapter 174

# For promotional brochures, there's an easier way

**Published: Monday, June 26, 2017**

Every year or two, our Manasota SCORE chapter updates its three-panel, two-sided brochure.

We print 5,000 copies at a cost of about $1,000, not counting any creative work or other changes. Many businesses have a combination of brochures, fliers, presentations, rack cards, white papers, reports, case studies and other collateral materials.

CLICK HERE
to return to
Table of Contents

Virtually every company has a combination of these promotional documents. Now, you can reach more prospective and existing customers with your "stuff" at a fraction of what you have been spending the old-fashioned way.

While searching for a way to get more value from our existing print marketing collateral, I discovered an innovative new service called Simple Booklet. I felt the concept was so unique and useful that I wanted to share it with other businesses.

Using Simple Booklet, I uploaded our SCORE trifold brochure. In seconds, it was a page-flipping booklet with its own web address. Then I clicked on the sharing tools and was able to send it via email and post it to social networks such as Facebook, Twitter, and LinkedIn. I haven't explored all the distribution options yet, like embedding it in our SCORE chapter website. I like the fact that I can enhance our brochure with videos and additional images to take advantage of the medium.

A nice surprise was the email I received, giving me a report every 30 days showing all the ways our SCORE brochure is being distributed online. The numbers prove that it's really working.

CLICK HERE
to return to
Table of Contents

Check out our Manasota SCORE brochure at simplebooklet.com/score. Click the right arrow at the top and watch our brochure come to life.

In my opinion, Simple Booklet works best when you already have documents to upload. I found the editing a little cumbersome; but after you play with it, it gets easier to use.

The gallery is a customizable page that displays a collection of your Simple Booklets. It can also be accessed from your Simple Booklet business card. I experimented with so many features, too numerous to cover here.

Now, we can email our SCORE brochures, essentially free. It doesn't cost anything to send via email, post on social networks, or embed into documents and websites. With our annual subscription, every booklet has an opportunity for unlimited views and distribution. We can send to 100 or 100,000 people in an email at no additional cost.

Adding in the cost of our $60 subscription and emailing 5,000 brochures using Simple Booklet costs a little more than a penny per brochure, as opposed to 20 cents each with the printed version, plus an envelope, plus a stamp.

In our case, many of our brochures are provided to businesses that attend our seminars and workshops, or are handed to clients, so there is no savings here. The printed version is still a necessity.

You get three free booklets up to 25 megabytes in the standard plan. Furthermore, the prices are reasonable for upgrades. The free plan does have Google advertising inserted in the third page and every 10 pages, which can be annoying.

CLICK HERE
to return to
Table of Contents

You can upgrade to a PLUS or a PRO plan. The PLUS plan is $5 per month, billed annually for $60, for up to 12 booklets and 100 megabytes.

The PRO plan is $10 per month, billed annually at $120, and you get unlimited booklets up to 500 megabytes.

Or, you can pay $7 or $15 per month, each month, for the PLUS and PRO plans.

When you consider the pluses and the minuses, Simple Booklet does what it is supposed to do, and it does it well. I don't normally recommend many products and services, but this one caught my attention for the value and service it provides.

I rate this a strong 8 out of 10. I highly recommend the PLUS plan to avoid the Google ads.

If you have the need for more than 12 booklets, you can always upgrade to the PRO plan. An online "quick guide" explains how to do everything, and additional help is available if you get stuck.

CLICK HERE
to return to
Table of Contents

Upon interviewing the developer, he provided a discount code for Business SCORE Card readers for upgrades to either the PLUS or PRO plan. Simply select the upgrade button at checkout and type MARKETPLUS or MARKETPRO, depending upon the plan, and receive a 17 percent discount.

Please email me and let me know what you think about this service. And while you're at it, don't forget to look at our SCORE brochure.

Then, email or call us to let us know if SCORE can help you improve your business.

# Chapter 175

# Should you try crowdfunding?

**Published: Monday, July 3, 2017**

John Montelione, CEO and founder of J-Tech Investments, presented a free seminar titled Crowdfunding for Entrepreneurs to a standing- room-only crowd at the Bradenton Central Library in Bradenton. The event was part of Manasota SCORE's Success Strategies for Business Owners' Library series MeetUp.com. The Manatee County Public Library and the Manatee County Economic Development Division sponsored the event as the second of a fourpart summer education series.

CLICK HERE
to return to
Table of Contents

What is crowdfunding? Crowdfunding is the practice of money from a large number of individuals each giving small amounts. There are four types:

1. Donor-based, with no expectation of a return or reward.

2. Reward-based, which gives an expectation of some type of reward. These rewards are specified in advance and depend upon the amount given. Popular examples such as Kickstarter and Indiegogo are reward-based platforms.

3. Equity-based, which involves buying shares and entails a fiduciary responsibility between the person giving the funds and the person receiving the funds.

4. Lending-based, which is basically a loan agreement. This has been used in the mortgage markets, where someone has a facility they want to finance.

**How much can you raise?**

An example of one of the largest crowdfunding success stories occurred in December 2012. Oculus Rift, an immersive virtual reality gaming headset, was crowdfunded on Kickstarter and raised $2,437,429.00 from 9,522 backers with an average contribution of $256. Their goal was to raise $250,000. Sixteen months later, the company was acquired by Facebook for $2 billion.

CLICK HERE
to return to
Table of Contents

Because this crowdfunding was reward-based, a $25 donation returned a limited-edition T-shirt. Other than the specified rewards, the crowd did not share in this windfall. If it had been equity-based crowdfunding, and if only 49 percent of the value was subscribed, each average contributor would have received about $420,000instead of a funky T-shirt.

There are approximately 185,000 crowdfunding campaigns a year, and the industry is still considered to be in its infancy. Crowdfunding will raise about $60 billion this year and is expected to top $90 billion by 2020, a 50 percent increase in three years. According to reliable statistics, approximately 36 percent of Kickstarter campaigns reach their financial targets. Yet 84 percent of all campaigns raise under $10,000. According to Montelione, “Use crowdfunding to get your project going. You can always do a second round to help you get to the next level.”

“Use crowdfunding to get your project going,” Montelione said. “You can always do a second round to help you get to the next level.”

**A long history**

Crowdfunding was born in 1885.

Joseph Pulitzer was a crowdfunding pioneer. In 1885, he launched a campaign in New York to raise money for a granite pedestal base befitting the Lady in the Harbor proudly raising her torch. Pulitzer, the famed publisher of The New York World, sought to raise $100,000 in small increments from the crowd. His goal was to keep the Statue of Liberty in New York. Placing an ad on the front page of his newspaper, Pulitzer successfully raised $101,091 in five months.

**CLICK HERE**
**to return to**
**Table of Contents**

The base cost $250,000 (over $6 million today) and Pulitzer’s successful crowdfunding helped fill the gap in funding. Characteristics this campaign had in common with today’s crowdfunding efforts include the speed in raising the money; the number of small donations and the management by one agent. Rewards such as gold coins were offered to large donors.

The biggest difference, thanks to the internet, is the massively larger number of people who can be asked to participate today.

**Creating a project**

The four-step process needed to successfully crowdfund include:

1. Have a mission.

2. Reach out to the crowd.

3. Find believers in the project. 4. Create a movement.

**CLICK HERE**
**to return to**
**Table of Contents**

**Managing a project**

Montelione said staying organized is critical and he recommends using Basecamp software for communications and project management.

“You must know what teams you need to be successful. Hire contractors to build your website and handle your social media if you don’t know how. Gain backer support from friends and family. Have a business plan and an accounting system.”

He suggested starting a blog to get the word out. There are so many ways to reach your tribes today, especially using social media channels such as Facebook, Twitter, and Instagram.

**Create a product page**

This step is critical to your success. Establish a realistic funding goal. If the crowdfunding platform states a fixed goal, then you need to raise the entire amount or you don't get a cent.

If the platform has a flexible program, you get to keep whatever money is raised, regardless of reaching your goal. Create a professional-quality video. Use an "elevator pitch" to tell your story. Explain what you will do with the funds raised.

Arrange credit card processing, keeping in mind that you will only keep $.85 to $.90 cents out of every dollar after paying credit card and platform fees.

Your campaign should be for 30 days. Rewards must be thought out and scheduled based on contributions. Keep rewards relevant and in-sync with the crowdfunding theme. If you are raising money to create a music CD, provide a CD as a reward. Compute your true cost for the actual reward, including packing, shipping and any other fees.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 176

# Is your company guilty of age discrimination?

**Published: Monday, July 10, 2017**

Age should not be a factor in your dealings with employees.

Neither should race, color, religion, sex (including pregnancy, sexual orientation or gender identity), national origin, disability or genetic information, including family medical history. This is true when you hire, fire, promote, pay, train, discipline or make other work-related decisions.

CLICK HERE
to return to
Table of Contents

Your company does all the right things. Yeah, right. Let's look at your personnel and employment records.

These include requests for reasonable accommodation, application forms submitted and other records dealing with hiring, promotion, demotion, transfer, layoffs or termination, rates of pay, compensation, tenure, selection for training or apprenticeship and other employment- related matters. Private employers must retain these records for one year from the date of making the record or the personnel action involved, whichever occurs later. But in the case of involuntary termination of an employee, they must retain the terminated employee's personnel or employment records for one year from the date of termination.

Do I hear shredders churning?

**A case study**

A female employee in her mid-50s was terminated because her job was being moved to a nearby city. She did not want to drive the extra distance without additional compensation because it would cost $10,000 more in mileage and time but she signed a termination agreement and agreed to train her replacement. At the same time, her work unit was awarded the Best Division of the Company award among the entire multibillion-dollar company during her tenure. She was shifted to a new department that was undergoing some transition and they hired two new employees. The first hire had no experience, yet when the 55-year-old was let go, she was told they wanted a more experienced person in that position. Keep in mind that the employee who was let go was never disciplined, always showed up for work, was a team player and was an exemplary employee during her three years of employment.

CLICK HERE
to return to
Table of Contents

Could this have been a case of age discrimination? The employee was paid three weeks' severance and one month of COBRA coverage to get rid of the problem. As a condition of these terms, she signed a release.

**A professional HR view**

According to the owner of an HR professional and employee search firm who asked me not to use his name due to the widespread nature of this issue, “A lot of older, very experienced, seasoned workers who may be baby boomers have dropped out of the workforce. They have become frustrated regarding numerous turndowns, possibly due to their age. If employers were smart, they would seize this moment to bring on and top-grade their workforce with these employees. In most cases, these applicants would consider less compensation in exchange for benefits such as health care, retirement benefits, etc. There is an expectation that the applicants are over-priced and will not accept lower roles or compensation when this is probably not the case.”

“If you’re over 50,” he continued, “companies don’t want to hear from you. I do this for a living and when I recently applied for a job in a field in which I am experienced, I was told that I was over-qualified.

**CLICK HERE to return to Table of Contents**

“There is no doubt that age discrimination exists and it’s rampant, especially in Florida,” he said. “An older person’s experience and maturity make this candidate a more stable hire who won’t be looking to jump ship for an extra buck. False financial expectations, combined with fear that the older person will retire soon are ill-founded. How many years do you typically expect to get from an average worker now, anyway?”

Younger employees reviewing job applications often find the older, more qualified prospective applicants a replacement threat. Baby boomers have dropped out of the workforce because of this.

**The law**

Nobody admits to age discrimination because they can’t.

According to the U.S. Equal Employment Opportunity Commission, the Age Discrimination in Employment Act (ADEA) of 1967 protects applicants and employees who are 40 years of age or older from employment discrimination based on age. The ADEA applies to private employers with 20 or more employees, state and local governments, employment agencies, labor organizations and the federal government.

**CLICK HERE to return to Table of Contents**

Under the ADEA, it is unlawful to discriminate against a person because of his or her age with respect to any term, condition or privilege of employment, including hiring, firing, promotion, layoff, compensation, benefits, job assignments and training. Harassing an older worker because of age is also prohibited. It is also unlawful to retaliate against an individual who opposes employment practices that discriminate based on age or who files an age discrimination charge, testifies or participates in any way in an investigation, proceeding or litigation under the ADEA.

ADEA protections also include advertisements and job notices, apprenticeship programs and pre-employment inquiries.

Interestingly, the ADEA permits employers to favor older workers even when doing so adversely affects a younger worker who is 40 or older.

Waivers of ADEA claims or rights are specific and will not be covered here.

**Pre-employment inquiries** The ADEA does not explicitly prohibit an employer from asking an applicant's age or date of birth. However, such inquiries may deter older workers from applying for employment or may otherwise indicate possible intent to discriminate based on age. If the information is needed for a lawful purpose, it can be obtained after the employee is hired.

In summation, don't be afraid to hire smart and hire older. Just as a fine wine improves with age, so do good employees.

If you're looking for a job and you're not meeting with great success, perhaps it's time to start your own business.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 177

# Employee compensation: The factors to consider

**Published: Monday, July 17, 2017**

According to HR Performance Solutions' 2017 Salary Report, the average pay increase this year is expected to be 3 percent.

CLICK HERE
to return to
Table of Contents

Projected annual salary increases were essentially the same across all industries for non-exempt, exempt and executive pay, according to The WorldatWork 2016-2017 Salary Budget Survey. Since 2011, the overall increase has climbed just two-tenths of a percent. Although this increase is small, it is still 2 percent higher than the Consumer Price Index, which is around 1 percent.

Common factors that influence compensation increases, according to the HR Performance Solutions report, are employee retention (68 percent); attracting talent (63 percent); providing career mobility and advancement opportunities (52 percent); strengthening the performance-based culture (48 percent); economic climate (42 percent); and employee engagement (41 percent).

The report maintains that organizations will most likely leverage other elements of their total rewards package to differentiate themselves from the competition. Examples could be flexible benefits, flex time, telecommuting, or more time off with pay. Approximately 91 percent of all organizations are planning to give pay increases this coming year.

Payroll budgets need to include direct wage and salary payments, commissions, bonuses, incentives, payroll taxes and insurance, along with any other directly related costs the business incurs in the payroll function.

CLICK HERE
to return to
Table of Contents

Other factors that influence compensation include the employee's position in the salary range; market competitiveness; department or organization performance; and economic conditions, according to the report.

Pay increases based on merit tied to employee performance continue to be the most prevalent type of pay increase. Organizations may differentiate the amount of the increase based on performance with a wide swing from top performers compared to mid-level performers. For example, in 2016, the highest performers merit increase was 4 percent, mid-level performers 2.7 percent, and low performers .07 percent.

Some factors used to determine the salary budget on the higher side might be greater competition for employees, superior business performance, competitive market positioning or changes in business strategy. Reasons to lower the salary budget may include economic uncertainty, weaker business performance, a shift to other rewards, or changes in business strategy.

According to the Mercer 2016/2017 U.S. Compensation Planning Survey, 94.1 percent of companies use a fixed date for implementing pay changes. Almost 29 percent occur in April, 23 percent in March and 14 percent in January.

Sixty percent of organizations award lump-sum payments in lieu of all or a portion of salary increases.

Compensation packages should align with the organization's mission, goals and objectives and should encompass pay, benefits and work-life balance.

Some common benefits may include: insurance, paid vacation, sick days, pension plans and other forms of retirement benefits.

CLICK HERE
to return to
Table of Contents

**Quantity versus quality employee ratings**

Rating employees with quantitative metrics and qualitative methods have pluses and minuses. You may be able to focus on quantitative metrics such as sales revenue, customer satisfaction indices, percent to budget comparatives, etc.. These metrics may help you develop insights and view trends.

Quantifying results provide visibility to top performers in various sectors.

But, what if an employee performs well but there is nothing to count and measure, as in the case of soft skills, creativity and effective communications?

**Employee engagement and goals**

Employees need to understand how they fit into the company's grand plan. Their individual goals should tie in to the company's objectives. An employee is apt to be more engaged when they feel comfortable about their position and know what is expected of them and that their compensation is relative to their contribution.

CLICK HERE
to return to
Table of Contents

This results in decreased turnover, increased return on investment and happy customers.

Why isn't everyone paid the same?

Education, experience and expertise count. Replacement theory takes into consideration that an employee's value should largely be determined by the cost of replacing that person with a comparable employee. Ideally, the new employee should have the same levels of the qualities mentioned above. The hierarchy of pay is logical. As an example, look at professional sports teams.

Many professional athletes can't easily be replaced and, because of this fact, the NBA's Stephan Curry and Lebron James command stratospheric salaries. Although basketball is a team sport, these talented players make a difference in winning ball games. Due to the popularity of these sports, society dictates the premium value professional athletes receive.

**Hot jobs**

The information technology and health care sectors continue to have the most in-demand jobs. There is also high demand for marketing and sales professionals. According to Careerbuilder.com, in-demand jobs include registered nurses, software developers, marketing managers, sales managers, network computer service administrators, computer systems analysts, web developers, information security analysts and computer systems managers.

CLICK HERE
to return to
Table of Contents

**Inadequate compensation**

If a firm's compensation system is viewed as inadequate, top applicants may reject that company's employment offers and current employees may choose to leave the organization.

Employers need to remember that people work for money.

If you want loyalty, get a dog.

---

**Payroll budgets need to include direct wage and salary payments, commissions, bonuses, incentives, payroll taxes and insurance, along with any other directly related costs the business incurs in the payroll function.**

**Employees need to understand how they fit into the company's grand plan. Their individual goals should tie in to the company's objectives.**

**An employee is apt to be more engaged when they feel comfortable about their position and know what is expected of them and that their compensation is relative to their contribution. This results in decreased turnover, increased return on investment and happy customers.**

CLICK HERE
to return to
Table of Contents

# Chapter 178

# Using brainstorming and other group-think activities

**Published: Monday, July 24, 2017**

Perhaps you have a great idea or want to explore opportunities for a product, service or project. You might want to try brainstorming, a group creativity technique to solve a problem by gathering ideas spontaneously from its members. The term was popularized by Alex Faickney Osborn in the 1953 book, 'Applied Imagination,' according to Wikipedia.

CLICK HERE
to return to
Table of Contents

I asked Richard Randolph, a SCORE mentor and founder of the Florida Creativity Center, to facilitate a brainstorming session so I could explore options for a new product.

**Guidelines and the role of the facilitator**

The facilitator explained the purpose of the brainstorming session to the group. He outlined goals and problems and emphasized the four rules of brainstorming that must be followed: no criticism of the suggestion or person; produce as many ideas as possible; generate a sense of creative momentum; and cross-pollinate ideas and use them to spark additional ideas.

The facilitator set the expectations and explained the ground rules for our session. Each member (there were seven in our group) had sufficient time to fill out as many 3x5 inch Post-It Notes as possible on the topic. Key thoughts and phrases were written down. There was no re-phrasing of an idea, so the actual words were kept intact as submitted.

One by one, each member succinctly stated a single idea and handed their Post-It Note to a volunteer, who placed each one on a whiteboard. Ideas were presented for as many rounds as necessary until all ideas were posted and exhausted. If a group member did not have an idea, they would say "pass." They could jump back in the next time around when it was their turn.

CLICK HERE
to return to
Table of Contents

Members could key off, expand upon, reshape or change another member's suggestion into a new thought. The pace was fast, and all ideas were accepted. The goal was quantity rather than quality at this stage. Evaluations and commentary, both positive and negative, were not permitted. All ideas and all participants were treated equally. Free-wheeling and thinking of wild ideas were encouraged. Idea hitchhiking was also permitted. Participants were advised to use all 5 senses and also consider opposites.

We took into account Osborn's checklist for adding new ideas, which he called SCAMPER — Substitute, Combine, Adapt, Modify (magnify, minify),Put to other uses,Eliminate andRearrange.

The session had a few additional guidelines: No cell phones, tablets or computers. One volunteer posted ideas and wrote on the whiteboard as needed. Listening to others' ideas was encouraged. Participants were advised to resist storytelling and joking, and the facilitator kept the energy level high.

Osborn noted that brainstorming should address a specific question. He felt that sessions addressing multiple questions were inefficient. Osborn envisioned groups of approximately a dozen participants, including experts and novices.

One variation of brainstorming is known as the nominal group technique. In this scenario, members write down ideas anonymously, which are then collected by the facilitator. The group then votes on each idea. Top vote-getters may be further brainstormed.

Another technique is known as group passing, in which each person passes their idea to the next person. That person then adds input and the idea continues to be passed along until the original thought comes back to the originator, although it has likely been changed substantially.

CLICK HERE
to return to
Table of Contents

The participants felt that our session was fun and interesting. The exercise generated 64 ideas in 45 minutes.

**What's a focus group? How about polling?**

Wikipedia defines a focus group as a small, demographically diverse group of people whose reactions are studied, especially in market research or political analysis in guided or open discussions about a new product or something else to determine the reactions that can be expected from a larger population.

It's a form of qualitative research consisting of interviews in which a group of people is asked about their perceptions, opinions, beliefs and attitudes toward a product, service, concept, advertisement, idea, or packaging. Questions are asked in an interactive group setting in which participants are free to talk with other group members.

During this process, the researcher either takes notes or records the vital points he or she is getting from the group. Researchers should select members of the focus group carefully for effective and authoritative responses. Focus groups may have flaws relating to subjectivity and bias of the observer.

CLICK HERE
to return to
Table of Contents

Another method that has become more popular because it is inexpensive and fast is polling. Shortfalls of polling may involve the failure to phrase questions properly and the selection of appropriate, independent and relevant groups to poll. Results are generally obtained fast but may be skewed and provide unreliable data.

In summary, define your purpose specifically to get reliable results. Regardless of which method you use: brainstorming, focus groups, polling or something else, consider that you will become more knowledgeable. Use them to explore opportunities or to test prices, colors or whatever you choose to learn, through groupthink, in your continuing quest to improve your business success.

# Chapter 179

# Chances are you are overpaying your phone bills

**Published: Monday, July 31, 2017**

While having coffee with SCORE Mentor Tami Wankoff, we discussed the enormous amount of money companies waste on 25 types of telecommunication services such as telephone, cable, audio-video conferencing, cellular, toll free, and other related services.

Wankoff said, "Let's face it, most companies just blindly pay their phone and other related telecommunications bills."

CLICK HERE
to return to
Table of Contents

Wankoff is the operations director of a contingency auditing company, W.B. Communications in Lakewood Ranch. This type of company provides a one-time contingency-based telecommunication expense audit. If refunds are not found and/or the client does not approve the implementation of the recommended services, the client pays nothing.

She has never experienced a customer who did not get a refund using her company's auditing services. A small customer may receive a 10 percent refund while a larger customer may get as much as 20 percent back.

She has been saving companies millions of dollars over the past 15 years in Manatee County.

According to the Gartner Group, "Twelve to 20 percent of telecom charges are in error, and 85 percent of the errors are in the carrier's favor."

Billing discrepancies occur for many reasons such as: unused services or closed locations, incorrectly billed local/local calling area long distance charges; forgetting to disconnect internet services; services that are active but not used; previously billed rates risen to tariff rates because of lack of contract or expired contracts; acquiring toll-free numbers through a merger or acquisition; unfulfilled billing credits; and long distance charges appearing on local invoices — where the local company was not notified of a long-distance carrier change.

CLICK HERE
to return to
Table of Contents

The telecommunications contingency audit is an independent review of a company's communications. It is a process that fills the gap between current telecommunications liabilities and accounting. It provides a check and balance of what is being invoiced each month compared to governing contracts, industry standards, and current costs for the same service.

It should include a review of the company's network services, facilities, management processes, and all related costs. The scope of the audit may include all of the local and long-distance services: LANs and WANs, audio/video conferencing costs, cellular communication, PBXs, routers, switches, gateways, access devices, voice and data circuits.

**What information is needed to begin an audit?** Typically, one to three months of current invoices and a copy of all relevant contracts, if they exist. All service maintenance agreements and or leases that apply to telecommunications equipment such as PBX, routers, hubs, VOIP, in-house audio conferencing bridges will be reviewed.

Wankoff suggests a three-prong approach that includes:

1. What is being paid for each month. Ninety-eight percent of the time, the invoice does not match the services a company believes they are paying for.

2. A comparison of monthly costs against contracted service rates.

3. A comparison using benchmarks with the same carrier to drive down service rates. Most of the time, there are services being charged that are not under contract but should be, or expired contracted rates have risen to tariff rates. Additionally, contracts expiring within six months may need benchmarks to help negotiate lower rates.

CLICK HERE
to return to
Table of Contents

**Some red flags.** Have your telecommunications expenses been rising more than 3 percent annually? Are your telecommunications contracts expiring in the next six months? Have leases been renewed for telecommunications equipment and have they been reviewed against the monthly maintenance agreements? Is the company leaving a telecommunications service provider? Are there issues related to the cost of new technology or current vendor contracts?

**Size matters.** For obvious reasons, a larger company is a better customer for contingency auditing. Wankoff will audit companies averaging $15,000 or more per month in total communications expenses. The larger the company expense, the higher the percentage refunds that can be expected.

Wankoff stated, "It's as simple as the more puzzle pieces there are, the more opportunity exists for errors to be there." Refunds are provided in the form of a credit to invoices.

**It costs your company nothing.** Contingency audit firms charge via pre-negotiated contracts in the range of four to six months of savings generated.

CLICK HERE
to return to
Table of Contents

**Questions to ask when choosing a prospective audit company.** Ask for references and success stories. Understand the process. Review the contract. Talk to the team lead who will be working with your company. Know the qualifications of those who will be viewing your confidential information.

**This one is a no-brainer.** Wankoff related the joy of informing a client of a refund in excess of $600,000.

This unexpected windfall could be yours. For smaller companies, do the audit yourself, ask questions, and make sure you understand what all the fees cover. Once a year, Wankoff provides a free audit to one lucky nonprofit. What a great way to increase your budget with no effort.

# Chapter 180

# The wisdom of Steve Jobs

**Published: Monday, August 7, 2017**

I would have liked to have met Steve Jobs. Jobs was far from perfect. Some people who knew him and worked for him thought he was a jerk or worse — demeaning and nasty. On the other hand, Jobs was thought of as brilliant and a visionary and some even worshipped him. The adjectives go north and south from there.

CLICK HERE
to return to
Table of Contents

The best way to look at Jobs is through the wisdom he expressed.

Perhaps you and I can learn from him.

In my favorite selected 20 Jobs quotes are nuggets of wisdom that allow us to peek into the window at Apple and gain glimpses of how he succeeded.

**Passion for work.** "Your work is going to fill a large part of your life, and the only way to be truly satisfied is to do what you believe is great work. And the only way to do great work is to love what you do. If you haven't found it yet, keep looking.

Don't settle. As with all matters of the heart, you'll know when you find it."

**Teamwork.** "Great things in business are never done by one person.

They're done by a team of people."

**Forward thinking.** "You can't connect the dots looking forward; you can only connect them looking backward.

CLICK HERE
to return to
Table of Contents

So you have to trust that the dots will somehow connect in your future. You have to trust in something — your gut, destiny, life, karma — whatever. This approach has never let me down and it has made all the difference in my life."

**Follow your dreams.** "Your time is limited, so don't waste it living someone else's life. Don't be trapped by dogma — which is living with the results of other people's thinking.

Don't let the noise of others' opinions drown out your own inner voice. And, most important, have the courage to follow your heart and intuition."

**Innovation.** "Innovation distinguishes between a leader and a follower."

**Mortality.** "Remembering that I'll be dead soon is the most important tool I've ever encountered to help me make the big choices in life. Because almost everything — all external expectations, all pride, all fear of embarrassment or failure — these things just fall away in the face of death, leaving only what is truly important."

**Believing in others.** "Technology is nothing. What's important is that you have a faith in people, that they're basically good and smart and if you give them tools, they'll do wonderful things with them."

**On design. "** Design is not just what it looks like and feels like. Design is how it works."

**Simplicity. "** That's been one of my mantras — focus and simplicity. Simple can be harder than complex: You have to work hard to get your thinking clean to make it simple. But it's worth it in the end because once you get there, you can move mountains."

CLICK HERE
to return to
Table of Contents

**Creativity.** "Creativity is just connecting things. When you ask creative people how they did something, they feel a little guilty because they didn't really do it, they just saw something.

It seemed obvious to them after a while. That's because they were able to connect experiences they've had and synthesize new things."

**Time.** "My favorite things in life don't cost any money. It's really clear that the most precious resource we all have is time."

**Revolutionary change.** "I have a great respect for incremental improvement, and I've done that sort of thing in my life, but I've always been attracted to the more revolutionary changes. I don't know why.

Because they're harder. They're much more stressful emotionally. And you usually go through a period where everybody tells you that you've completely failed."

**Business model.** "My model for business is The Beatles: They were four guys that kept each others' negative tendencies in check; they balanced each other. And the total was greater than the sum of the parts."

CLICK HERE
to return to
Table of Contents

**Mistakes.** "Sometimes when you innovate, you make mistakes. It is best to admit them quickly, and get on with improving your other innovations."

**Creating something great.** "Being the richest man in the cemetery doesn't matter to me. Going to bed at night saying we've done something wonderful, that's what matters to me."

**Fun.** "I think we're having fun. I think our customers really like our products. And we're always trying to do better."

**Asking why.** "Throughout my years in business, I discovered something. I would always ask why you do things. The answers that I would invariably get are: 'Oh, that's just the way things are done around here.' Nobody knows why they do what they do. Nobody thinks very deeply about things in business."

**Saying no.** "And it comes from saying no to 1,000 things to make sure we don't get on the wrong track or try to do too much. We're always thinking about new markets we could enter but it's only by saying no that you can concentrate on the things that are really important."

**Money.** "I think money is a wonderful thing because it enables you to do things. It enables you to invest in ideas that don't have a short-term payback."

**Finally.** "And one more thing."

I hope these Steve Jobs quotes inspire you to do your best in business and life, and enjoy it while you can. True wisdom comes from appreciating what you have and making the most of it.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 181

# The many ways to use crowdsourcing in business

**Published: Monday, August 21, 2017**

*My July 3rd column reviewed the history and the ins and outs of crowdfunding.*

Largely as a result of our better-connected world, many business models now tap the crowd for feedback, business growth and various services.

CLICK HERE
to return to
Table of Contents

Crowdsourcing is a way for individuals or organizations to use contributions from internet users to obtain services or ideas.

There are many more ways to use the crowd other than for fundraising. Crowds provide the market research as well as the market itself. Can the crowd model apply to your business?

Here are some successful examples.

**Angie's List and Home Advisor:** Home services like Angie's List provide feedback from the crowd to find home improvement professionals for home owners in search of various vendor services.

Services may include remodeling, pool or lawn maintenance, air conditioning repair, electricians, plumbers, trash haulers and just about any home service you can think of.

With Angie's List, customer reviews guide the consumer to make informed vendor decisions.

CLICK HERE
to return to
Table of Contents

Problems are brought to the attention of potential consumers and generally are resolved quickly.

Home Advisor lists over 500 home-related services.

**Craigslist:** This website was started in 1995 by Craig Newmark as an email distribution list to friends. Craigslist uses classified advertising for posting jobs, listing property and other items for sale, personal ads and discussion forums.

**EBay:** EBay.com is the premier online auction and shopping website in which people and businesses buy and sell a broad variety of goods and services worldwide. In addition to its auction-style sales, the website offers 'Buy It Now' shopping. All auctions are crowd based. They help balance supply and demand to achieve equitable value for buyers and sellers.

**Facebook:** This dominant social media networking service has over 2 billion monthly users. Facebook now has a marketplace where users can buy and sell property, cars, clothing, electronics and more.

**LinkedIn:** Proving that who you know counts more than what you know, LinkedIn has become the premier form of connectivity for the business crowd. With over 400 million users, linking your contacts and your contacts' contacts (second level) makes it easy to connect with an ever-expanding group of business professionals.

**Nextdoor.com:** My Nextdoor neighborhood intranet lists 145 member contacts and 5,270 extended neighbors in 34 adjacent neighborhoods. This free service provides millions of neighbors with the ability to post items to buy and sell, list local events, advertise babysitting, classifieds, lost and found and a neighborhood watch. Fellow residents often make recommendations on where to obtain popular home services from reputable local vendors.

CLICK HERE
to return to
Table of Contents

**Uber and Lyft:** Uber is one of the great success stories of the sharing economy this decade. Now in over 600 cities, Uber uses a simple and effective smartphone app to arrange point-to-point transportation, usually for a fixed rate.

Uber drivers use their own vehicles to accept fares from nearby passengers.

The Uber driver crowd responds to requests based on proximity to passengers. Waiting time is dramatically reduced, usually to just a few minutes. Fares are pre-agreed and pre-paid.

**Waze:** Invented in Israel and sold to Google in 2013, this free, community- driven GPS navigation software provides turn-by-turn navigation and user-submitted travel times and route details. Users report accidents, traffic jams, speed traps and road hazards.

CLICK HERE
to return to
Table of Contents

Users' speed and location help to update the database to improve the service. Thirteen countries use this app.

**Wikipedia:** This free encyclopedia is composed of online contributions from the crowd. Anyone can edit articles. Owned by a nonprofit foundation, Wikipedia is one of the 10 most popular websites. It has more than 40 million articles in more than 250 languages. Each month, Wikipedia gets 500 million unique visitors and 18 billion page views. Because of its open architecture, however, Wikipedia is subject to a degree of half-truths, falsehoods and spin.

**Website review services like Yelp and Trip Advisor:** With 135 million visitors and over 95 million reviews, Yelp provides positive and negative crowdsourced reviews.

changes will affect exit or acquisition strategies.

“The latest quarterly data indicates the business-for-sale market is in great shape,” House said.

“Barring unforeseen factors, we anticipate 2017 will set a new record for the number of businesses sold in a single year since we started reporting on this data in 2007.”

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 182

# A tool for buyers and sellers of small businesses

**Published: Monday, August 21, 2017**

There's a great online tool for those interested in buying or selling a small business.BizBuySell.com, based in San Francisco, is the internet's largest business-for-sale marketplace. It offers an online marketing platform to list and, hopefully, to sell businesses. The site also features an extensive franchise directory as well as a business-valuation tool.

CLICK HERE
to return to
Table of Contents

At any given time, BizBuySell.com lists approximately 45,000 businesses spanning 80 countries. BizBuySell's Insight Report tracks the health of the U.S. small business economy. For sale and listing prices are tracked across 70 U.S. markets. This service provides a free shopping tool for prospective buyers, with a $50 fee for a base ad for three months to selling companies.

If you want to get an idea of what similar businesses in your industry are selling for, or perhaps you want to buy a business, the information includes listing and selling prices, the number of businesses sold and the median cash flow of those companies.

A summary of the Tampa-St. Petersburg-Clearwater market for the second quarter of 2017 shows that the median asking price for businesses for sale in this market on BizBuySell was $235,000 (56 percent of revenue). These businesses had a median annual revenue of $420,000 and a median cash flow of $101,381 (24 percent of revenue). Owners asked for, on average, a revenue multiple of 0.84 and a cash-flow multiple of 2.80.

BizBuySell analyzed 119 closed transactions during this period. Businesses sold for a median sale price of $330,000. That is 0.97 of the asking price. These businesses had a median revenue of $505,228 and a median cash flow of $140,010. Business buyers paid on average 0.99 times revenue and 2.79 times cash flow.

CLICK HERE
to return to
Table of Contents

Of the 1,002 companies listed by asking price, only 13 percent were listed for sale at $1 million or more. Just under half were listed for sale at $200,000 or less.

The business with the highest multiple, 3.85, was for an internet vitamin and supplements e-commerce retailer. The lowest multiple was .82 for a pool service route. The widest spread from asking price to sale price was a cigar bar and restaurant fetching 70 percent of the asking price.

Year-over-year changes were all positive. The number of businesses for sale was up almost 21 percent; median asking price was up almost 18 percent; median revenue was up 6 percent; the average multiple of revenue was up 4.4 percent; the median cash flow was up .3 percent; and the multiple of cash flow was up 3.3 percent.

A total of 2,534 closed transactions were reported in the second quarter of 2017. This is a 31 percent increase from last year. Year-to-date sales were 4,902. If this pace holds up, 2017 will surpass 2016, when BizBuySell reported 3,775 transactions in the first half of the year.

"Recent conversations with brokers and previous research shows that both buyers and sellers are confident in today's business-for-sale environment," said Bob House, president of BizBuySell.com. "This streak of record-number transactions confirms this sentiment."

Increasing sales prices and fewer days on market benefit sellers. Owners who can show improving financials will be better positioned to find interested buyers and gain more leverage in consummating a deal.

**Some highlights**

CLICK HERE
to return to
Table of Contents

**Happy meals** — The restaurant sector experienced solid growth in the second quarter. Closed restaurant transactions increased 34 percent year-over-year and the median sales price jumped from $165,000 to $195,000.

The median revenue of restaurants nationwide increased 7 percent year-over-year, from $504,500 to $540,000, while cash flows increased 2 percent to $100,000.

**Franchises** — Increasingly seen as desirable acquisition targets, franchises made up 7 percent of active listings and 9 percent of closed deals in the second quarter of 2017. Average cash-flow multiples for franchises was 2.44, compared with 2.34 for all transactions. Franchises also reported higher revenues compared to the median of all businesses. Closed deal median franchise revenue was $609,966, compared with $490,000 for all businesses.

**Expensive markets** — Sales prices rose across the U.S.and were up 31 percent in the Northeast. Closed deals jumped a dramatic 42 percent there. The Midwest experienced the smallest price increase, only 2 percent. The most expensive market to buy a business in the U.S. is the New York City metro area, where the median asking price is $295,000. This is followed by Philadelphia, Denver, Atlanta and Chicago. Outlook **remains strong** — All signs point to continued growth in the business-for-sale market. Newly listed businesses boast growing median revenues and cash flows, suggesting there's still a strong supply of healthy businesses available for buyers. Interestingly, the median asking price of businesses listed for sale of $250,000 remains unchanged from the second quarter of 2016, indicating sellers may be looking to close deals quickly while the market is hot.

CLICK HERE
to return to
Table of Contents

Small business buyers and sellers should keep a close watch on legislation such as health care and tax reform, as well as global market conditions. Analyze the data and determine if these changes will affect exit or acquisition strategies.

"The latest quarterly data indicates the business-for-sale market is in great shape," House said.

"Barring unforeseen factors, we anticipate 2017 will set a new record for the number of businesses sold in a single year since we started reporting on this data in 2007."

# Chapter 183

# Making connections is vital — just ask the ‘Dunkin group’

**Published: Monday, August 28, 2017**

A referral tree began on April 14 when local connector Don Britt (Don411.com) introduced me to Sarasota resident Andrea Nierenberg, president of The Nierenberg Consulting Group LLC (Nierenberggroup.com).

CLICK HERE
to return to
Table of Contents

Nierenberg Consulting provides executive training, business workshops, consulting and keynote addresses.

Andrea’s philosophy is, “Take care of your business relationships and your company will prosper.”

The Wall Street Journal called Andrea “A Networking Success Story.” With over 29 years as a leader in sales and marketing, Andrea is an in-demand business expert both at home and abroad. She is a master at helping individuals, associations and companies build their reputation, reach and success by improving relationships.

Her company partners with an array of the world’s leading businesses in professional services, advertising, financial services and health care providers. Her client list is composed of hundreds of the who’s who in business, including California Closets, Citigroup, Columbia University, Conde Nast Publishing and Crystal Cruises. These are only some of those under the letter “C.”

Andrea and I met at a convenient location, the Dunkin Donuts on Fruitville Road and Cattlemen in Sarasota. She gave me a signed copy of one of her five books, “Million Dollar Networking” (Pearson). Her newest book, “Networking That Really Works … So That You Get Results,” (Amazon), will be out in a few months. We had a great “getting to know you” first meeting, complete with donuts and the wonderful aroma of coffee.

CLICK HERE
to return to
Table of Contents

After learning more about Andrea’s work and seeing her household-name-brand clients, I asked if she would like to make a presentation to my CEO Roundtable. She said yes. At our informal monthly setting at Anna Maria Oyster Bar, Andrea’s presentation and insights about networking were well received.

In our second meeting, Andrea invited Dr. David Graber to join us at what she began to call our “Dunkin group.” David is the CEO of VISTA Holding, a global advisory and investment group. He recently launched a new initiative in Sarasota called VISTA Startups (vistastartups.com). Its purpose is to support and fund cross-border startup companies coming to Sarasota, international companies looking to do importing or to open a U.S. office as well as U.S. companies looking to do exporting and to grow their companies in international markets.

VISTA Startups is creating a place for global entrepreneurs who want to move to and scale their companies on the Gulf Coast. The organization provides the important pieces of the success puzzle: capital, exposure and expertise, as well as access to industries.

"I believe that entrepreneurship will foster economic growth and development in the Sarasota community and will benefit everyone involved," Dr. Graber said. "We are also focused on helping local businesses expand and grow." (see vistastartups.com/partnerships/).

VISTA Startups' approach is "learning by doing." This is accomplished by having founders and experts who have been there, done that, and are still doing it. They use mentors who have founded and grown international companies (see vistastartups.com/mentorship/).

**CLICK HERE**
**to return to**
**Table of Contents**

It has become increasingly difficult for us to select meeting dates for our Dunkin group. Andrea travels extensively for business and pleasure. For example, in just the past two months, she has traveled to India, Denver, San Francisco, Santa Fe, New York City (twice) and she is on her way to Prague.

Recently, our SCORE podcast series, "Been There, Done That with Dennis Zink," was syndicated with Radio Ear Network. I knew REN wanted to launch a travel show and they asked me if I was interested or if I could recommend someone. I immediately thought of Andrea. I connected Andrea with Katie O'Neal, program director of Society Bytes Radio, and Joe Dobzynski Sr., executive producer of Radio Ear Network.

Beginning in September, Andrea will host a 30-minute travel show, "Travel Diva" on REN. As a fellow podcaster, I am helping Andrea with the show's content. It will be an informative show for people who travel domestically and abroad.

Andrea introduced Bruce Stout to our Dunkin group last week. Among other things, Bruce is president of the Rainmakers' Forum in New York City (Rainmakersforum.com). The Rainmakers' Forum was started over 20 years ago, mobilizing a cadre of professionals and consultants to address the diverse challenges of the global business community.

**CLICK HERE**
**to return to**
**Table of Contents**

Bruce is a former practicing CPA (Price Waterhouse & Co.) and financial manager for film, TV and music production companies and personalities. Bruce spent several years as the CEO of a California-based entertainment company, producing various programs, including an exercise video starring Arnold Schwarzenegger. Bruce has already provided two referrals for our SCORE new Exit Strategy Canvas roadmap and offered to send my son's resume to contacts in New York City.

The four of us think this Dunkin group is fun and worthwhile, though it will become increasingly difficult to schedule meetings as we grow.

Perhaps we will set a firm date and time to meet, and those who can will join us.

I want to personally thank connector extraordinaire Don Britt for the introduction that started this Dunkin group. You can do this, too. If you are interested in joining a group like the Dunkin group, please write to me, provide your background information and explain what you have to offer. If I receive enough responses, I will help connect you.

As you can see, you never know where connections will take you.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 184

# Business owner’s school provides quality employees

**Published: Monday, September 4, 2017**

Last year, the Manatee Chamber of Commerce's Small Business of the Year award went to Anthony’s Cooling-Heating-Electrical in the category of annual sales over $1 million. Anthony’s had been nominated for two consecutive years. Michael Zeppi is the owner of this local, 29-year-old heating, venting and air conditioning company with 22 full-time employees and a few part-timers.

CLICK HERE
to return to
Table of Contents

This is his CEO Roundtable experience.

He has been a member of the Manatee Chamber CEO Roundtable since it’s inception four years ago. As the facilitator of this monthly peer-group, non-competitive roundtable, I have come to know Mike well. Coincidently — or not — Realize Bradenton was another of Manatee Chamber’s winners last year, in the non-profit category. Its executive director is also a participant in the CEO Roundtable.

This prompts the question of whether CEOs in the Roundtable are likely to win Small Business of the Year or whether the type of CEO who wins this kind of award is someone seeking knowledge of how to operate a better company and putting that knowledge into practice.

Why is Anthony’s successful?

Like all heating, ventilation and air conditioning companies, Anthony’s technicians service, maintain and install HVAC equipment.

CLICK HERE
to return to
Table of Contents

According to Mike, “My goal is to have happy customers. We solve their problems, save them money and aggravation. The CEO Roundtable has been a key factor in my success because I consider the other members to be my mentors. I learn from them how to deal with various situations regardless of the industry. Business is business.

'I have become more strategic in my thinking and I have developed more confidence in what I’m doing.”

**The cool school**

Mike realized that it was difficult to find qualified technicians in the HVAC trade. It was also a challenge to find employees who care about the job they perform and the customers they serve. Mike is not alone in facing these issues.

Being creative, however, Mike decided to create a pipeline of prospective candidate technicians for his own company and for his competitors. He started a Cool School in early August as a three-week, full-time training program, charging $3,000 per candidate. Students learn directly from Mike for four to five hours daily in a classroom/lab and three to five hours in the field with Anthony's North American Technician Excellence-certified technicians.

Students are tested every day and are required to achieve a score of 70 percent to advance. Mike breaks down the training into specific tasks and teaches what each component does. Assuming that the student completes the course satisfactorily, Mike guarantees interviews with other HVAC contractors. He might even hire the graduate to work for Anthony's.

Why don't other companies do this?

According to Mike, "Other companies don't have the time or wherewithal to train students. They are happy to be able to talk with people who went through my school."

CLICK HERE
to return to
Table of Contents

Manatee Technical College charges about $5,000 per year, Mike said. Although it does a great job, the students do everything in the lab, not in the field where they would be gaining hands-on experience.

**What the students receive**

After three weeks of training, students will likely get a job earning $26,000 to $32,000 in their first year. Second-year earnings are estimated to be as much as $35,000.

Most apprentices receive about $10 per hour. Cool School graduates can expect to earn a minimum of $12.50 to as much as $15.38 an hour based on the examples above.

This type of job is well-suited for someone who has good mechanical aptitude, doesn't want to attend college and doesn't want to wait tables or flip burgers. Mike conducts a background check and pulls driver's license records for Cool School candidates.

"I will train students as if they were my own family," he says. Mike canvasses high schools and is visible on career days. He can accommodate up to 10 students at a time in his 4,000-square-foot training facility in Palmetto. The next class of future HVAC technicians begins in late September.

CLICK HERE
to return to
Table of Contents

Can you emulate this for your industry?

If you are in an industry where it is difficult to find trained employees, you might try to replicate Mike Zeppi's Cool School idea.

How cool is that?

# Chapter 185

# 10 business questions that can make business less difficult

**Published: Monday, September 11, 2017**

Running a small business can be difficult. It can be easier if you know the answers to these 10 questions:

1. What problem or need does your business solve? Every business exists because of an opportunity within the market. As a business owner, you must define the need and/or problem you are solving. If you can't answer this question, how will you know if your product or service is working? This is the most basic question that every business owner should ask before launching a business.

**CLICK HERE**
**to return to**
**Table of Contents**

Ask your customers why they buy from you. You need to know the answer and understand your value proposition as to how your business is differentiated from its competition.

2. How does your business generate revenue? Determine which products and services are significant revenue drivers. Is the market large enough and will you be able to penetrate it effectively? If you want to cut costs and increase revenue, this will help you understand where you should be focusing your resources — and where you should not. This information is available to you through your monthly profit and loss statement.

3. Are there segments of your business that are not profitable?

All small businesses have limited resources. Your business should only support sales that are profitable. Understanding your target customer will help you define your marketing strategy. Review this information from your monthly profit and loss statement under revenue, cost of goods sold and net profit (by item).

**CLICK HERE**
**to return to**
**Table of Contents**

4. Is your cash flow positive? If there's a business segment generating a negative cash flow, you may need to re-examine your business plan. You should be aware of cash flow requirements and track dollars-in and dollars-out. If cash flow is tight, this may be your most important report to review monthly or even on a weekly basis.

5. Does your pricing strategy make sense? Customers buy value.

It's difficult to make a large gross profit on commoditized items.

Don't be afraid to experiment and test higher prices with customers.

Is there a service component that will allow you to raise prices? How are you positioned with respect to your competitor's pricing? Shop your competition and do a SWOT — meaning strengths, weaknesses, opportunities and threats — analysis.

6. Are you focused on working on your business as opposed to working in your business?

Know your break-even point. If you are not profitable because too much money is spent on payroll and other overhead items, then your overhead is too high. Look at your payroll and categorize each employee as either income-producing or as overhead.

7. Are you retaining your customer base? If older customers leave as you bring in new ones, then you are not building a stable company. Try to add new business and retain repeat customers. You should track customer revenue year to year, and analyze changes.

CLICK HERE
to return to
Table of Contents

Do not hesitate to take corrective action when necessary.

8. Do your happy customers refer others to your company? Customer acquisition costs are less expensive when you receive referrals from existing customers. Ask your customers for referrals. If you get a new customer from an existing one, track their referral business. Consider offering incentives to your existing customers to refer more customers.

9. Do you know who your best (most profitable) and worst (most costly) customers are? Some customers may be the best customers you never had.

Review your gross profit by customer.

Ask your employees which customers are the biggest time wasters and abusers of company resources.

10. Are you paying attention to social media? Social media must be part of your marketing strategy. In addition to creating and maintaining your website, spend money on search engine optimization. Perhaps your business lends itself to Facebook advertising. Hopefully, you have a functional customer relationship management (CRM) system. Use Google Alerts to track vendors, customers and employees.

CLICK HERE
to return to
Table of Contents

These questions represent a handful of some basic questions you must answer in order to have a successful business. Your business plan and your strategic plan must focus on these key questions.

If you do not have a business plan or a strategic plan, you can obtain free help from SCORE. Nationally, SCORE has helped more than 10 million businesses over the past 53 years.

# Chapter 186

# Hurricane preparedness for your business — post Irma

**Published: Monday, September 18, 2017**

Like every other Floridian, I was hunkered down in what I hoped was a safe place while awaiting Hurricane Irma's impact. It made me think that if Armegeddon was averted in Florida, I should probably write my 186th consecutive column for Business Weekly while I still had access to electricity and Microsoft Word.

CLICK HERE
to return to
Table of Contents

What should a business owner do to be better prepared for a repeat of this scenario in the future? It's not a matter of if, but when.

**Safety first.** Obviously most business concerns can be insured. Personal safety is always priority one for you, your family and your employees.

**Insurance for emergencies and disasters.** Transferring risk with insurance to a third party includes many factors. Regardless of the size of your business, you should have a strategy in place to deal with these risks before they occur. Work with a licensed agent to make sure you have coverage that you understand and insures against the most common potential business disasters. An independent insurance agent is a professional whose job is to design an insurance package that's tailored for you and your business needs.

**Take reasonable actions to prevent further losses.** If you have an emergency, take all reasonable steps to minimize further losses. Report the claim as soon as practicable; call it in to the insurance company as soon as you are able to do so.

**Business-interruption insurance.** This coverage can help mitigate problems following natural disasters such as fire, flood, a hurricane or an earthquake. It is typically triggered when you have a weather-related event that diminishes your ability to make money as a company.

CLICK HERE
to return to
Table of Contents

In Florida, a great example is a hurricane that prevents you from producing whatever you manufacture. Business-interruption coverage will pay for the extra expense to find a location to continue making your product. It will also pay for the income that you lost and will finance any additional facilities that you need or repairs to your damaged plant or office so you may continue operating.

**Flood Insurance.** According to Kevin Foust, a business insurance agent with Al Purmort Insurance, "Flood insurance does not come automatically with home or business coverage. It needs to be purchased separately. The National Flood Insurance Program

(NFIP) is the program that provides most homeowners and businesses with their flood insurance. NFIP is administered through FEMA. You can't purchase it from the NFIP. You must buy it through an agent who represents an insurance company participating in the NFIP. The cost of this coverage is dependent on your flood zone."

**Wind coverage.** Foust continues, "For homes and businesses, you can purchase wind coverage from standard insurance companies if they offer that coverage for your property. When properties are close to water or when they are in the 'wind pool' they may be difficult to insure. Some Excess and Surplus lines insurance companies will offer coverage, but many in the 'wind pool' can only get their coverage through Citizens Property Insurance Corporation, a not-for-profit government entity.

When properties are close to the water, older and frame construction, it can be very expensive to insure with wind coverage. Wind and flood insurance are separate items that have their own deductibles and payment schedules. Wind deductibles are not 5 percent of the claim, but rather 5 percent of the total amount insured. Typical wind deductibles offered are 5 percent, 3 percent or 2 percent."

**CLICK HERE**
**to return to**
**Table of Contents**

It's important to note that Flood insurance pays actual cash value, not replacement costs; whereas windstorm insurance pays replacement costs.

**Business Owners Policy or BOP.** The business owner's policy is often a single policy that can be purchased, and it includes multiple lines of insurance. You get several different types of coverage in one policy, and there's a discount involved.

Commercial property insurance will pay for the loss of use of your property. It will also pay for the contents within your property. For small-business owners, one thing that's important to know about this is business personal property. It covers all equipment — everything in your office — including computers, printers and so on. If you own the building, it's obviously going to protect you if you lose the building, whether it's from a fire, a wind storm or similar disaster.

**Have access to your policies.** It's important to keep your policy information readily available. You can usually access policy information online. Policies will typically have a jacket wrap containing information on how you can contact the insurance company. Most of the time it will be with an 800 number.

**CLICK HERE**
**to return to**
**Table of Contents**

**Backups for vendors and suppliers.**

What happens if your most important supplier or vendor goes out of business or is slow to reopen their doors. Do you have a backup? It's a good idea to have a secondary supplier.

**Coffee time.** If you can operate your entire business with a laptop while sipping coffee at Starbucks, then perhaps you don't need business-interruption coverage. However, if you do need this type of coverage, then availability of and access to your insurance agent is paramount when you need to file a claim.

# Chapter 187

# How your business can achieve brilliant branding

**Published: Monday, September 25, 2017**

Several weeks ago, I had the pleasure of meeting James Gregory, the chairman of Tenet Partners in New York. As I sat down with him, Mr. Gregory handed me a copy of his latest book, "Powerhouse (The Secrets of Corporate Branding)," published by Best Seller Publishing of Pasadena, California. Mr. Gregory's five previous books are: "The Patent Book," "Marketing Corporate Image," "Leveraging the Corporate Brand," "Branding Across Borders" and "The Best of Branding."

CLICK HERE
to return to
Table of Contents

On the first page of "Powerhouse," Jim, as he prefers to be called, inscribed, "Dennis, Image is everything." I thought, what an interesting topic for my Business SCORE Card column. I love learning and writing about branding and have written several related columns over the past three years. I thought it made sense to look at this new book.

First, an introduction to Tenet Partners. Tenet is at the forefront of brand valuation and brand strategy. Jim's book, "Powerhouse," is about building and maintaining brilliant corporate brands. According to Jim, these are, "Brands that embody the company's ethos and customer satisfaction."

The growth of intangible assets as a contributor to the economy was under 20 percent in 1975 and today is over 80 percent. Yet internally grown intangible assets are not on the balance sheet. They are, therefore, not represented or accounted for as drivers of the economy.

Jim created CoreBrand as a way to track the changing value of what is arguably a company's most valuable asset: their brand, also known as corporate capital. Since 1990, CoreBrand has been monitoring the reputations of 1,000 companies across 50 industries. This study, known as the CoreBrand Index, is the only continuous examination of the corporate brand as a contributor to enterprise value.

CLICK HERE
to return to
Table of Contents

When a business is valued or sold, its assets may include inventory, fixed assets, accounts receivable and cash in the bank. The amount of money that a buyer will pay beyond these assets is for the "goodwill" of the business. This goodwill essentially represents the intangible difference value over and above the physical assets. This is the equity you have built in your business.

After all, why do you buy one product versus another product? Mostly, it's because of the brand. Isn't it interesting that the most important aspects of a business are an intangible we call its brand and the brand's perception in the eyes of the consumer? Brand is a non-balance-sheet asset that is critical to your businesses success.

Among larger companies and the top 100 brands, the value of the corporate brand or equity brand is as much as 17 percent of their market capitalization. This value varies by company and by industry.

According to Jim, "Like a diamond, the best brands sparkle and shine, drawing attention, admiration and sometimes envy."

Companies' brands can be measured by these six factors:

Familiarity (recognition) — How well is your brand recognized by key constituencies?

CLICK HERE
to return to
Table of Contents

Coherence — How clearly is your brand resonating?

Favorability — Do others recognize your brand's breadth and depth? Is that perception an accurate reflection of your brand's whole story?

Reputation — What do others think of your company's human resources, products and services?

Leadership — How do key constituents view the quality of your corporate and brand leadership? Do they view its leadership as transparent and accountable? Do they respect its integrity? Do they admire its operation and vision?

Investment worthiness — Does the financial community view your corporation and its brands as appealing investments?

"Crafting a brand takes great effort and specialized knowledge," Jim said. "It requires vision, planning, stamina, patience and money well spent."

Iconic brands such as Tiffany, The Coca-Cola Co., Burberry, Cadillac and Harley-Davidson are enduring brands.

CLICK HERE
to return to
Table of Contents

**"Powerhouse" do's and don'ts**

**Do:** Provide a consistent customer experience over time; respect and protect the heritage of your brand; conduct consistent research among your customers; have a tactile component to your brand experience (the Harley roar or the Coke bottle shape); feel confident about charging slightly more for enduring brands.

**Don't:** Try to be all things to all people (focus on the customer experience); be afraid to refresh and reinvigorate brands that have lost momentum; over-license your brand (it's a quick way to kill exclusivity); use endorsements without thinking about the consequences of failure; sell yourself short — discounting is one of the quickest ways to kill a premium brand.

All brands are composed of four fundamental elements: Core Brand — The brand strategy, vision or value upon which the company was founded and which drives its operations.

Business Process — The processes and systems that make the company profitable. These include building the market as well as delivering products and services.

Culture — The ethos of your corporation, its collective character. Culture is cumulative and can be volatile. Subcultures threaten the consistency of the culture, Communications — Everything we say and do that impacts the brand.

Assuming that you are reading this column and that your company is not mentioned in the CoreBrand Index, you should still do everything you can to nurture, develop, protect and enhance your brand. After all, it's your way to build equity in your business.

**CLICK HERE**
**to return to**
**Table of Contents**

**CLICK HERE**
**to return to**
**Table of Contents**

# Chapter 188

# Onboarding for productivity and for happier employees

**Published: Monday, October 2, 2017**

***Onboarding is the process of integrating a new employee into an organization. Research and conventional wisdom both suggest that employees get about 90 days to prove themselves in a new job. The faster new hires feel welcome and prepared for their jobs, the faster they will be able to successfully contribute to the firm's mission.***

CLICK HERE
to return to
Table of Contents

The Manatee Chamber of Commerce gave a workshop on HR Tools to Strengthen Your Business. SCORE mentor and State College of Florida / University of South Florida professor Richard Randolph gave a presentation on the topic of onboarding. Here is a summary of that presentation.

Onboarding is the process of integrating a new employee into an organization. Research and conventional wisdom both suggest that employees get about 90 days to prove themselves in a new job. The faster new hires feel welcome and prepared for their jobs, the faster they will be able to successfully contribute to the firm's mission.

According to the Society for Human Resource Management, onboarding helps new hires adjust to the social and performance aspects of their jobs, providing them with the necessary knowledge, skills, behaviors and relationships so they can quickly become productive, contributing members of the organization.

According to the Wynhurst Group, 22 percent of new employee turnover occurs in the first 45 days of hiring. The cost of losing an employee in the first year is one and one-half to three times their annual salary. The Society for Human Resource Management claims that 4 percent never return after the first day on the job. Most employees decide in their first six months whether they want to stay, according to a Monster.com survey.

CLICK HERE
to return to
Table of Contents

Employees who experience an onboarding program are 58 percent more likely to remain with the organization after three years. More than minimizing turnover, onboarding strengthens the workplace culture, increases job satisfaction and job performance and reduces workplace stress. According to Glassdoor.com, studies show that a strong onboarding program can boost new hire productivity by 70 percent. Seventy-seven percent of new hires who have a formal onboarding process hit their first performance milestone, versus 49 percent without.

Urbanbound, a company that provides relocation management software, claims that a comprehensive onboarding program increases customer retention year-over-year by 16 percent. Revenue per full-time employee increases 17 percent with such a program, according to Aberdeen.

How does onboarding work?

It improves job performance by helping new hires clearly understand the expectations of the job as well as the company culture.

It helps retain workers by helping them be happy within a company and improving their job satisfaction.

It reduces new hires' stress by making sure new employees understand expectations and have a clear vision of the company's values.

According to Cornerstone, employees feel that receiving organized, relevant and well-timed content is the most important aspect of the onboarding process.

CLICK HERE
to return to
Table of Contents

The four C's of onboarding include: Compliance – Teaching employees basic legal and policy-related rules and regulations.

Clarification – Ensuring that employees understand their new job and all related expectations.

Culture – Providing employees with a sense of organizational behavioral norms, both formal and informal.

Connection – Creating critical interpersonal relationships and information networks that new employees must establish.

**Onboarding checklists**

Employee onboarding checklists should cover recruitment, first day, first week, first month and assimilation.

During recruitment, tell your organization's story. Establish a foundation of open communication, integrity and trust.

CLICK HERE
to return to
Table of Contents

Before the first day: Prepare paperwork such as W-4, I-9, payroll, insurance, direct deposit and nondisclosure agreements. Discuss roles, goals and projects with the supervisor. Prepare the employee's work area, including desk and equipment, email accounts, phone numbers and any security passes. Assign required reading, prepare the employer benefits package and a job description with responsibilities.

On the first day: Greet new employees and introduce them to the team. Provide a tour of the office. Explain expectations. Introduce the company culture. Assign a mentor. Take the employee to lunch and invite questions and answers.

First week: Assign the first project. Explain expectations for the month. Meet regularly to review questions and progress.

First month: Inspect what you expect and review progress. Explain long-term goals and performance metrics. Encourage team social interaction. Work to fully assimilate the employees and review the onboarding process over the next 60 days.

Finally: Employee should have a good knowledge of the organizational structure and have achieved social acceptance. They should be receiving ongoing performance feedback and be given company and industry reading for personal growth.

They should be inspired to develop, learn and improve.

In general, organizations with a formal onboarding process experience 50 percent greater employee retention. So be all on board with onboarding.

**CLICK HERE**
**to return to**
**Table of Contents**

**CLICK HERE**
**to return to**
**Table of Contents**

# Chapter 189

# Conducting exit interviews so they are worth doing

**Published: Monday, October 9, 2017**

My last column was about onboarding for new employees. So it is only fitting that I cover the opposite end of this spectrum: conducting exit interviews for the recently departed.

CLICK HERE
to return to
Table of Contents

One important consideration is whether the employee has resigned or been involuntarily terminated. Exit answers may be very different—and perhaps unreliable—for terminated employees.

These are some comments on the subject I gleaned from a question I posted at helpareporter.com. They make it apparent that getting good information from an exit interview can be difficult but is invaluable.

**Employees who leave on their terms**

“In cases where people are leaving on positive terms, you often get throwaway reasons such as compensation, or gentle rationales like, ‘It’s a great place and I wasn’t actively looking, but the opportunity is just amazing.’ This is understandable because people want to preserve relationships,” said Tim Toterhi, an International Coach Federation certified executive coach and founder of Plotline Leadership (www.plotlineleadership.com),

**Employees who are terminated**

Toterhi continues, “When people are let go or leave under a negative cloud, the response is often raw, exaggerated and hyperfocused on recent activity. You may learn something about the conditions that led to the event but you rarely get to the root cause.”

CLICK HERE
to return to
Table of Contents

**Other issues**

“Few people are properly trained on how to conduct an exit interview, and fewer have a strategy for what they hope to achieve,” Toterhi said.

“Do they hope to find the root cause, uncover patterns in talent loss, win back key employees via a “stay interview” or preserve the brand through a positive final interaction? Teaching managers to have productive conversations with employees while they are still employed is much better.”

Kevin Huhn, chief inspirational officer at the motivational company Be Your Best Today, said that, “Exit interview answers often come out of desperation, not inspiration. I recall a situation where a female manager changed her story with HR and it resulted in a crying session."

"I believe that people will do whatever is necessary to protect themselves. They'll comply with exit interview questions if they feel safe. Most of the time, the answers are what they think the company wants to hear, or they use the opportunity as a chance to blow off steam. A life lesson I learned is that hurt people, hurt people."

Jamie Press, senior vice president of PrimePay, a nationwide payroll provider, says, "The problem with conducting exit interviews is that employees are often reluctant to be transparent about the issues they are having with their employer.

"Exit interviews are important because a person has little to lose when they are no longer employed. Information collected in these interviews can be used to find patterns and trends to help shape decision-making in the future.

CLICK HERE
to return to
Table of Contents

For example, we can examine what most people think about our benefits compared to other companies. For us, it helps to understand the company's strengths and weaknesses.

"We can help determine areas for management training or if there are areas of the business with on-going problems that need to be addressed. If there are specific employee-related issues, those can be examined as well."

**Start, stop or continue?**

Lisa Barrington, a certified coach who is working on a doctoral dissertation on employee engagement, said "Ideally, exit interviews should be used to identify the reason the employee is leaving. Once identified, further query into the employee's experience will be helpful for leadership, in particular if it is rolled up with other data (exit interviews, engagement surveys).

"Ideally, a firm wants to collect information from a "start, stop, continue" approach. What is it that the company needs to start doing that would have kept you? What do they need to stop doing that would have kept you? What did they do that kept you here up to this point? Demographic data should be tracked to identify if there are issues with a particular leader; or with a particular group leaving at a faster pace than others."

CLICK HERE
to return to
Table of Contents

Deanna Arnold, president and owner of Employers Advantage LLC, suggests, "If a company chooses to do exit interviews, they need to make sure they do something with the information provided by the employees.

"They should only be done with employees who voluntarily resign and not with employees who are fired or involuntarily terminated. Not only will the information from them probably be skewed, it isn't a good idea to let someone go and then ask them to do the company a favor by completing an exit interview."

"The expectation from conducting an exit interview," Arnold said, "is that the employer will be able to get insight and information about the company, benefits, management, etc., to help them create a better work environment.

“Don’t wait until the employees are leaving to ask them those questions,” she said. “Conduct stay interviews instead.”

In summary, know what you want to get out of the interview and listen carefully. Your goals should include improving retention and minimizing risk and employee turnover by discovering why good employees leave. Ask open ended questions about how to improve communications and processes and about how to work better together.

Then change what is needed to keep the good ones from leaving. Exit interviews should be part of your employee-engagement program.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 190

# What does it take to be in the top 1 percent?

**Published: Monday, October 16, 2017**

If you own your business or aspire to do so, one of your goals may be to earn enough money so that you live a financially rewarding life. This will enable you to do those things you want to do when you are not working or when you are retired.

CLICK HERE
to return to
Table of Contents

After all, who wouldn't want to be in the top 1 percent? What does it take to be in this elite group?

Surprisingly, a lot less than you probably think.

**Income**

The Washington Post published an article in 2015 on what the top 1 percent makes in every state.

According to the Economic Policy Institute, between 1979 and 2007, more than half of all the income growth in the nation went to the top 1 percent. For the bottom 99 percent of taxpayers, income grew by less than 20 percent. Mark Price, one of the authors of this report, stated, "The benefits of economic growth have been going increasingly to this tiny share of households."

The annual income level threshold for the top 1 percent in Florida was $378,000 in 2015. The lowest state was New Mexico, where $241,000 placed you in this elite group; and the highest income needed was in Connecticut, where $678,000 was required.

CLICK HERE
to return to
Table of Contents

According to Forbes magazine, in areas known as refuges for the rich, such as the Jackson, Wyoming-Idaho ski area, the cutoff is an impressive $1.65 million.

In Bridgeport-Stamford-Norwalk, Connecticut, it's $1.39 million.

In New York, Connecticut and Wyoming, the top 1 percent has an average income of more than 40 times the average income of the other 99 percent.

To be in the top 1 percent of the 1 percent, you would have needed $8.32 million in 2013, according to the Economic Policy Institute. One Congressional Budget Office study shows that the top 20 percent of incomes rose by 92 percent from 1980 to 2013.

**Net worth**

When measured by net worth, rather than income, the top 1 percent started at $6.9 million in 2009, according to the Federal Reserve. This number is down 23 percent from 2007. The richest 1 percent source their earnings from income from wages and salaries, 25 percent benefit from selfemployment and business income, and also from interest, dividends, capital gains and rent.

There is stability with this group, as 75 percent of households in the 1 percent are expected to remain there the next year.

**Other factors**

CLICK HERE
to return to
Table of Contents

Rich parents, high levels of education and stable families add to your chances. According to Gallup, 72 percent of the 1 percent have a college degree, and half have a post-graduate degree.

The 1 percent are more likely to be married and have children. They are also more likely to identify as Republicans (33 percent) and less likely to be Democrats (26 percent). A lot of them became rich by building businesses. They are far more politically engaged than the average 99 percenters.

**By profession**

Over 30 percent were business executives, with approximately 16 percent in the medical field, 14 percent in finance and 8 percent in the law.

**Zip codes**

Zip code 10104, one block in Manhattan, New York, on West 52nd and Fifth Avenue, had an average income of $2,976,929. On the other hand, zip code 05501, in Andover, Massachusetts, has the lowest average household income of any zip code in the United States, at $1,974.

CLICK HERE
to return to
Table of Contents

**Metropolitan areas**

From 2000 to 2014, the share of adults living in middle-income households fell in 203 of the 229 U.S. metropolitan areas, according to Pew Research Center analysis of government data.

In 2014, the national middle-income range was $42,000 to $125,000 annually for a household of three. A one-person household needed only $24,000 to $72,000 to be middle income in 2014. But a five-person household had to have an income ranging from $54,000 to $161,000 to be considered middle income.

**By county and city**

Per capita annual income in Sarasota County is $33,300, sixth in Florida.

The city of Sarasota is $29,969.

Venice income is $37,644. Manatee County is ranked 14th, at $28,072.

Bradenton income per capita is $22,121. Statewide, per capita income is highest in Jupiter, Florida, at $247,358.

**Happiness**

The richest people are not necessarily the happiest. But who wouldn't rather be rich than poor? May you have the wisdom to appreciate all that you have and may you have all that you want.

Owning a small business is probably the fastest way into the 1 percent club, other than inheritance or a lottery win. To improve your odds for business success, request a free SCORE mentor at SCORE.org.

**CLICK HERE**
**to return to**
**Table of Contents**

**CLICK HERE**
**to return to**
**Table of Contents**

# Chapter 191

# Calling all angels: Facts on raising capital

**Published: Monday, October 23, 2017**

"There are CEOs who want control and CEOs who want success. Guess which one will succeed?" asks Joshua Marpet, chief operating officer of the Red Lion business incubator.

"The same is true for venture capitalists. Too much interference with control could unbalance the company," he said.

**CLICK HERE**
**to return to**
**Table of Contents**

What options are available to business owners seeking the capital they need?

To attract early stage financial investment, a business may be in a pre-revenue stage or in the first few months of producing revenue. Typically, the business is less than 2 years old and is appealing because it has a large addressable and scalable market with a compelling value proposition. In addition, the business probably has not raised more than $1 million.

### Investor types

Angel investors are early stage investors. They are generally high-net-worth individuals, either investing on their own or through a managed fund. (Seeking opportunities of a certain type and size, venture funds are second-stage investors.)

Angel investors may be individuals or companies. Investing with an individual is simpler, requires less documentation, has lower legal fees, greater flexibility and is better suited for small, seed capital amounts under $100,000. The first round of seed funding is called the Series A round. Deals with A pitch event companies require more documentation and have higher legal fees and less flexibility. They are better suited for capital investments in excess of $250,000.

**CLICK HERE**
**to return to**
**Table of Contents**

Angel funds are looking for a return in excess of 40 percent and generally a lot more, with an average holding period of five to seven years. Their exit event is typically an initial public offering or completing a merger or acquisition of the company.

Venture capital is a type of private equity. A venture capitalist invests other people's money hoping to get a sizeable return.

### Investment types

Nationally, software companies lead the pack with one-third of angel investments made in this area. This is followed by health care, business products and services, internet and mobile, and consumer products and services.

**Less than 1 percent make the cut**

In a sample venture capital company, the executive summaries of approximately 650 deals were scanned. Of those, 350 business plans were reviewed; 30 were examined by looking at financials and management; 15 were offered a letter of intent; and only four to seven went through due diligence, with three to five deals closed. Ninety-nine percent of these deals were rejected.

**What investors want — preferred shares and board seats**

Most venture capitalists will expect preferred shares and at least one seat on the board of directors or management board. Preferred shares are a type of stock senior to ordinary common stock — generally without voting rights — but subordinate to bonds in terms of claim. Preferreds have priority over common stock in the payment of dividends and upon liquidation, but they are junior to all creditors.

CLICK HERE
to return to
Table of Contents

Preferred shareholders may want some or all of the following: to accumulate dividends; conversion rights (the right to convert preferred shares into common stock); drag-along rights (if the majority shareholder sells their stake, minority shareholders are forced to join the deal); right of first refusal (the owner must make the same offer to the option holder before making the offer to the buyer); anti-dilution rights (the investor has the right to maintain the same percentage of ownership by buying a proportionate number of shares of any future issue of the security); information rights (protects sensitive information from unauthorized access); inspection rights (a right to inspect assets such as property, facilities and equipment); and protective provisions (preferred shareholders may veto certain actions, such as selling the company or raising additional capital).

**The due-diligence process**

Doing their homework, prospective investors will undertake a due-diligence process with the target company. They will review the background of key people, employment contracts, bank and financial statements, product and service information, customer referrals, competition, tangible and intangible assets, insurance contracts, organization charts, business plans, financial projections and licensing agreements.

CLICK HERE
to return to
Table of Contents

**What you have to decide as the business owner**

Do you need capital? Do you have a number in mind as to how much money you need? Are you willing to dilute your ownership? By how much? Do you offer the potential for a five-time or greater return? Are you prepared to surrender some control?

Do you have a current business plan with up-to-date financial projections? Are you ready to go through this process?

**Your 10-minute pitch deck**

Your pitch deck should include your company's history, background of the executive team, information on the product or service, competitive landscape, addressable market, sales and distribution strategy, customers, a financial summary and your exit strategy. Practice giving the pitch. Record yourself with your smart phone and present the pitch in front of people.

Limit your time to 10 minutes. A SCORE mentor can help you prepare your pitch.

**You will be judged on**

Does your product or service solve a problem or fulfill a need? Be prepared to expound upon your competitive advantage, the size of your target market and the opportunity presented. Discuss your revenue sources and the strategies that will be deployed to execute your plan. Advise on any traction that the company has received. Review your financial model and justify the capital required.

CLICK HERE
to return to
Table of Contents

Finally, discuss your exit strategy options. Marpet's advice is, "Start small, stay nimble and then grow."

---

*Bill McCabe, a SCORE mentor who leads McCabe Consulting, is creating a Venture Capital Pitch event for Southwest Florida. Expected to take place in the spring of 2018, companies that want a chance to attract capital for their business may want to make a pitch to investors. The date will be announced later this year. Pitch prizes up to $25,000 as an equity investment may be available to a select few winners. McCabe can be reached at 860-543-4646.*

CLICK HERE
to return to
Table of Contents

# Chapter 192

# Gray is the new gold

**Published: Monday, October 30, 2017**

A few months ago, I wrote about age discrimination in the workplace. Aside from the legal reasons not to discriminate against hiring older, more experienced and mature employees, there are sound business reasons to add gray to your workforce.

Boomers represent some of the area's finest resources. It's a shame that so much local talent in our community is under-used. A worker over 60 has much to offer, yet is likely unable to find a way to remain relevant and productive in the workforce. Companies seeking to build their businesses and thrive can achieve a win-win by seasoning their payroll with older workers.

CLICK HERE
to return to
Table of Contents

I polled a dozen contacts via the Help a Reporter website for their thoughts on this topic. Here are a myriad of reasons why you should hire more grays for your company.

• Older employees provide more value for their pay. They have better communication skills, both oral and written. They may be excellent as trainers, consultants, mentors and coaches. — *Jeannette Seibly, SeibCo LLC.*

• Older workers are eager to learn and pivot their career in a new direction. They are open to training.

They know how to work with other employees. They are loyal; when a company is good to them, they're good in return. — *Deborah Sweeney, CEO, MyCorporation.com*

• Mature workers bring expertise. They are adept at dealing with change, able to adjust and reinvent themselves. — *Stan Kimer, President of Total Engagement Consulting by Kimer Inc.*

CLICK HERE
to return to
Table of Contents

• With greater work and life experience, these workers have an edge in relationship-driven roles. Experienced employees can provide a big cost savings through increased retention. They are more dependable. In addition, they may be familiar with legacy technology. If your company is using a legacy system, older professionals may be a better skills match with your technology. — *Jessica Tower, president, Tower & Co.*

• A younger worker may feel the need to job-hop to diversify their career. Older workers are simply looking for a solid career in one place.

Learning a skill as an older worker may not be as difficult. Know-how from experiences may apply to many situations. They are less likely to be moody or volatile in the workplace.

They offer a great resource of practical knowledge and advice. — *Jake Tully, head of the creative* *department at TruckDrivingJobs.com*

• With a great work ethic, they are apt to come in early and willing to stay late. Providing a calming influence, their wisdom enables them to look at the big picture and take a step back. They are good at sharing information with other staff members.

They may not be interested in moving up the ladder, but are nevertheless dedicated to the mission. Issues and problems are handled in a mature way. Displaying great integrity, they are great with clients and volunteers.

They are valued staff members who are smart, willing and able to learn. “I feel lucky to have them on staff.” *— Lynette Whiteman, MS., Executive Director, Caregiver Volunteers of Central Jersey*

**CLICK HERE**
**to return to**
**Table of Contents**

• With less hectic and demanding lives, they can more easily meet the customer’s needs. They may be more flexible in their schedule. They play nicely with others, lead by example and are skilled problem solvers. An experienced perspective and mature insight provides an important and necessary component for growing a business. *— Trish McDermott, vice president community & communications, Babierge Inc.*

• They are apt to stay with an employer long-term. Millennials are statistically far less likely to exhibit loyalty. The cost of turnover is enormous; it is in a company’s best interest to retain employees for as long as possible. Past behavior is the best predictor of future behavior.

By reviewing their employment history, you are more likely to know what you are getting, as opposed to a younger worker, who may be a wildcard. Having been in the workforce longer, they have more breadth and depth of experience. *— Jackie Ducci, CEO & founder, Ducci & Associates*

• Skilled in problem-solving because they’ve tackled many issues, they are not put off by challenges. They have learned from their mistakes and their need to ‘prove something’ has been replaced with a great level of self awareness and confidence. *— Jana Tulloch, human resources professional, Developintelligence LLC*

**CLICK HERE**
**to return to**
**Table of Contents**

• They are seasoned and experienced in life. This adds depth to our company and is beneficial in creative problem solving. Reliable and dependable, they appreciate being needed and wanted. There are less absentee problems with the older generation. They are grateful for the work and bring positivity into the work environment. They’re not interested in climbing the ladder to success or playing politics. Secure in who they are, they have nothing to prove. They want to improve and grow with the company. *— Noelle Rose Andressen, Rubans Rouges Dance*

• Unlike younger workers, they are less likely to job shop and hop every six months. They can do a good job with or without the internet and smartphones. They grew up in a workplace where personal interaction and well written memos were required. They are flexible and learn easily.

They can leverage their experience to quickly become productive. Mature workers can incorporate previous experience with new information to determine best work outcomes. — *Toby Haberkorn, Baypointe Publishers*

• They know what to focus on and what to ignore. They often have a great business network to tap into. They work hard and smart. Exerting a cool, calm energy, they have a positive effect on the team. — *Derek Johnson, Stride Search Inc.*

• While Millennials are more concerned with work/life balance, Baby Boomers tend to do whatever it takes to get the job done. Maturity has its value when making the right decisions. With less of an entitlement attitude, they are also less self-centered and they display more warmth and sincerity.

When it comes to talking verses texting, older workers grew up in the age where verbal conversations were the primary way to communicate. They are more comfortable handling challenging situations, which require verbal discussions. Older workers generally have a greater appreciation for the value of money and will be more budget conscious. — *Scott Samuels, CEO, Horizon Hospitality Associates Inc.*

The optimal workplace uses workers of varying ages, working productively together and maximizing their skillsets. Gray is the new gold.

**CLICK HERE**
to return to
Table of Contents

**CLICK HERE**
to return to
Table of Contents

# Chapter 193

# LinkedIn Groups fantastic, and enough still are active

**Published: Monday, November 6, 2017**

Owned by Microsoft, LinkedIn is the world's largest professional social network. With more than 530 million connections, LinkedIn is present in more than 200 countries worldwide. The site is growing by approximately two new members every second.

CLICK HERE
to return to
Table of Contents

While it's outstanding for building relationships and marketing a business, one of the best uses of LinkedIn's free version is to explore and join various groups related to your business interests. LinkedIn provides an invaluable database allowing you to research prospective customers, vendors and people you may want to meet or recommend to others. It's a great tool for both finding business connections and being found. In addition, you may learn more about your business from your groups' knowledgebase.

The last time I looked, LinkedIn members could join up to 50 user groups. It sounds like a lot, and it is. I generally use all of my allotted 50, rotating in and out of the groups that I like best and least.

**How to use Groups**

Choose groups that relate to your industry and your interests. This enables you to increase the size of the population you have access to when doing any type of search or research.

To get started, go to LinkedIn.com and proceed to find the tab titled "Work." This tab is found on the upper right side with nine tiny boxes stacked three by three and a small downward triangle after the word "Work" to select more choices. Select "Groups" from the second line. Here you will be able to visit your groups and discover new ones. Assuming you already belong to some groups, a selection of your personalized "Today's Highlights" will be displayed.

CLICK HERE
to return to
Table of Contents

You have the ability to "Like," "Comment" or reply publicly or privately to a post. Once you have selected various groups, they will appear under "My Groups." There will be a number indicating how many new conversations have been started. When you select a group to explore, you will see how many members are in that group. For example, I chose Digital Marketing which showed it has 1,055,757 members.

"About this group" provides details on what the group's focus is. There is also a "Group Rules" section that succinctly explains what to post and what not to post.

Initially, you have to "Ask to join" a group. You will be notified by email that your request is pending and requests typically are accepted within 24 to 48 hours. I don't recall ever being rejected from joining a group.

Once you have joined a group, the word "Member" will appear on the right in a box with a checkmark in front of it. The icon that looks like a gear wheel in a circle is where you can change your settings for the group. You can choose whether to display the group's logo on your LinkedIn profile, decide what email address to use, how often you would like to be contacted and decide whether to allow administrative announcements or member messaging.

In your selected group, you can respond to a post, create your own query or view the responses left by others in the group. You can also do a "Search" by keywords and phrases. When you hover over a respondent's name, various bits of information appear, including the respondent's position within their organization, industry, region, skills and to what other groups they belong. There is also a link to view their profile and the ability to message them directly.

**CLICK HERE**
**to return to**
**Table of Contents**

This is all free. You now have a pipeline into current industry topics, commentary from thought leaders, peers, competitors, vendors, etc. You can even create your own group.

**Deciding what groups to join**

There are over 2 million LinkedIn groups. Many of them are dying or have died, but there are plenty of worthwhile active groups to join.

There are too many groups and they can't maintain traction due to competitive cannibalization.

I suggest you search within potential groups for topics of interest for your business or for a new business. For example, if you are within the Digital Marketing group and you search for "restaurants" you will see queries such as "How restaurants turn social into sales" and "Proximity marketing for restaurants: attract your customers who are mobile." This enables you to drill down and receive more meaningful information for your specific business segment.

Finally, keep in mind that who you know counts more than what you know; but what you know counts more than what you don't know.

**CLICK HERE**
**to return to**
**Table of Contents**

Join select LinkedIn groups; use them for market research and to remain current in your industry. If you need help, feel free to write to me, Dennis Zink, centreofinfluence@gmail.com.

.

# Chapter 194

# Using Google My Business is a no brainer

**Published: Monday, November 13, 2017**

Google My Business is a free service that complements your existing website by giving your business a public identity and presence with a listing on Google. The information that you provide about your business appears on Google Search and Google Maps.

Google My Business, found at Google.com/business, helps its users find nearby businesses and helps businesses be found. The service was built for businesses that have in-person contacts with customers during specific hours. It was not intended for online businesses.

CLICK HERE
to return to
Table of Contents

According to Google, aside from showing that you are open for business, it helps you to: 1. Maintain accurate information about your business online, including your hours, web address, phone number and address. 2. Interact with your customers by giving you the ability to post photos, list your products and services, collect data and respond to reviews.

**Sign up and get verified**

To get started with Google My Business, you'll need to claim your business. If you don't claim your business, somebody else might.

To sign up, go to google.com/business and enter your business name in the first field. As you type, suggestions for possible matches will appear. If you see your business, select it from the suggestions. Complete the rest of the fields with your business information, and then click "continue."

You might see a suggestion of a potential matching business. If this is your business, click it. If it's not your business, click "Keep the information I entered."

CLICK HERE
to return to
Table of Contents

After you submit your information, in about two weeks you will receive in the mail at your business address a postcard with a code that you will need to enter to complete the process of claiming your business.

Businesses that verify their listing's information with Google My Business are twice as likely to be considered reputable by consumers.

**Take advantage of free ads**

In June, the service began to allow free posts. You should definitely take advantage of these free ads to promote your business.

"You should take advantage of all of the free stuff before you consider paying for AdWords," according to Nick Choat, a local expert in digital advertising.

Google My Business is only one of more than 70 directories on which you should be listed. Other directories include Bing My Business, Yelp My Business and Yahoo My Business. But Google My Business is by far the most important.

Using a service such as Yext.com will help you manage all of your listings in the directory ecosystem from one location. Simply making one change in Yext.com instantly distributes the change to all your selected directories.

Depending on the type of business you have, you should take advantage of one or more of the various Google My Business services available. These services include:

- "Bookings" for scheduling appointments.
- "Posts" allow you to share your latest news, specials and offers, giving your customers and prospects a reason to visit.
- "Messaging" allows instant messaging.
- "Insights" help you learn how customers are interacting with your business listing.

  Learn how you were found and understand where your customers are coming from.

  See how many people call your business directly from the phone number displayed in local search results. You can create advertising campaigns and track their performance.
- "Reviews" enable you to engage online and build customer loyalty by communicating with your customers and responding to reviews.
- Video and photos.

  YouTube, the second biggest search engine, also owned by Google, provides video capability. A virtual tour of your premises using Google Street View is another way to open your doors to new visitors.

  Businesses that add photos to their listings receive 42 percent more requests for driving directions on Google Maps and 35 percent more click-throughs to their websites than businesses without pictures.
- The Official Google My Business Community. You can join this community to connect with other business owners and product experts.

**Paid advertising**

According to Google, its AdWords Express service helps you get more phone calls, more visits and also encourages action on your site. AdWords Express offers online advertising for businesses looking to increase their site traffic and get more transactions on their website. It's perfect for the one-person company or if you don't need all the features of AdWords.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

Simply write three lines about your business. Google AdWords will create your ad and automatically show it to people looking for what you offer.

Next, choose which category best describes your business and set your monthly budget.

When people click your ad, they'll see your website or your free Google My Business page.

They can also call your business directly. You only pay when people click or call.

More sophisticated than AdWords Express, Google's AdWords service enables you to select keywords. Keywords are words or phrases that are used to match your ads with the terms people are searching for. Selecting high quality, relevant keywords for your advertising campaign can help you reach the customers you want when you want. Google has great tutorials on how to select the best keywords for your business.

CLICK HERE
to return to
Table of Contents

**You only pay for clicks**

Signing up for Google AdWords is free. You only pay when someone clicks your ad to visit your website or calls you.

You have several ways to reach your target customers with AdWords. You can use graphic display ads, YouTube video ads, text-based search ads or in-app mobile ads. AdWords lets you manage your online advertising campaign. I can't think of one reason not to use Google My Business. It's a no-brainer.

CLICK HERE
to return to
Table of Contents

# Chapter 195

# Guerilla marketing is about big profits for little cost

**Published: Monday, November 20, 2017**

Perhaps you've heard of something called "guerrilla marketing" and wondered what it was.

The name is derived from guerrilla warfare, a technique that allows a small force to fight a much larger, state-sponsored army by being creative and doing a lot with little.

CLICK HERE
to return to
Table of Contents

In general, of course, marketing is a contest for people's attention. According to author and business blogger Seth Godin, it's about conducting research, determining a market, and planning, implementing, measuring and optimizing results. It requires constantly watching the marketplace and deciding what is working and what isn't. It's an evolutionary process rather than an event.

Guerrilla marketing, then, is about creative ways to increase market share inexpensively.

"Guerrilla Marketing is about focusing on results over activities and profits instead of revenues," Jason Myers, chairman of Guerrilla Marketing Global LLC, said in a presentation he gave at a sold-out Port Charlotte SCORE and Northport Area Chamber of Commerce meeting.

"Guerrilla Marketing" (1983, Amazon, $12.58), a book by Jay Conrad Levinson, a founder of the same company, sold 22 million copies and has been required reading in almost every MBA program in the world. It has been named one of the 10 most important business books.

Guerrilla marketing encompasses publicity, marketing, retail sales, deal making, financial advice and efficiency. It's about unconventional thinking as well as out-of-the box stuff; making things happen out of very little. It's important to be profitable in a small business, or there will be no business.

CLICK HERE
to return to
Table of Contents

Here are some highlights from the presentation.

**Create a 7-sentence marketing plan**

1. Purpose – Define what you do and what you want to do.

2. Prime benefit and advantage – Name the one thing you do better than anyone else.

3. Target audience – Identify your customers and your potential customers.

4. Weapons – List the resources that you have to communicate with customers and prospects.

5. Niche – Use a one-word description of your uniqueness.

6. Identity – Determine your business personality.

7. Budget – Decide how much you can afford to spend.

**Your competition**

You must know what your competition is doing by assessing their strengths and weaknesses. What does your competition market and how do they market? Are they the leader or a follower in your space? When you target your ideal customer, you need to know where they are most likely to see your message. Where do they hang out?

CLICK HERE
to return to
Table of Contents

**Your elevator pitch**

In the time it takes to ride in an elevator (about 30 seconds), you should be able to describe your business.

Succinctly explain what your business does and how it is unique. Your elevator pitch should be memorable, repeatable and all employees should know it.

I stumbled upon a good template for an elevator pitch. It goes like this: My company (name) offers (what you offer), helping (audience) value proposition (problem solved) by (how you do it, the secret sauce). Sample: My company, Zink Business Alchemy, offers consulting services to help business owners become the dominant force in their niche with guaranteed results.

**Reciprocity**

Leverage the law of reciprocity by giving a gift to prospects such as free samples,

trial periods or a free consultation.

CLICK HERE
to return to
Table of Contents

**Business card tips**

Make sure your business cards stand out. Quality matters, and don't forget to use both sides. Declutter, as less is more. Include an offer and a call to action. Make sure the paper can be written on (ink friendly) because people often scribble notes on business cards.

**Website priorities**

Most small-business websites are poorly designed. Make sure your website is focused on generating leads. Update your website regularly, keeping it fresh and current. Answer common questions and measure results. Your website must be mobile friendly or you will be penalized by Google in search results. Look at websites you like and consider how their design can apply to your content and marketing.

**Organic social media**

Create a group (LinkedIn, Pinterest, etc.) around a topic related to your business, but not your business. Contribute to this group in an effort to help others and build relationships. Be aware that constant promotion is annoying and ultimately will be ignored.

Create a topic-based (not brand-based) MeetUp group. Develop a community of fans. Over time, people will get to know, like and trust you. Network in other communities such as Facebook groups, associations and clubs.

**Testimonials and referrals**

Collect testimonials for use in your business. Always ask for referrals and thank your customers for them. Remember, the jungle is a rough place, and learning guerrilla marketing will help you survive.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 196

# Play golf and tennis to build business relationships

**Published: Monday, November 27, 2017**

The famous American business-management consultant Peter Drucker once said, "More business decisions occur over lunch and dinner than at any other time, yet no MBA courses are given on the subject."

CLICK HERE
to return to
Table of Contents

This statement is probably as true today as it was decades ago. The advent of social media means that we spend much of our time networking digitally on our smart phones or tablets. But it's nice to get out of the office once in a while and network in person. As we seek balance in our lives, it's also important to remain physically fit, and what better way to do this than by playing golf or tennis while networking and having fun while doing it.

Although networking possibilities exist in other sports, golf and tennis are lifelong activities and ones that women do just as well as men.

Paige Arnof-Fenn, founder and CEO of the Mavens & Moguls marketing consulting firm, says tennis and golf are great ways to learn about people, including their:

• Ethics — do they cheat or lie? Exaggerate? You learn a lot about character through sports.

• Humor — do they take themselves too seriously? Are they able to keep it light even when having a bad day?

• Resilience — can they bounce back after a bad round?

CLICK HERE
to return to
Table of Contents

• Teamwork & sportsmanship — are they fun to hang out with for hours?

• Small talk — does it make them uncomfortable or are they good at it?

• Manners — do they have any?

Your mom is right — they matter.

Pick up the phone right now and invite a key partner, vendor, employee or even a competitor to play a round of golf or tennis. Remember not to take the game too seriously. You're not a pro, there is no prize money, no standings to worry about, and The Masters and Wimbledon are still months away. The important thing is to connect with your guests in a meaningful way.

If you want to build strong business relationships, play golf or tennis. Both games offer a great way to socialize, to meet new people and solidify existing relationships.

Golf provides plenty of time to talk between shots, especially if you are riding in a golf cart. Don't lose your temper and do play an honest game. Golf involves strategy, tactics, technology and a keen ability to focus. The handicap system allows mediocre players to play with good ones. The game doesn't have to be competitive; you don't even have to keep score. It doesn't matter who drives the cart, just don't wreck.

"Golf is an excellent test of character," said Zack Bates CEO of Private Club Marketing, a firm that promotes private members' clubs. "Business is more than a transaction; it's about building relationships with people and to do that you need to know more about them.

"Golf rewards players who remain calm, cool and collected under pressure and think strategically to overcome challenges. Values all too similar in business," Bates said. "According to the PGA of America, over 50 percent of business professionals see golf as a perfect networking opportunity. Seventeen percent of executives who tee it up earn more than those who don't. And of Fortune 500 CEOs, an estimated 90 percent play golf."

CLICK HERE
to return to
Table of Contents

Tennis will provide a better workout, more movement and can be played in an hour or two versus a four-hour commitment for 18 holes of golf. Sir Richard Branson, founder of the Virgin Group, is an avid tennis player who treats each point separately. He has said he believes that discipline and determination to compete are similar to what an entrepreneur experiences in business.

A tennis stadium, when play is at the highest level, is after all the modernday equivalent of a coliseum with the players its gladiators, although there are no lions eating the losers.

In doubles, you get to play with a partner, and you must accept his or her abilities as part of your team. Your partner wants to win as much as you do. Any mistakes are just that, so don't get angry. Be supportive and congratulate your partner and your opponents when they make good shots. Be happy you are outside in wonderful weather having fun.

If you are a good player, you will vary tactics based on your opponents' weaknesses. Your long-term goal is to win the match but the more important goal is to connect with the other players.

CLICK HERE
to return to
Table of Contents

In both tennis and golf, the players are the referees, so it's up to you to make good line calls. Don't argue with your opponents, it's their call. Tennis is an honorable sport and the code for playing emphasizes this point.

A great way to build strong relationships is to attend various community golf outings and play in the scrambles.

Attend the luncheons, dinners and awards ceremonies. Do play the 19th hole and enjoy a beer, burger and socializing.

Golf and tennis provide an authentic way to get to know your peers and to develop and reinforce business relationships. People want to do business with those they know, like and trust.

What better way is there to accomplish that than by playing a sport?

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 197

# A few words about sex and the work place

**Published: Monday, December 4, 2017**

Weinstein, Spacey, Rose, Louis C.K., Franken, Conyers, Keillor, Lauer, the list goes on. Then there is Bill Cosby, who is in a class by himself. The sexual harassment continuum is vast, complicated and ever changing.

Congress is busy with allegations and new investigations. Don't be surprised if a significant number of its members are pressured to resign. A belated apology might suffice at one extreme, while jail-time may be the other extreme, with large sums paid along the way to silence or settle claims. Denial is often the road most followed. But sooner rather than later, everyone will know about your secret office fling.

CLICK HERE
to return to
Table of Contents

Certainly, the rules are changing; or at least a better attempt is being made to enforce them. What should business owners, men and women, do to keep their companies out of the quagmire?

Here are some thoughts and suggestions. But I strongly suggest that you discuss this topic with your HR staff or experts, legal counsel and then your employees. Document everything and make sure you follow through to enforce company policy.

Rule No. 1: Everyone is entitled to a safe and comfortable working environment free from harassment.

Rule No. 2: This is for the men: Do not dip your pen in the company ink. I heard this admonition decades ago, and it holds true more than ever today.

Rule No. 3: If you violate rules No. 1 or 2, you could lose everything — your reputation, employees, business, spouse, money — even your freedom.

CLICK HERE
to return to
Table of Contents

Rule No. 4: Discuss what is unacceptable behavior. Insist that violations are reported immediately and ensure that disciplinary action is taken, as needed, including dismissals.

Rule No. 5: Avoid over-reacting to "he said, she said" allegations. Speak to all concerned and investigate, using HR and/or legal professionals, as needed.

Rule No. 6: If you have a company policy regarding dating and office relationships, enforce it. Especially focus on seniority-subordinate relationships. Can the senior employee in a relationship affect the well being of the subordinate, including pay, raises, workload, firing and transfers?

“It is my job to perform internal investigations in the workplace when a claim of harassment or other inappropriate behavior is made,” said Sara C. Sharp, of counsel for Sparkman + Foote LLP. “After these come up, it’s always tempting for employers to institute a policy forbidding dating in the workplace. Usually, these policies don’t work out well because they are rarely enforced by the company once the dust settles. I always tell clients, the only thing worse than having no policy is having a policy and then not following it.”

The onus is on the person who is higher in the company hierarchy, added Sharp, who I contacted via helpareporter.com.

“A supervisor who becomes romantically involved with someone subordinate to them in the organization needs to recognize the hazards involved,” she said. “If all goes well, they stand to be accused of sexual favoritism by subordinates and inappropriate relationships by their peers. If it doesn’t go well, they may need to deal with a spurned lover saying the relationship was never consensual.

CLICK HERE
to return to
Table of Contents

“Even consensual relationships between non-managerial individuals have the tendency to disrupt the workplace, as people perceive that there is now an alliance.”

Managers should point out to colleagues entering a romantic relationship that, if the relationship goes sour, they will still need to work together, said Fran Sepler, president of Sepler & Associates and another helpareporter.com source.

It’s true that employers — particularly public employers — can’t prohibit people from forming relationships. (Freedom of association, amongst other things, stands in the way of such a ban.) Policies should clearly focus on behavior that might stem from such a relationship, rather than the relationship itself, Sepler said.

But there guidelines to follow to keep things simple.

“A rule of thumb is never cross business with pleasure if it involves chain of command,” Sepler said. “Companies should have policies outlining inter-office relationships, harassment, and discrimination. Regardless of whether or not inter-office relationships are allowed, a company should look to minimize liability with potential harassment, favoritism, retaliation or discrimination.

CLICK HERE
to return to
Table of Contents

“Dating a co-worker opens the door for liabilities such as these and lawsuits that are difficult to defend,” she said. “If your company doesn’t have a policy about inter-office relationships, the best rule to abide by is one of complete transparency.

“Should you choose to start a relationship, notify your manager and HR immediately.”

The next step is to put it in writing, according to Christine Clemmens, director of Human Resources at iRewardHealth Inc. “Employees should sign a document acknowledging they are aware of and fully understand harassment and discrimination policies and confirm the relationship is consensual.”

Although not directed to company owners, Jonathan Bennett of The Popular Man advice website has some thoughts on do's and don'ts regarding office romance etiquette:

Do:

• Research company policy regarding dating fellow employees (and follow it!)

• Keep all overt romance and efforts at romance off company time.

• Realize that if the relationship fails, it will likely be very awkward.

• Try to arrange it so that you're not working directly with the person you're dating.

CLICK HERE
to return to
Table of Contents

Don't:

• Date or pursue subordinates or those you supervise.

• Show favoritism to the person you're dating or promise favors as part of dating.

• Act in a way that runs afoul of sexual harassment policies.

Roy Cohen, career coach and author of "The Wall Street Professional's Survival Guide," perhaps sums it up best: "You can't prevent employees from dating, but you should encourage them to exercise good judgment for the following reasons: "Dating colleagues is a dumb career move. It will almost always fail. It may seem like a great idea at the time. It's convenient, after all, you both work long hours, you share common interests and values, but it's a bad decision. The odds of a relationship failing are too great to risk your career. It's easy for valued employees to think that their relationship and experience will be different from others. If successful and it appears that one of you is offering the other preferential advantages, you could both find yourself in trouble."

CLICK HERE
to return to
Table of Contents

# Chapter 198

# You don’t know what you don’t know

**Published: Monday, December 11, 2017**

I frequently hear people say things like, “You don’t know what you don’t know.” It’s not a new idea.

A saying known as the Socratic paradox states, “I know that I know nothing,” or “I know one thing: that I know nothing.”

CLICK HERE
to return to
Table of Contents

All organizations have problems that lie beneath the surface and are hidden from view. It’s important to ensure that these problems are brought to light and addressed.

Andrew Grove, former Intel chairman and CEO, put it another way: “Only the paranoid survive.”

Minor problems can become disasters unless they are discovered and solved as quickly as possible.

In collaboration with Bonnie Seitzinger, a Manasota SCORE mentor, CPA, MBA and creator of the “Lean Into Success” program, we set out to understand this seeming paradox. Bonnie and I developed a methodology and presentation based on the idea of learning “how to know what you don’t know.”

So what can you do and where should you start?

**Prevent problems**

One strategy in growing a business is to prevent problems before they happen. We need to learn as much as we can about what it is we do not know so we can prevent these hidden problems. We can’t know everything with absolute certainty but we can feel confident about specific things.

CLICK HERE
to return to
Table of Contents

In some situations, businesses fail because owners think they know more than they do and they may not be open to learning what they do not know.

There’s a learning model developed in the 1970s that describes the stages of learning, going from incompetence to competence. The first stage, unconscious competence, is not knowing what you don’t know. The next stage is conscious competence, which is knowing you have a deficit and knowing the value of developing skills to address that deficit.

We want to focus on the not knowing as well as the development of the skills to be in the know. Both are invaluable.

**Get feedback**

Seek out internal and external feedback to learn what you don't know.

What is internal feedback? The well-known entrepreneur Steve Jobs, the late co-founder of Apple Inc., talked about how the best ideas came to him when he allowed his mind to become quiet for periods of time each day.

Try asking yourself two simple questions at the beginning and end of each day for a week and see what insight the exercise provides.

Morning question: What good shall I do today?

Night question: What good have I done today?

CLICK HERE
to return to
Table of Contents

Take a contemplative minute by closing the door after each meeting or each lengthy phone call to give yourself a creative pause. Over time, the daily practice of contemplation can change the way you think. The results will come to you in the form of knowing what you don't know.

Developing and nurturing your own internal feedback system creates awareness, and awareness brings answers. These answers lead to new choices.

One of the best principles for achieving success, one that sounds so simple, is to get external feedback by asking many questions. This can be done in several ways. A healthy dialogue several times a year one-on-one with employees can be extremely revealing. You must be able to express your questions to employees and then to fully listen to their responses. Some entrepreneurs and managers have an open-door policy and a culture of feedback and suggestion sessions. It's important to avoid complaint sessions. The goal is to have a positive culture of continuous improvement.

Have strategic planning sessions assessing your business' strengths, weaknesses, opportunities and threats. Great ideas and learning what you don't know come forth with such SWOT analysis.

CLICK HERE
to return to
Table of Contents

Some businesses conduct focus groups with an outside facilitator to generate ideas and get their creative juices flowing. It's best to include both inside and outside sources — employees and customers.

**Other ways of getting feedback**

• Gather actionable information from your customers. The restaurant industry does this very well with brief customer surveys.

• Join a CEO Roundtable group. Goals are discussed and the group of people from different industries has a sense of accountability to each other. Roundtables help you "think outside the box" and explore possibilities with a divergent focus.

• Trade associations and trade publications provide another source of information about what you don't know. These will help you "think inside the box" and explore possibilities with a convergent focus.

• Develop a dream team of experts. Include your attorney, CPA, banker, insurance agent and perhaps a trusted supplier or friend. Prepare in advance and, again, ask lots of questions.

• Stay curious. Curiosity is what keeps business owners on top of their game. Recognize your deficits. Be open to the value of the new skill of learning what you don't know.

I bet you didn't know all of this. Now you do!

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 199

# Thank you for your service—now what?

**Published: Monday, December 18, 2017**

Attention: Our 20 million veterans represent 9 percent of the total U.S. population. There are 2.5 million veteran-owned businesses in the U.S. that contribute $195 billion in annual payroll and account for $1.1 trillion in annual receipts.

CLICK HERE
to return to
Table of Contents

According to the study that produced those statistics, veterans have launched businesses at higher rates than non-veterans for many decades. Just 10 years ago, few programs for veterans taught entrepreneurship or provided tools to help them create sustainable businesses. Fast forward to 2017, and hundreds of organizations and programs across the country are aimed at propelling veteran entrepreneurs forward, including many accelerators and incubators.

Both transitioning service members and veterans now have access to a sea of information on business ideas and creation.

But despite the proliferation of veteran entrepreneurship programs and services, little research has been done in recent years on the motivations, challenges and successes of veteran entrepreneurs. The result is a gap in understanding how to design and deliver effective programs and support for veteran business owners.

To support Syracuse University's institutional commitment to serve veterans and the military community, JPMorgan Chase & Co. partnered with the university to launch and sustain the Institute for Veterans and Military Families.

The institute undertook a study focused on what it means to be a veteran entrepreneur.

CLICK HERE
to return to
Table of Contents

Veteran business owners were asked why they became entrepreneurs and what resources and support they need to succeed. The study also uncovered key challenges that might cause their businesses to fail.

**Demographics**

In this study, a survey showed that 57 percent of respondents were male and 43 percent were female. At the time of the study, approximately 44 percent of the respondents were 39 or younger. Twenty-five percent of respondents indicated they had a bachelor's degree, while 44 percent have higher than a bachelor's degree. Although this percentage is higher than the numbers for average veteran education, these numbers are consistent with studies that found that veteran entrepreneurs are typically better educated than non-veteran entrepreneurs.

**Key study objectives**

Key objectives included identifying the primary reasons veterans engage in entrepreneurship. The study also addressed what challenges, obstacles and successes are associated with veteran entrepreneurs. It sought to understand the changing trends in veteran entrepreneurs and what resources and tools are available to support them.

**Veteran trends**

Veterans are more likely than non-veterans to own a business. Veteran entrepreneurs earn more than non-veteran entrepreneurs. High-performing entrepreneurs demonstrate several skills and traits associated with military experience, including good decision-making in chaotic environments, confidence in their ability and skills, independence and high productivity.

CLICK HERE
to return to
Table of Contents

**The survey**

Interviews were conducted across the U.S., in Atlanta, Austin, Jacksonville, Los Angeles, New York City, Philadelphia, Phoenix, Tulsa and Washington, DC.

The survey covered several themes. Some of the significant factors influencing a veteran to enter entrepreneurship included a dissatisfaction with the civilian workforce, recognizing other business opportunities existed and the desire for financial and personal independence, work-life balance and flexibility. Some of the challenges and barriers veterans faced were access to capital, having limited or no established networks and a difficulty developing mentors.

Veterans needed to be able to define their business goals and obtain other information and resources that could be helpful to them. This includes establishing mentors, getting a business education and developing their business plans. Attending networking opportunities such as conferences and workshops helped provide valuable information. Other beneficial resources included money management and communication skills, family-work-life balance and stress management.

CLICK HERE
to return to
Table of Contents

**Entrepreneur skills are enhanced by military service**

Military service typically reinforces transferable business skills such as teamwork and leadership. Veterans are disciplined and may prove superior in giving clear orders as well as being able to follow them. A strong work ethic combined with self-discipline and perseverance provides a strong foundation for veteran entrepreneurship success.

**A checklist**

If you are a veteran who would like to start a business, here is a checklist:

• Do your homework by researching what resources are available that address your business needs.

• Take advantage of resources such as financial literacy, mentoring and computer programming.

• Expand your networks, attend events and make connections.

• Take advantage of resources such as SCORE.

• Learn how to identify valuable programs and services.

• Manage expectations of mentoring relationships by learning how to extract useful information from mentors.

Dismissed!

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 200

# The 'Art of War' rediscovered

**Published: Monday, December 25, 2017**

While cleaning out my garage, I stumbled upon a box that was labeled: "Books I no longer read." Opening the box and dusting off the cobwebs, I saw "The Art of War" by Sun Tzu. For some reason, I had written my name and the date on the first page. Perhaps I had loaned this book to someone decades ago and wanted to make sure I got it back for my garage library time-capsule.

CLICK HERE
to return to
Table of Contents

Twenty-eight years have passed since I cracked open this classic. This book was compiled over 2,000 years ago by a mysterious Chinese warrior-philosopher during the Warring States period of ancient China, around the fifth to the third century BC. It is still considered one of the most influential books on strategy ever written.

Many of the principles expressed in "The Art of War" apply today to business competition and conflict as much as they do to military campaigns and politics. Why would anyone think that two millennia would make a big difference?

I have culled from it some of the principles that should be of interest to business owners today. In short, "The Art of War" is about being invincible, experiencing victory without a battle and being strong by understanding the physics, politics and psychology of conflict. In the end, it is about peace. As you read the list below, think about how many of these principles are adaptable to your business and your industry.

**37 strategic principles**

• The less needed the better.

• Knowledge of the problem is key to the problem.

CLICK HERE
to return to
Table of Contents

• Make conflict unnecessary; win without fighting.

• Plan for what is difficult while it is easy.

• Understanding conflict can lead to resolution and avoidance.

• War is destructive, even for the victors.

• A small group can prevail over a large group.

• Know when to advance and when to withdraw.

• Promote for ability.

• Draw up plans for success.

• Planning should be secret, attacks swift.

• Success is often gained by not doing.

• Know what not to do and when not to do it.

• Leaders consider problems and prevent them.

• Know others while being unknown to others.

• A military operation involves deception. Even though you are competent, appear incompetent.

• Avoid confrontation with a strong opponent.

• Wear opponents down, foster disharmony, manipulate their feelings, use their anger and pride against them.

• Conserve energy and material resources.

• Emphasize speed and efficiency.

• Gain victory while keeping as much intact as possible.

• Overcome opponents at the outset by foiling their plans.

• Isolate opponents and render them helpless.

• When victory is won, it should be complete.

• Skillful warriors only fight when assured of winning.

• When you know yourself and others, you are never in danger.

• Keys to victory are adaptability and inscrutability.

• Take on opponents only when they are vulnerable.

• Use orthodox and guerrilla methods of war.

• Get opponents to spread themselves thin.

• Act after having made assessments.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

• A surrounded army must be given a way out.

• Draw them in with the prospect of gain, take them by confusion.

• Attack when they are unprepared; make your move when they do not expect it.

• Attack alliances.

• In battle, confrontation is done directly; victory is gained by surprise.

• The important thing is victory, not persistence.

While reviewing this list of strategies, you may be thinking about U.S. military efforts deployed against ISIS and its efforts in Afghanistan, Syria, Iran and North Korea. This is only natural. But think about your business and what these principles mean in that context.

CLICK HERE
to return to
Table of Contents

I have used many of these principles successfully and benefited from the wisdom expressed in these strategies. So, I thank Sun Tzu for his wisdom.

This is my 200th consecutive weekly column in Business Weekly. It has been my pleasure writing articles that are beneficial to you and that help your business succeed. I greatly appreciate the many emails I receive from readers who comment and make suggestions about my writing.

In celebration of my 200th column, I raise a glass and toast you and your business success in 2018. I wish all of you, your families, friends and employees happy holidays. May peace be with you.

Isn’t that what “The Art of War” is really about?

CLICK HERE
to return to
Table of Contents

# Chapter 201

# When not being No. 1 makes you a winner

**Published: Monday, January 1, 2018**

To an extent, you can compare business to a horse or dog race. A win pays more than a place or a show unless the odds are much higher for the field. While most people think of their business as the 'top dog' in their industry, “We are the best in the cleaning business” or some other self prescribed accolade, there may be a larger payoff for the also-rans.

Generally, it requires more capital and effort to win the coveted No. 1 spot in your industry. Is it worth the effort? Sometimes yes and sometimes no.

CLICK HERE
to return to
Table of Contents

Why would a company want to be in second or third place?

**Try harder**

A good example of doing well at No. 2 is the Avis auto rental company. Everyone is familiar with its slogan, “We try harder.” Second place became a branding-positioning coup.

'Being voted the top car rental company for the 18th consecutive year is a testament to the hard work and dedication of Avis employees,' Scott Deaver, executive vice president and chief marketing officer of the Avis Budget Group, said in April after the 2017 Brand Keys Customer Loyalty Engagement Index ranked Avis as the No. 1 car rental brand.

If you knew in advance how much it costs to be No. 1 in your space — and if you could benefit enough to justify the extra expense — then maybe you shoot for a first place win. In auto racing, cars will 'draft' closely behind the leader or a car just ahead of them. They will use less fuel and benefit from the vacuum created by the car in front of them. They may wait, perhaps in second place, for the right moment to attempt to overtake the leader. This is also the case in roller-derby. Here the strategy is to work as a team and have your other team members sling-shot you into the lead.

CLICK HERE
to return to
Table of Contents

**Where second is first**

Often, being in the second place is more profitable than being first.

The sales volume may be less but so are the marketing expenses. If a non-competitor in your industry, in another market, has a better method of operating their business, it might be smart to emulate what they are doing in your market. Perhaps winning should be redefined as not being No. 1, per se, but in making the most money in your business.

Having participated in an industry in which awards were given annually for various benchmarks, I opted for winning fewer trophies but making more money. Profitability wasn't a recognized category, and no statue or trophy was awarded for it.

Frequently, last year's winners were out of business and absent from the next year's contest. They had overspent to win awards.

**Pricing models**

It's no coincidence that a No. 1-positioned company often has the highest pricing and emphasizes superior quality of their products or services. The No. 2 company may express better value and the No. 3 less cost. There is no guarantee that the win, place and show positions reflect profitability results of these business models.

**The customer isn't stupid**

CLICK HERE
to return to
Table of Contents

GoPro, the company thatproduced the revolutionary action camera, really blew it when it assumed that it could put out a scaled-down, inferior product. The GoPro Hero4 Session had no screen, one button and cost $399 rather than the planned $199 entry-level price. The company's arrogance in demanding a high price because of its reputation backfired. Hero5 Black, ultimately its flagship, was a supposedly water-proof product but leaked. The company's stock dropped to a tenth of what it had been as a result of poor judgment and these and other missteps.

**Maximize profits** Consider what combination of positioning and pricing will result in the best bottom line. Are you better off positioned as the market leader or a viable second choice? Which pricing model will result in larger market share and sustainable profits? Will your choice make you more or less susceptible to competition that may undercut you?

**Market research**

Conducting basic market research using focus groups can provide insight into what model will serve you best in the positioning battle for customer acceptance and dollars spent.

CLICK HERE
to return to
Table of Contents

There is a saying that people only remember who won — not who came in second. But, frankly, I often don't remember who won or who came in second. I do, however, remember Avis, because it tried harder and seems to be doing just fine.

You can always try harder and still finish in the money.

# Chapter 202

# A 'zero-draft' business plan for new and in-business clients

**Published: Monday, January 8, 2018**

Everyone contemplating starting a business should be able to answer some basic questions about their new venture. At SCORE, we recommend the Business Model Canvas as a way to help aspiring entrepreneurs achieve their goal of starting a business.

CLICK HERE
to return to
Table of Contents

Creating a written business plan greatly increases your chances of succeeding in your business. Doing this homework for your company forces you to think things through to determine, for example, if your assumptions are realistic.

The canvas is a simplified version of a business plan. Its one-page diagram has nine cells: Customer Segments, Value Proposition, Channels, Relationships and Revenue Model comprise the left, customerfacing side, of the canvas. The right side includes Key Resources, Key Activities, Key Partners and Cost Structure — the "behind the scenes" part of the operation.

In contrast, if you seek funding from an external source, then you will have to do a 40-page comprehensive business plan. It will help you answer many important questions but you'll have to do a lot of research — there's no way around that! But the more variables you consider, the greater your chance of success.

Many small businesses can get by with a simple one-page plan as they test their hypothesis to see if their business model makes sense. The Business Model Canvas is meant to be changed as you undoubtedly discover unanticipated twists and turns of your startup.

CLICK HERE
to return to
Table of Contents

**A simpler tool**

Moving back a notch, there's another, even simpler tool, the Zero-Draft Business Plan for Startups, developed by SCORE mentor Bob Theis Jr., who has a masters of business administration from the University of Pennsylvania's Wharton School.

Why is it called the Zero Draft? "Everyone knows what a first draft of a plan is, but a zero draft is even before a first draft," Theis says.

"I developed this Zero-Draft plan as a roadmap to success for any business venture," Theis says.

He has used the tool successfully with travel agencies, mortgage companies, real estate companies, engravers and restaurants. He also created a similar plan for clients who already have a business.

"If you can't answer these basic questions, you probably should not start a business," Theis says.

**Zero-Draft Business Plan questions**

1. Why are you starting this business? How did the idea start? Who's involved? What's your background? What's your background in this field?

2. What is your product or service? What is your selling geography? How specifically does it work? Why is it necessary? Who says it's necessary?

**CLICK HERE**
**to return to**
**Table of Contents**

3. Who exactly is your customer? Have you done a faceto- face interview with potential customers?

4. Who specifically are your competitors? Where are they located? What do they charge? (Attach a competitive matrix.) 5. What three things make your product (service) really different from your competition's?

6. How are you going to sell your product (service)?

7. How are you going to market your product (service)?

8. How much are you going to charge? Why?

9. What are your projected total sales for the first year — best case and worse case?

10. Where will you source your products or materials? What are your product (service) costs?

**CLICK HERE**
**to return to**
**Table of Contents**

11. For the first year, list your specific expenses (including salaries, rent, sales, marketing, accounting, legal and other administrative costs).

12. How much money are you going to invest? How are you going to get additional money if needed?

13. Have you looked at buying an existing business that does 70 percent of what you describe above? Have you considered licensing your product?

**Less is more**

"I have come to realize by working with clients, sometimes less is more, Theis says. "It's important to have these basic questions answered before a business owner commits his or her personal funds. I have personally witnessed the same questions coming up repeatedly, regardless of whether someone is starting or buying a business."

I asked Bob why he would use his Zero-Draft Business Plan instead of the Business Model Canvas.

"It gets the conversation started," he says. "This is really simple, really basic and it's easier to do. These are the bare minimum questions that should be answered. If the entrepreneur can't answer these, they should keep their money in the bank."

Theis has seen several clients come to the conclusion that their initial plan's numbers don't work. Often, they pivot and come up with a new plan that is workable.

CLICK HERE
to return to
Table of Contents

The questions for clients who already have a business follow the same format as the ones for startups. Theis has used this tool successfully with many of his SCORE clients, both new and established in business.

The Zero-Draft plan culminates in asking the entrepreneur to list three immediate action items with a start date for each one.

Whether it's the Zero-Draft Business Plan or the Business Model Canvas, Theis emphasizes, "It's critical to have a written plan to help your business become successful."

CLICK HERE
to return to
Table of Contents

# Chapter 203

# Is your business likely to go to pot?

**Published: Monday, January 15, 2018**

Are you in a business or contemplating starting or buying a business in an industry in which the federal government can weigh in and affect your financial well-being?

What made me think of this topic was the decision Jan. 4 by Attorney General Jeff Sessions to rescind the Cole memo. To bring you up to speed, the Cole memo, which is not a law, was written in August 2013 by then-Attorney General James M. Cole as guidance regarding the enforcement of federal marijuana laws.

CLICK HERE
to return to
Table of Contents

The Cole Memo essentially provided guiding principles that businesses must address to avoid federal intervention: If businesses follow the laws of the state, do not divert product out of state, keep product out of the hands of children, do not support cartels, and do not launder money, then the federal government would take a hands-off approach to cannabis law enforcement.

Sessions' action basically means that each state has its own U.S. attorney determining how aggressively to enforce marijuana laws in that state.

There are many reasons why Sessions' decision is important.

Some form of marijuana now is legal, mostly for medicinal purposes, in 29 states. Approximately 64,000 Floridians are registered to receive medical marijuana. California has allowed the use of medical marijuana for many years but this month approved marijuana for recreational use.

The marijuana industry is forecast to become one of the fastest- growing industries in terms of jobs created, taxes generated and millionaires made. The Arcview group, a cannabis investment and market research organization, estimates a $22.6 billion market in 2021 at a 27 percent annual compounded growth rate.

CLICK HERE
to return to
Table of Contents

However, there are several major problems the industry faces, such as the difficulty or inability of marijuana businesses to bank their money and engage in interstate commerce.

And there is widely varying disagreement about the potential effects of Sessions' decision to rescind the Cole Memo.

According to Aaron Lachant, a partner with the Los Angeles based law firm Nelson Hardiman, whose attorneys focus on marijuana compliance and regulatory issues, "As a result of the attorney general's announcement that he won't follow Obama-era policies of not interfering with states where marijuana is legal: Cities will be less likely to authorize cannabis businesses in their jurisdictions; professional-services providers (lawyers and CPAs) will be less likely to service these businesses; banks that had relationships with cannabis businesses will terminate those relationships; property owners won't lease out of fear of forfeiture; and investors will no longer invest."

"The policy change is intended to send cannabis businesses back to the shadows," said Lachant, who represents dispensaries, investors, physicians—the entire gamut of the nascent industry. He is the only attorney on the Los Angeles County Advisory Working Group on Cannabis Regulation.

On the other end of the spectrum of opinion, is Randy Maslow, cofounder and president of iAnthus Capital Holdings Inc., who says the Cole Memo decision won't affect the actions of the Department of Justice. IAnthus is a publicly traded company that invests in cannabis operations.

**CLICK HERE**
**to return to**
**Table of Contents**

"The rescinding of the Cole Memo does not mandate any specific change in the DOJ's prioritization of enforcement of federal law around marijuana. No laws changed. The U.S. attorneys around the country have the same wide prosecutorial discretion today that they had prior to the attorney general's actions last Thursday.

"Regulated businesses that scrupulously comply with applicable state laws and regulations in states with legal marijuana programs, as we do, probably need not be overly alarmed by the attorney general's actions," Maslow said.

Jesse Peters, CEO of Eco Firma Farms, of Oregon, a producer of medical- grade marijuana, also remains positive about the industry.

"The announcement from Jeff Sessions threw shock waves through the industry but, as the smoke clears, it's evident this may be the boost we needed. With the regulated industry supporting over 200k jobs, plus California coming online, it's too late to turn back. These rescissions force Congress to act and create laws protecting businesses and end prohibition quicker."

**CLICK HERE**
**to return to**
**Table of Contents**

Finally, attorney Perry N. Salzhauer, of the Green Light Law Group, an Oregon-based firm serving the marijuana industry, agreed that the damage would be minimal.

"The U.S. attorneys in Colorado, Washington and Oregon were quick to issue press releases making clear that the priorities of each office remained focused on priorities other than cracking down on marijuana businesses compliant with state law," Salzhauer said.

But another possible legal problem is looming. On Jan. 19, the Rohrabacher-Farr Amendment is set to expire or be renewed. This amendment was intended to protect people and businesses involved with the medical marijuana industry from legal or criminal actions at the federal level. As a budget amendment, lawmakers must approve the language every year. The Drug Enforcement Agency's stance makes the Rohrabacher-Farr budget amendment protecting medical marijuana states from federal intervention even more important to the industry's suitability for investment.

Whether this business is going to pot remains to be seen. This is just one example of how government action can change your world.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 204

# 12 rules of profit and selling a small business

**Published: Monday, January 22, 2018**

As a small-business owner, it is critical for your business to be profitable.

Generating a profit should be the most important goal for your business to succeed.

This might seem obvious, but there are some specific reasons why this is true. Here are a dozen rules to follow as you pursue success:

Rule No. 1: Without profit, your business won't stay in business.

If you have a start-up, it may take a while before you are profitable.

Ultimately, however, you must be profitable to continue to operate.

Rule No. 2: Cash flow is not the same as profitability. Cash flow is the life blood of your business.

When you are out of cash (blood), however, your business is dead.

You may be able to stretch paying some bills to achieve positive cash flow, but if this gets out of hand, it may be the beginning of the end of your company.

Rule No. 3: No talent is needed to lose money. Anyone — yes, absolutely anyone — can start and run a losing business. Some people are absolutely fantastic at losing lots of money. (These people also may be experts in hope; see Rule No. 4.)

Rule No. 4: Hoping will not affect your profits. Doing the same thing over and over and hoping for a different result is how, some say, Albert Einstein defined insanity.

Even if he didn't say it, it's still true.

Rule No. 5: Sooner is better than later, but later is better than never. The sooner you can put your business on a trajectory toward profitability, the better. It's easier to dig out of a shallow hole than a deep one.

Rule No. 6: A manageable amount of debt can be your best friend.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

Generally, no debt is better than some debt, but sometimes you need a manageable amount of debt to grow your business. The penalty for lack of capital may be slow growth and missed opportunities.

Rule No. 7: A business without profits will eventually fail (when the cash runs out). Profits are the raison d'être (reason for being). Why be in business without a goal of being profitable? While it is true that Amazon has never been profitable, it represents a totally different scenario than the average small business.

Rule No. 8: A business without profits has little value to a buyer.

(See Rule No. 3.) Since anyone can start a losing business, why would anyone in their right mind pay more than a token amount for your goodwill if you want to sell your unprofitable business?

CLICK HERE
to return to
Table of Contents

Stale inventory is also going to be worth less than you paid for it. Any potential buyer will realize that it may be a lot easier to start fresh and build a good reputation rather than buy a failed business and attempt to turn it around.

Rule No. 9: Ideally, profits ideally should increase consistently and annually. There are some exceptions, such as a financial dip encountered in pursuit of new product introductions, but generally this holds true.

Rule No. 10: Increased equity should be your focus. You can make money two ways: cash flow paid in your salary, bonuses and owner benefits or realized equity paid upon a sale of some or all of your business assets.

If you are in a cash-rich business — a wonderful scenario — you should leave enough money in your business for working capital, to pay expenses and to manage debt payments (such as leases) and either take most of the excess in distributions or use it to initiate a strategic growth plan.

Rule No. 11: When it’s time to sell, a buyer ideally wants a company with stair-step annual growth whose profits have been aligned and managed well.

CLICK HERE
to return to
Table of Contents

The selling price will be an agreedupon multiple of your most recent year's profits. A buyer buys the future potential but wants to pay for it at last year's prices. A seller wants to sell the past (financials provided) and receive compensation for the future profits and prospects of the business.

Rule No. 12: A deal gets consummated only when both parties agree, usually somewhere between the buyer's and seller's prices, often at a multiple that is common to that industry.

Some final thoughts.

There are pros and cons to selling to a competitor. If a sale is not consummated, you have shown your information to the competition.

If you are considering selling or passing the business to your children, this should be carefully thought through. Do your children really want to be in this business? Do you want your children to be in this business? You could entertain a sale to employees but they likely do not have the money to purchase your business. There are other options, too numerous to mention here.

Owning and eventually realizing equity from selling a small business is truly one of the great wealth builders in this country. Operating a small business you enjoy can bring tremendous personal satisfaction to you and your family.

But being a slave to a money-losing business is hell!

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 205

# Do the right thing — ethics in your business

**Published: Monday, January 29, 2018**

"Corporate corruption is widespread. Some leaders are out-and-out crooks directing malfeasance from the top. More often, employees bend or break rules because those in charge are blind to unethical behavior and may unknowingly encourage it."

So says Harvard Business Review.

CLICK HERE
to return to
Table of Contents

A business sector with countless examples of an ethical morass is the automotive industry. Dating from the Ford Pinto era, rear-end collisions often ruptured fuel tanks, resulting in leaking fuel and deadly explosions. Casualties were thought of in terms of a dollar amount to settle lawsuits as a cheaper alternative to fixing the problem. Much more recently, General Motors had a massive recall involving faulty ignition parts that was a result of saving pennies at the expense of its reputation and lost lives. And in the biggest automotive recall in history, defective Takata airbag inflators in cars made by several manufacturers showed a high risk of killing passengers with pieces of shrapnel. Volkswagen cheated on diesel-emissions tests.

Sadly, this is only one industry.

The quest for higher profits, conflicts of interest, misguided incentives and coverups of unintended consequences are just some of the reasons business ethics go awry. In the quest for higher profits, cutting corners and other cost savings strategies often backfire and result in the loss of profits and even a businesses' demise.

In a case of the end justifies the means, liar loans were all the rage during the housing boom. Banks and mortgage companies didn't even try to hide it. Government incentives prompted small down payments in an effort to increase home ownership. The ends justified the means — until they didn't.

CLICK HERE
to return to
Table of Contents

Honesty, perhaps the most important value, is a slippery slope descending into dishonesty through various stages, such as withholding information, telling white lies, using puff or spin, putting lipstick on a pig, exaggeration and understatement, evading or stretching the truth, and outright lying.

Some of my thoughts on business ethics:

• Be a good corporate citizen. Social responsibility encourages honesty, dignity, respect and fairness in dealing with your associates, customers and vendors.

• Hire ethical people who will do the right thing. The culture of your company should reward safety, diversity, accountability and promote continuous improvement. Culture is made up of the collective behavior of owners, managers and employees.

• I am more ethical than you. Surprisingly, employees tend to see themselves as more ethical than anyone else. They see their peers and coworkers on their level as less ethical than themselves. They see those above their level as even less ethical, with ethical standards descending with ascending levels of management.

• Personal versus business ethics. As a person, of course, you act ethically. Your company is putting pressure on you to achieve quotas as it relates to sales goals. What are you going to do?

• In religion, it's the golden rule of reciprocity. Confucius said in 500 B.C., "What you do not want done to yourself, do not do to others."

**CLICK HERE**
**to return to**
**Table of Contents**

• It all comes down to values. If you go with your gut, you should stay out of trouble. But your business should have a written code of conduct. Ethics is not event oriented, it is value oriented. David Rockefeller said, "Honesty in business is nonnegotiable." Trust is the foundation of all business success.

• The boss. The top dictates the tone on what people say and do in the workplace. Clear and effective company communications are necessary. As the leader, anticipate trouble and be proactive. The best thing a company can do to help it succeed is to take care of its employees and inspire confidence in others.

• The greater good. Sometimes there are no good choices. Ask what decision will provide the greatest long-term benefit to the greatest number of people over the long term. Conversely, what decision will do the least harm to the fewest people over the long term.

In the past few decades, there has been a greater emphasis on stressing the importance of ethics education in business. A person's core values are pretty much set by the time they enter the workplace. If you are obeying the laws, following the rules, using your common sense, and going with your gut, then you should be fine. You can always ask people you trust what they would do in a given circumstance.

**CLICK HERE**
**to return to**
**Table of Contents**

In summary, business ethics is about how we treat others and how they treat you. It's a two-way street. Most ethical dilemmas are delineated in shades of gray. Try to be aware of your own blind spots.

Finally, if you get the urge to do something questionable because no one will know, remember this: You will know.

# Chapter 206

# Content is the voice of your company

**Published: Monday, February 5, 2018**

Recently, I began to think about what makes a great presentation. We have all witnessed great presentations as well as mediocre and even lousy ones. Unfortunately, most of us have probably seen a lot more of the latter.

If content is the voice of your company, then what should that voice sound like? What will you say and how will you say it? Just as important is who will you say it to and what do you hope the outcome will be?

**CLICK HERE** to return to Table of Contents

Your words must be compelling and your visuals interesting. Together, they must team up to tell your story.

According to the Content Marketing Institute, 90 percent of information reaching the brain is visual. Visuals are processed 60,000 times faster than text. Forty percent of people will respond better to visual information than plain text. Furthermore, 93 percent of all human communication is nonverbal. According to the Wharton School, 50 percent of an audience was convinced by a purely verbal presentation and 67 percent was convinced with the addition of visuals.

People remember 80 percent of what they see and do, 20 percent of what they read and only 10 percent of what they hear.

I just finished listening to “The Presentation Secrets of Steve Jobs,” narrated by Carmine Gallo (Audible.com). Jobs agonized over every word, every graphic, video, the lighting in the room—everything. Less is more, as is evident with the iPhone design. Jobs created the story, delivered the experience and continued to refine and rehearse it until he had perfected it. Jobs emphasized nine important elements in his presentation:

**CLICK HERE** to return to Table of Contents

1. The headline was ordered as subject, verb and object. The tone had to be appropriate, and the length long enough but not too long. It should be a vision of a better future.

2. He used a passion statement such as, “I’m excited about x because it _____.” Use zippy words.

3. He delivered three key takeaways that were easy to recall.

4. He used metaphors and analogies.

5. He provided demonstrations.

6. He mentioned key partners.

7. He used testimonials showing success.

8. He used video clips that were under three minutes.

9. He used props, flip charts and show and tell.

When you give a presentation, emphasize your competitor's weaknesses and show your strengths. And, most importantly, answer questions from the audiences' perspective while emphasizing what you do differently that solves their problem. Answer the question "Why should I care?"

CLICK HERE
to return to
Table of Contents

Your presentation should incorporate useful information with sage advice and resources, offer insights and be inspirational. Tell them early and often how your product or service will help them.

Sell the dreams, not the products.

**About PowerPoint presentations**

Keep slides simple and visual. Use fewer words. Steve Jobs didn't use bullet points. Some experts suggest using no more than 40 words per slide. Keep branding consistent from the perspective of the user. Use the empty white space by keeping it white. Language should be emotional and use catch phrases. Keep an open posture and make eye contact. Use natural hand gestures. Use inflection, moderate your volume, and pause and vary your rate of speech as needed. Refine and rehearse as often as necessary until you've nailed it. Use your smart phone to record yourself as you practice.

I asked Bob Turel, a 40-year veteran professional-development trainer and a SCORE mentor with our Pinellas chapter, for his opinion about using a PowerPoint presentation.

CLICK HERE
to return to
Table of Contents

"I'm not a big believer in PowerPoint anymore," he said. "I'm old enough to have been around when PowerPoint came out, and like most people I really got into it. Now, my philosophy is, if it supports the speech or the presentation, use it sparingly. Don't get distracted with all the frills and fancy stuff that happens with flying in and transitioning out."

PowerPoint should be used as a graphical tool. It should support the points you're making. I suggest no more than three bullet points per slide, and each bullet should not have more than four or five words. The point is they are prompts. You should be the show and you want them to watch and listen to you.

In general, it is a bad idea to hand out copies of your PowerPoint slides before your presentation. The printed pages may distract from your stage presence.

Like an effective actor, if you memorize your lines, if you really know, them you're able to convey the essence. You’re not necessarily reading them line for line, but what you’re able to do is use your face, your body, the tone of your voice to emphasize the entire point you’re making throughout your presentation.

The whole purpose of memorization is to have the content in your gut so you’re able to speak with aplomb, variety and passion about your subject.

If you don’t know your subject, then you’re going to be looking down at a piece of paper, saying, “Hold on a minute, please. I need to refresh where I am.”

It’s better to memorize and practice, and then you’ll walk onto that stage speaking from your heart, your soul, wherever you’re coming from.

Hopefully, this will improve your presentations. Because we are getting tired of watching the mediocre and lousy ones.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 207

# Logos and other branding for your product or business

**Published: Monday, February 12, 2018**

Your logo helps establish and build brand identity. It's how customers recognize your business. Logos can be all typography or images, or a combination of both. According to Wikipedia, Benjamin Franklin was the first person to use logos, which were early symbols that announced such services as opticians, by displaying golden spectacles.

CLICK HERE
to return to
Table of Contents

I doubt that you can create a decent logo on your own. You can pay from $5 at fiverr.com or you can spend tens of thousands of dollars on a high-end, professionally designed logo. Costs of logo design accelerate based on the designer's qualifications.

**What makes a good logo?**

A good logo is simple in form yet distinctive in design. It is memorable, timeless, versatile, practical for its intended use and easily recognized. You better like your logo because it will be plastered on your business cards, stationery, products, packaging and vehicles and used in your advertising and promotional campaigns. It becomes synonymous with your brand.

Like the Nike swoosh, it may have nothing to do with your product or service. More than 90 percent of logos do not describe what a company does.

It shouldn't be confined to a product or service that may become obsolete, such as a typewriter. It should be capable of being scaled, both horizontally and vertically. Logos should be capable of maintaining the same identity even as it morphs and changes.

CLICK HERE
to return to
Table of Contents

Think of the early Apple computer logo with its horizontal rainbow bars throughout the apple compared to the stylized one-color logo today. The apple shape and the stem are essentially the same.

In general, it's counter-productive and expensive to frequently redesign your logo. After all, you have been establishing your branding in the minds of your customers for some time.

**Other considerations**

Will you select a single color or many? This decision can have a large impact on printing costs. One trick would be to use a single color and screen it into two or three lighter shades. You'll get the effect of more than one color but you will only pay for one. It is widely suggested that your initial design be done in black and white before adding color. If you add color, you will want to know what the Pantone matching system color number is for future reference in printing. You can spiff up your business cards, for example, using full color, foil stamping or blind embossing.

The font you use is also important. Is it readable, from a distance, when small? What feeling does it convey?

A logo is for identification. Does it have a hidden or subliminal message such as the arrow in the FedEx logo? You know, the one pointing right that is formed by the space between the E and x?

**Relevant design questions**

What is your company known for? Do you have a company slogan? Who is your target audience or audiences? What industry are you in? What colors might relate to what your business does?

**CLICK HERE**
**to return to**
**Table of Contents**

**Which styles do favor?**

On a continuum, which attributes do you favor: classic or modern style; mature or youthful appearance; a feminine or masculine bent; playful or sophisticated; economical or luxurious; abstract or literal?

How memorable are these logos?

Picture in your mind the logos for the following products and companies: McDonalds, Coca-Cola, Google, Disney, Facebook, CBS, CNN, IBM, Adidas, Under Armour, Mastercard, Target, BMW, Amazon and Intel. I bet you got all 15.

**Your company name**

Your company name supersedes a logo for prominence in the recognition hierarchy, followed closely by a tagline.

If you haven’t decided on a company name yet and you are about to launch a company, a new product or service, the following might be helpful to you.

**CLICK HERE**
**to return to**
**Table of Contents**

Identify emotions you want to convey with your company name. Try not to be creative when spelling your company or product name and be sure it’s easy to pronounce from the spelling. Made-up names are great if they convey the essence of what your company or product does. Sometimes, they take on their own identity, such as with Kleenex tissues.

Does it translate to another language and does it have positive or negative connotations in that language? Look out for alternative meanings that may reflect badly on your company, product or service. Are you able to obtain it as a domain name for your website?

Google the name and see what comes up. Run a trademark search for the name you want to use. Look at Instagram and other social media for the name. All this care is necessary. Remember, people will judge you by your name alone.

# Chapter 208

# Taglines help make products and companies memorable

**Published: Monday, February 19, 2018**

This week, we're going to have a little fun. We will discuss the importance of taglines but also review some famous ones that will probably bring back some fond memories.

Taglines are slogans that are part of a corporate identity package. They may be inspirational. You certainly want them to be memorable. They offer an opportunity to communicate a brand's purpose and difference. An effective tagline will help to position your product or company in the mind of your customer.

CLICK HERE
to return to
Table of Contents

The idea is to create a memorable dramatic phrase that will sum up the tone and premise of a product or to reinforce and strengthen the audience's memory of one. Some taglines are successful enough to worm their way into popular culture. Some consulting companies specialize in creating taglines for brands or products.

Taglines can have an enticing effect and are, therefore, an important aspect in the marketing of films and television programs. These benefits can easily be applied to other products and businesses. When conceived and created properly, an effective tagline reinforces your brand's message and helps connect an idea with your audience.

Not having a tagline won't sink your company. But why pass up the opportunity to communicate with the market?

Some taglines push customers to do more, be better, go further, while others may simply be a play on words. Taglines may be used in your marketing materials and advertising campaigns and are often a variant of your branding slogan. You want your tagline to create a memorable impression that reinforces and strengthens your audience's memory of your product and your company.

CLICK HERE
to return to
Table of Contents

Taglines are born in several creative ways: out of research, from things people say, or from attributes of your product or service. The more memorable and unique a tagline is, the more it will help your brand become known.

### A trip down tagline lane

Look at some of the following taglines that have become well known parts of our American vocabulary over the decades.

When It Rains, It Pours — Morton Salt, 1912

Mmm Mmm Good — Campbell's Soup, 1930s

Breakfast Of Champions — Wheaties, 1930s

A Diamond Is Forever — Debeers, 1948

You're In Good Hands — Allstate, 1950s

It Takes A Licking And Keeps On Ticking — Timex, 1950s

Finger Lickin' Good — KFC, 1952

Good To The Last Drop — Maxwell House, 1955

We Try Harder — Avis, 1962

Please Don't Squeeze The Charmin — Charmin, 1964

I Can't Believe I Ate The Whole Thing — Alka-Seltzer, 1966

It's The Real Thing — Coca Cola, 1970

Have It Your Way — Burger King, 1973

The Uncola — 7up, 1973

Don't Leave Home Without It — American Express, 1975

The Ultimate Driving Machine — BMW, 1975

Be All You Can Be — The US Army, 1981

Betcha Can't Eat Just One — Lays, 1981

Where's The Beef — Wendy's, 1984

Just Do It — Nike, 1988

Think Different – Apple, 1990s

Got Milk? – California Milk Processor Board, 1993

Fair And Balanced – Fox News Channel, 1995

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

**Tagline creation tips**

Keep it short and sweet. Think of your tagline as words on a billboard — the shorter the better. Three to five words work best, but never exceed nine words. “Just do it.”

Appeal to the customer’s self interests. “You’re in good hands with Allstate.”

Make it exciting, not boring. “The best a man can get.”

Focus on the benefits to the customer. “Be all you can be.”

Be creative and authentic. “Think small.”

Don’t get too cute. Not every slogan needs a rhyme or a pun.

Don’t try to do too much. “The Uncola.”

Use a play on words or a double take if possible. “See what we mean.” (Canon) Can you guess what companies are behind the following 10 taglines?

What happens here, stays here.

When it absolutely, positively, has to be there overnight.

The few, the proud, the _________.

The quicker picker-upper.

Every kiss begins with _________.

Snap, Crackle, Pop ___________.

Melts in your mouth, not in your hands.

There are some things that money can’t buy. For everything else there’s _________.

Can you hear me now?

That was easy.

A few final points. Taglines are not only for large companies. The more undifferentiated a brand is, and the newer it is, the more it needs one. Think of a tagline as an auditory complement to your visual logo that exudes your professional brand. These two components add credence to your branding strategy and — hopefully — make it unforgettable.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

But they don't have to live forever. As your company evolves, a tagline is much easier to change than your entire corporate name and identity.

By now you may be thinking, "I'm lovin' it."

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 209

# What's in a name? Approximately everything

**Published: Monday, February 26, 2018**

***While logos and taglines are major components, by far the most important factor in your business' branding strategy is your company name. It is the heartbeat of your business. Naming your company is the first order of your business. It may help determine your success or failure. Until you select your company name, you are stalled in your tracks. A bad name choice can doom your business from the start.***

CLICK HERE
to return to
Table of Contents

In the past two weeks, we have looked at logo creation and taglines as ways to build your brand for a product, service and company.

While logos and taglines are major components, by far the most important factor in your business' branding strategy is your company name. It is the heartbeat of your business. Naming your company is the first order of your business. It may help determine your success or failure. Until you select your company name, you are stalled in your tracks. A bad name choice can doom your business from the start.

How do you create a powerful, memorable company name or a brand name that will have a big impact on your business?

After you establish your name, you need consistent, recognizable brand messaging so that what you say and how you say it resonates in a memorable way with your target market.

**First things first**

CLICK HERE
to return to
Table of Contents

Regardless of what your business is or will be, you must understand your brand as part of the naming process. You must know who your competition is (or will be) and what its messaging says and how they are positioned in the marketplace.

**Brainstorming names**

Have a pizza party with your friends, family, business associates or anyone else you can invite. Sit around a table, and come up with as many names as you can.

Have one person write them down clearly for all to see. Withhold judgment at this stage and generate name after name. Combine names, extract names. Create meaningless names, descriptive names, ridiculous names. Use synonyms, antonyms and alliteration.

You can't have too many name choices during this stage.

After you have run the gamut on generating name choices, have everyone pick a few of their favorites. Have the group vote on the final choices by secret ballot, so one person is not influenced by the others. Discuss these selected choices and solicit comments on why these names are good, bad, ugly, appropriate or inappropriate as your business name.

Screen for trademarks, domain names and cultural acceptability.

**Check options online**

As a second step, search the remaining name choices you like with Google to see what's out there that is similar. Review what companies may already be using those names. Depending on whether you plan to do business locally, statewide, regionally, nationally or internationally, this will make a big difference in your name threshold level of acceptance.

CLICK HERE
to return to
Table of Contents

Use Godaddy.com to help you determine what website domain names are taken.

If you are selling products online, differentiated name selection becomes more critical. If you are selling internationally, then linguistics and translations become important factors to consider. You don't want to sell your products in a country where the name has negative connotations in that language.

A couple examples: Antonio's Pizza in a small city doesn't have to be concerned with the thousands of other Antonio's Pizza's out of his market area. These pizza locations in other cities where you do not plan to do business won't affect your business, nor will you affect theirs.

The Dollar Shave Club, however, sells exclusively online and doesn't want confusion with competitors having a similar business model and name. The Dollar Shave Club, by the way, implies in its name exactly what it does and even how much it charges. It's a good name.

**Legal versus assumed names**

CLICK HERE
to return to
Table of Contents

Your legal business name is the name you use for all official government documents, including filing taxes. This is the name you used to register your business. These names are filed through the secretary of state in your state or the clerk of the court in your county. Your assumed name is also known as a fictitious name, a doing-business-as name (dba) or trade name. This is the name that you will be using for operating and promoting your business. If not already taken, you could use Antonio's Pizza LLC as your legal name and Antonio's Pizza as your dba.

**Sushi issues**

Here is an example of a situation you want to avoid. Two restaurants in the same market area are not affiliated with each other but have different but similar names that likely cause confusion. Hana Sushi on Main Street in Lakewood Ranch and Sushi Hana on 53rd Avenue East at Lockwood Ridge Road are not affiliated. They both are within 3½ miles of my home. I wonder how often reservations get mixed up.

Whoever had the name first might have been able to challenge the other restaurant and get it to change its name. But a legal complaint could involve expensive litigation. Peaceful coexistence may be the best option as long as neither business is misrepresenting their affiliations.

But what happens if one of them has a foodborne illness scare? It could unfairly and negatively affect the other business.

In summary, come up with many name choices, check for use and conflicts, select a great name and enjoy the pizza or sushi, wherever you decide to go.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 210

# Hiring the right people: the talent-management cycle

**Published: Monday, March 5, 2018**

What's it like to have lunch with Bill Gates?

Just ask SCORE mentor Howard Kilman. "Bill Gates is one of the smartest people I ever met," he says.

CLICK HERE
to return to
Table of Contents

Kilman, a leadership and business consultant with WriteHeights LLC, previously worked as chief leadership officer at Avanade, a $2 billion global technology consulting company created by Bill Gates' Microsoft Corp. and by Accenture plc.

One of 12 original hires, Kilman went on to hire over 5,000 other employees to help Avanade grow to over $600 million. Recently, Kilman was the featured speaker at the Manatee Chamber of Commerce CEO Roundtable, where he revealed some of the thinking and secrets that went into sustaining the growth of this successful Microsoft spinoff. Kilman was also my guest on the "Been There, Done That! with Dennis Zink" podcast series discussing talent management. The podcast is scheduled to post in mid-March.

Interestingly, Kilman did not have a human resources background. He has Bachelor of Arts, Master of Science and Master of Business Administration degrees and more than 30 years of experience in software development, integration and consulting.

Kilman shines in strategy development, talent management and in creating and developing high- performance teams. Here is part of our discussion:

**What is talent management?**

CLICK HERE
to return to
Table of Contents

Talent management is a way of looking at the positions available in your business and trying to decide who to hire, who to develop and who is going to be there as your business expands and grows.

It also helps you decide who you shouldn't hire or keep in your business. "I can't think of any business where the quality of the people isn't directly proportional to the quality of the business you have and the competitiveness of it. So, if you want to grow your business, it's all about the people."

**The line-of-sight rule** In a small company, the CEO hires by the gut. Hiring is personalized and the CEO probably hires everyone that works for the business.

The CEO likely knows all the employees by name. These employees are in the "line of sight" of the CEO. Now, grow the company really fast, and it becomes impossible to hire everyone and know all the employees by name.

There must be a structured way to define who is needed to fill all the necessary roles.

**Performance management versus talent management**

Performance management is rearview-mirror-facing and examines what an employee has done for the company. It involves setting goals for the next period.

It's what they do. Talent management focuses more on how they do it, which involves behavior and competencies. You want to align the behaviors with the culture.

**CLICK HERE**
**to return to**
**Table of Contents**

The future of the company will be led by different people, and succession planning is critical to the growth and survival of the organization. It is important to have a systematized method of identifying the next generation of top producers.

**The resume is an unreliable tool**

"Every time that I look at a resume that looks perfect, it's a red flag that something is wrong. Unfortunately, the employee interview is oftentimes the employee's best day at the company," Kilman continues. "In the beginning at Avanade, we were probably successful half the time with our hires. With a structured talent-hiring process, we improved that percentage substantially."

**Culture is critical to attracting and keeping high performers**

Why should someone work for your company? What defines your culture and will it help or interfere with your ability to attract and retain top talent?

Every CEO casts a large shadow, and every employee knows what the core values of the company are and whether the CEO is aligned with them.

**CLICK HERE**
**to return to**
**Table of Contents**

"There is no difference between the company brand internally and externally. Your internal culture will leak out to the external brand and your customers will see it; so will prospective employees. IBM, Microsoft and Apple all have different cultures and they are in the same industry, yet all are successful. Everyone mis-hires. The key is to clean up the mistake fast."

**Drive and ambition are key**

Underlying employee results, competencies, skills and experience are employees' drive and ambition or lack thereof. These are critical to hitting the employee home run. When you identify talent, you need to let them run. Focus on the top performers, not the bottom ones. Employees need to be challenged and come out of their comfort zones.

**The No. 1 job of the CEO**

A CEO should develop a teachable point of view and teach it. At a minimum, 50 percent of a CEO's time should be spent on developing people.

Succession planning should be practiced throughout the organization.

At the CEO level, "Two out of every five new CEOs fail in the first 18 months," according to Booz Allen Hamilton. The Harvard Business Review reports that almost half of all companies with revenue greater than $500 million have no meaningful CEO succession plan. The Corporate Leadership Council acknowledged that only 20 percent of HR executives were satisfied with their top management succession processes.

If you are going to grow a large company where a structured talent hiring process is warranted, you must have a strategic plan to systematically select, nurture and grow top talent for your business.

Remember, as CEO you cast a large shadow—a shadow that even the next Bill Gates may notice.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 211

# 9 effective ways to spend $1,000 to market a business

**Published: Monday, March 12, 2018**

I asked my network of experts via helpareporter.com for their suggestions of the best ways to spend $1,000 marketing a company and received 82 responses.

CLICK HERE
to return to
Table of Contents

Here are nine selected ideas that you can use in your business.

According to Ryan Williams, of Action Ready Marketing, ”Effective marketing is very achievable with just $1,000. First, take time to research exactly who your customer is. Spend $26 on Squarespace to establish an online presence. This will give you a platform and a URL.

Squarespace also gives you $100 in Google Adwords credit. You’ve now got $1,074 to spend. Brainstorm a problem and solution for consumers in your industry. Then break it down into four or five digestible chunks.

For example, “Combating Rising Health care Costs: Four Ways to Find Affordable Health Insurance.”

Send that to a writing service to be transcribed and edited. This should cost less than $50 — $1,024 remaining. Send the document to a designer you found on Fiverr. This should also cost less than $50 — $974 remaining. Now, put that document on your website so people have to provide their email address to access it.

Build an account at an email service like MailChimp. Then use the $100 Adwords credit and $500 to promote the content on Google and on social media. This will start to build your email database. Regularly email-useful content (not always sales content) to them and watch the interest in your product grow.”

CLICK HERE
to return to
Table of Contents

Safa Mahzari with Alluxo Inc. thinks the best way to spend a small marketing budget is to focus on activities that will create ongoing results. “You have to spend money to run ads on Facebook or Google, and when you stop paying, the ads stop running. By contrast, search engine optimization and content marketing (articles, videos, etc.) will continue to provide results and hopefully a steady inflow of traffic. One thousand dollars can go surprisingly far in marketing, depending on what your goals are — but you must know your goals, or you’ll just waste your money.”

“If you’re looking to grow traffic, consider investing this money in content,” says Sabrina N. Balmick, marketing manager with ACA Talent. “You can commission a couple of great infographics, an eBook, or a few blog posts. Then use this content for SEO (keywords, link building, PR) or lead generation, which enables your site's long-term growth strategy. For short-term gains, you can spend $1,000 on a focused pay-per-click campaign on Google or Facebook.

You'll get more bang for your buck by targeting your audience's location and interests and driving traffic to a specific landing page."

"My marketing advice is to go on a listening tour!" says Paige Arnof-Fenn, founder and CEO of Mavens and Moguls. "Politicians do it all the time and it's great for businesses, too. Make a list of the people you admire and prospects, ask a few open-ended questions, then sit back and take notice. They will be more than happy to tell you what is on their minds. If you listen to what they share with you, there will be plenty of opportunities to help them. I did it when business slowed and I picked up several new clients. It's a great way to connect and a lot of fun, too. Start listening with no strings attached.

**CLICK HERE**
**to return to**
**Table of Contents**

You'll be amazed what you'll find. It does not cost much and for the price of a few coffees and meals, you will get an earful. I had no idea what to expect and got a lot of new business as a result."

Arnoff-Fenn continues, "Thought leadership is also a great way to build your brand, increase your visibility, raise your profile and attract more clients. Activities like speaking at a conference, writing articles, building your following on social media, all contribute to increasing your awareness with potential customers and building your credibility with a larger community. Instead of starting your own blog or newsletter, contribute regularly to existing well-trafficked blogs or newsletters in your industry. Include your URL or contact information so they can find you. When your articles or talks become available online, make sure to send them out via social media to all your friends, followers and contacts."

Carol Rose with Marketing Worx says, "The biggest bang for your buck will come from geo-targeted ads on social media sites. Which social media sites you choose depends on what is most appropriate for your targeted audience. For instance, Facebook and Pinterest users skew female and older than Instagram, while Twitter users are more heavily male. Paying to boost posts can be another effective use of limited marketing dollars."

**CLICK HERE**
**to return to**
**Table of Contents**

"The LinkedIn platform is ideal for business-to-business marketing," suggests Kent Lewis with Anvil Media Inc. "There is no other platform that can target prospective customers with ads, based on employer, job title, location and other key factors. Lastly, the platform is ideal for generating awareness and credentials via thought leadership such as posting updates and writing articles on LinkedIn Pulse."

Ken Moore with Nox New Media says, "Social media is rented. You don't own or control the medium and you don't reach all of your followers. However, by capturing email addresses you can target and message your audience whenever and however you want. With software like MailChimp you can message 2,000 to 5,000 email addresses for $50 per month."

"Paid social media can be particularly effective because the ability to target based on demographics, geography, interests, age, etc., is tremendous," says Sacha Cohen, founder Grassfed Media. "Platforms like Facebook, Instagram and Twitter also allow for in-depth analytics, reporting and optimization. If it's a consumer business, you might also want to take part of that budget and put it toward creating a clever short video about your product or service that can be leveraged on social media and your website.

"There's no better way to advertise a local business than with Facebook," says Bob Bentz, president of Advanced Telecom Services. "That's because of Facebook's unprecedented geo-targeting and interest-targeting abilities. For instance, if you operate a restaurant, you likely only draw your customers from a 3to 5-mile radius, Facebook enables you to target people within this geo-area."

Take these nine ideas, determine which ones may work for your business and run with them. Review the results and see if your $1,000 was well spent.

**CLICK HERE**
to return to
Table of Contents

**CLICK HERE**
to return to
Table of Contents

# Chapter 212

# Should you license your intellectual property?

**Published: Monday, March 19, 2018**

I often receive questions from budding entrepreneurs about licensing their product, service or intellectual property. While I have written about patents, copyrights, trademarks and trade secrets, I have never written about licensing agreements.

CLICK HERE
to return to
Table of Contents

This conversation frequently arises when franchising opportunities are discussed. The franchise process can be complicated and expensive, with many hoops to jump through, and licensing agreements generally offer a cheaper, less structured alternative. They are easier and faster to draft and implement.

While I am not an expert on licensing agreements, I know how to reach people who are and get their opinions.

I asked several experts via the website helpareporter.com for guidelines to use for licensing a patented process and about some of the factors used in determining how much to charge. Three responses follow.

Kimberlee Jones, an intellectual-property attorney with Chicago-based Jackson Corporate Law Office PC, suggests three important guidelines for licensing a patented process:

1 — Know the value. Several professional services are available to help evaluate and value the intellectual property. Learn the objective values, which come from patent analytical information. Learn the market value, which can come from an appraisal of your patent or patents and similar technology deals. Learn the commercial value, which derives from co-development opportunities and cross-pollination with the state-of-the-art technology in not-so-obvious spaces.

CLICK HERE
to return to
Table of Contents

2 — Know the impact of exclusivity. When licensing, your licensees may want exclusive rights to your process. If this is the case, the price for the license deserves a premium. Based on the patent's value, choosing the highest bidder makes sense. Perhaps it is a desire to only have one licensee to manage. Creating a bidding war for your process can help exploit the market value.

3 — Know which rights to retain. As patents age, they lose value. But the rights will still be important because many of them survive the life of the patent, living on in the technology space after the patent or patents expire. Of these, the most important is the right to ownership in subsequent related patents derived from the present patented process.

"For the licensee," said another intellectual property attorney, David B. Gornish at Eckert Seamans Cherin & Mellott in Philadelphia, "the basic calculation is that the risk/cost in taking the license must be less than the risk/cost of not doing so.

The licensor should understand what motivates their potential licensee, so that the license can be crafted to make the licensee a willing long-term partner. Some factors that may impact the value of the license include: (a) whether the license is exclusive (which could still be limited, for example, in geographic scope or field of use); (b) the strength of the patent's validity; (c) the ease with which the patent could be avoided and still meet the licensee's commercial objectives; and (d) published royalty rates for similar technology.

"Another factor," Gornish said, "is whether the licensor is providing value in addition to the patent alone. For example, if the patent was obtained a few years ago and the licensor has developed additional know-how relating to the process, the licensor may consider licensing both the patent and the knowhow. If this is done, the agreement should specify separate royalties for the patent and the know-how. This way, once the patent expires or if the patent is invalidated, the license to the know-how may still be enforceable."

CLICK HERE
to return to
Table of Contents

Stanley P. Jaskiewicz, an attorney with Spector Gadon & Rosen PC, says the first decision is "whether to license your patent or to exploit it yourself."

"No matter how much you think you know about your field, you may not have the business expertise or contacts to develop your patent.

"Next, select a qualified licensee. The crucial consideration should not be which one offers to pay the highest royalty. Investigate your proposed licensees, consider different proposals rather than focusing on a single bidder.

"Is the licensee credible? Do they have the business and subject matter knowledge to bring your idea to market profitably? Does the licensee have a track record of success in exploiting patents?

"Finally, don't let the fact that you have the legal protection of a patent blind you to questions about a licensee's integrity. Suing someone for patent infringement can be a long and expensive process. Even though you have legal rights against a licensee who reverse engineers your idea or cuts you out of your royalties, no one wins when you have to file an action to get what you bargained for."

CLICK HERE
to return to
Table of Contents

# Chapter 213

# An insider's view of owning a franchise

**Published: Monday, March 26, 2018**

This week, my guest interview on "Been There, Done That! with Dennis Zink" podcast series was Nick Choat, who owns two Sport Clips hair salon stores, one in Bradenton and one in Sarasota.

Nick is also a SCORE mentor and I knew he would provide useful information from a franchisee's perspective. Here are some highlights from our interview.

CLICK HERE
to return to
Table of Contents

**Q:** Why did you decide to buy a franchise?

**A:** There's a lot less risk with a franchise than starting something from scratch.

**Q:** What was the biggest surprise?

**A:** You are dependent on a lot of people. You have to be able to work with all types.

**Q:** What are the main benefits?

**A:** The franchise business model comes with the franchise. You don't have to think through all the details. However, you still have to do the local marketing.

**Q:** How much control do you give up?

**A:** I have no control over the look of the stores. I suggest that you review a sample franchise contract which clearly indicates what the franchisor does and what you do.

CLICK HERE
to return to
Table of Contents

**Q:** Who determines where your stores are located?

**A:** The biggest risk with any brick-and-mortar business is where your business is located.

You will want to know if the franchisor has a real estate function to determine the best locations.

**Q:** Do you recommend using a franchise broker?

**A:** Yes, I strongly recommend using a franchise broker. They are skilled at understanding if you're ready as a potential owner to get into franchising. Can you relinquish control? Are you going to be emotionally OK with that? The brokers sift through 3,500 franchises to find a manageable group to further explore. The franchisor pays the fees, so it costs you nothing.

**Q:** Do they provide financing?

**A:** They don't provide the dollars; however, they provide valuable guidance. They work with Small Business Administration-approved banks that are familiar with their particular franchise.

**Q:** What was the franchisor looking for from you as a prospective franchisee?

**A:** They were looking for executive- level experience, including a broader level of management, someone who knows marketing and sales. They were also seeking the right relationship fit because they will be working with you for a long time.

**Q:** Does the franchisor provide a list of the franchisees?

**CLICK HERE**
**to return to**
**Table of Contents**

**A:** Yes. That's an important part of making this decision. You can call up a franchisee in another market and see if it's going well, discuss the pluses and minuses.

The disclosure documents will provide the failure rate.

**Q:** Did you have to commit to more than one location?

**A:** That depends on the franchise. The real money will be made by owning multiple units.

**Q:** If at some point you aren't happy, can you opt out or do you have to sell back to the franchisor?

**A:** The franchisor has the first right of refusal. Typically, they would most likely ask nearby owners if they are interested in buying your units.

**Q:** What advice would you give to someone who is thinking about buying a franchise?

**A:** Be open-minded. There are 3,500 options, so there probably is something out there for you.

**Q:** How important has the franchisor's national and regional advertising been for your stores?

**CLICK HERE**
**to return to**
**Table of Contents**

**A:** For example, they advertise on ESPN, which I would never be able to do. There are multiple-tiers. We have a relationship they negotiated with the Pittsburgh Pirates and Baltimore Orioles. I would never have known how to go about doing that.

**Q:** What type of local advertising and promotions do you do?

**A:** I am involved in local chambers of commerce and I focus on giving back to the community. We provide free haircuts, sponsor races and attend local events. Sport Clips does a lot in the digital marketing space, such as Google My Business. My advice is to become proficient on how to use digital tools.

**Q:** Can you explain the importance of online reviews and how you handle problems?

**A:** Our sales receipt asks the customer to take a survey. I follow up with a thank you email and provide a link if the customer wants to leave a review on Google. Sport Clips has a 100 percent satisfaction guarantee. If there is a problem, we want to know, and we'll take care of it immediately.

**Q:** How are the franchisors paid?

**A:** You pay an up-front franchise fee and that gives you the right to the license and the business model. Once you open for business, on day one, you start paying royalties. Typically, it's a percentage of revenue. You may pay associated marketing fees and fees for access to the franchisor's technology. All of that is clearly spelled-out in the agreement. You can get a pretty good idea of what your revenue stream is going to look like and what your costs will be.

That's the beauty of a franchise model. From the beginning, you have a pretty good idea of what you are getting into; and it's a proven model. The franchisor has a vested interest in your success as well as maintaining the quality of the brand.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 214

# ‘Phantom stock’ benefits can be real

**Published: Monday, April 2, 2018**

You own a business and you want greater buy-in from some of your key employees. For various reasons, however, you would rather not give away stock and its inherent voting rights. You can still motivate and compensate employees for helping build the company with an alternative method known as phantom stock.

CLICK HERE
to return to
Table of Contents

What is phantom stock and when is it appropriate to use as equitable compensation to key employees? What are the pluses and minuses of phantom stock versus regular common stock or LLC member units? I asked several attorneys via helpareporter.com to weigh in on these questions.

Rick Wagner with Seattle-based Millennial Wealth said, “Generally, phantom stock is the contractual and economic equivalent of actual equity compensation, which is usually referred to as restricted stock awards (RSAs) or restricted stock units (RSUs). Phantom stock, along with phantom stock units, commonly referred to as stock appreciation rights (SARs), can be thought of as the synthetic equivalent of their actual equity cousins: actual stock options.

'The basic idea is to create an equity-based compensation vehicle that will align the interests of the recipients with those of the company owners. The goal is to encourage the employees to grow the value of the company, and in turn, increase the value of their own compensation package.

'Synthetic equity is often preferred over actual equity in a private company context because it avoids the complexities (and statutory rights) associated with actual equity ownership. Synthetic equity is just a promise (i.e., a contract) by the company to pay a bonus to the employee. The size of the bonus is tied to the value of the company. The awards are usually subject to vesting provisions (usually three to ten years, depending on the size/ type of award), and the payouts can occur upon vesting or later, i.e., separation or a change in control.”

CLICK HERE
to return to
Table of Contents

Levi Sanchez, co-founder of Millennial Wealth, suggested that “From an employer standpoint, the plus is they're maintaining ownership while being able to compensate employees for their work in growing the business. On the employee side, they don't have any voting rights or actual equity in the company, they're just eligible to receive payments as if they did have ownership.”

John Meissner, a business law attorney with Meissner Joseph & Palley Inc. in Sacramento, California, pointed out that, “A phantom stock plan ... provides the key employee with the right to share in the sale proceeds of the business. How much to share and related terms — such as a vesting schedule and events which would forfeit the phantom stock — are points to negotiate with the key employee.

'If the corporation is an S corporation, ... the holder of phantom stock does not need to receive a Schedule K-1 and cannot cause inadvertent loss of the S corporation status."

(Reasons for losing S corporation status include exceeding 100 shareholders or an ineligible person such as a nonresident alien acquiring a share.)

**Tax considerations**

Since phantom stock is not actual stock, proceeds when the business is sold are taxed as actual stock, proceeds when the business is sold are taxed as ordinary income, not capital gains. This is a disadvantage for the employee compared with owning common stock. At the same time, because phantom stock is taxed as ordinary income, it can be deducted by the employer.

CLICK HERE
to return to
Table of Contents

Phantom stock also has advantages over stock options. For example, the exercise of a stock option is taxed in full when the option is exercised. Under a phantom stock plan, the key employees report income only when the key employees receive a payment for their share of the sales proceeds.

**The next-best option**

"There are a few reasons phantom can be preferable to regular stock. For instance, if 100 percent ownership is a concern or if there are legal ownership issues preventing a company from giving employees ownership, phantom stock is the next-best option," Meissner said.

Phantom stock is an effective way to provide executive employees a reward for their working contributions without either legal or political repercussions. It's also a great way to set up a retirement option for key employees.

CLICK HERE
to return to
Table of Contents

Since most small-business owners are loath to part with their common stock, phantom stock is preferable because it is less messy and accomplishes basically the same goal — giving key employees a stake in the success of your business.

Isn't that what you and your key employees desire?

# Chapter 215

# Expert tips on getting started buying, selling on eBay

**Published: Monday, April 9, 2018**

A Fortune 500 company based in San Jose, California, eBay is one of the world's most recognized brands.

CLICK HERE
to return to
Table of Contents

It also is the world's largest marketplace, with hundreds of millions of live listings at any given moment. Since its founding in 1995 as AuctionWeb, the company has grown from one programmer to over 15,000 employees. With 430 million hits a day, this multinational e-commerce corporation boasts $9 billion in annual sales, has a $40 billion market cap and is the ninth-largest internet company by revenue.

Danna Crawford, aka PowerSellingMom.com, has been selling on eBay since 1997. She has sold over 14,000 items and received the eBay Hall of Fame award in 2008. Danna was trained by eBay and teaches workshops throughout the United States. She is a treasure hunter and consignment seller, selling items both large and small. She is also a SCORE mentor in Ocala.

I interviewed Danna for an upcoming episode of my podcast, 'Been There, Done That! with Dennis Zink.' Her interview focused on eBay selling for small businesses will be posted in the middle of this month.

Here are some excerpts.

**Q:** What's the best way to get started with eBay?

**A:** Visit both eBay.com and PayPal.com and establish accounts. Then do some shopping so you can learn the process. Place an order, pay via PayPal, see how the item will be shipped to you, and leave seller feedback.

CLICK HERE
to return to
Table of Contents

**Q:** How do I know if my items will sell on eBay?

**A:** Research the item before you list it to make sure there is a market for it. That's the key to being successful. On the search bar, type in a few keywords, for example Starbucks mug. Then, once it populates, scroll to the left of the page, down the side, and you will see a box to check called: Show only – (select) Sold listings. Now, the Starbucks search will only show mugs that have been sold.

The next step is to sort (at the top right) using the drop-down menu and adjust it to highest price. This will work for all items. You cannot go by the "listed live" items because they may have been listed for years, whereas the “sold” listings show how much money items have sold for recently. Use this as a guide and adjust your price accordingly.

**Q:** Can you scan codes and images to find items on eBay?

**A:** Yes. Download the eBay app on your smart phone. Select the magnifying glass for search. A camera icon appears toward the right of the search bar. You may search by either taking a picture with your phone or scanning the barcode of any item and then filter by best match.

**Q:** Once I decide to sell on eBay, how do I list my item?

**A:** One of the easiest ways to sell an item is to select “sell one like this” after you have researched the item and selected it. This starts the listing for you, and then you can make all necessary changes. This places the item in the same category.

**CLICK HERE**
**to return to**
**Table of Contents**

**Q:** I understand that titles are important. What do you suggest?

**A:** eBay allows 80 characters, so take advantage of all the keywords that match your item. Use the same words from the searches you did by looking at the sold listing titles.

**Q:** What about using photos?

**A:** Smart phones are your best friend as an eBay seller. Using the eBay app you can easily upload your photos directly into your listing. You are allowed up to 12 photos, and I suggest you use them all.

**Q:** What if the item is scratched or damaged?

**A:** You will state whether the item is new or used, and you should be honest about the condition. If the item has a scratch, take a photo and describe it briefly. Keep a positive tone.

**Q:** What about shipping and insurance?

**CLICK HERE**
**to return to**
**Table of Contents**

**A:** Go to USPS.com and create a free account. You can order free priority mail boxes that are also shipped to you for free. Buy a shipping scale. All you need is the weight and a tape measure to measure the package. Priority mail includes $50 of insurance. When you become a top-rated-seller, you receive $100 of insurance at no charge.

**Q:** How does eBay make money?

**A:** They charge a listing fee to the seller and a commission upon sale. It’s free to the buyer.

**Q:** What type of support is available from eBay?

**A:** They have awesome customer support at no charge. Their number is 866-540-3229.

**Q:** What's the best sale you have made?

**A:** The most valuable item I sold on eBay was a chopper motorcycle. It was a replica from the movie 'Easy Rider.' I sold it for $21,100 and my profit was $5,300.00.

**Fast facts**

• EBay sales exceeded $9 billion in 2017, and items are purchased every second using the eBay mobile app.

• EBay's fixed-price format, "Buy it Now," accounts for more than half of all sales purchased.

• The two highest-priced sales on eBay have been a gigayacht (a step up from a mere megayacht), selling for $168 million, and a Gulfstream II Jet, selling for $4.9 million.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 216

# Marketing your business via email and text messages

**Published: Monday, April 16, 2018**

If you're a millennial, you're probably texting right now. It may be to the person sitting across from you or a nearby co-worker.

CLICK HERE
to return to
Table of Contents

I had an interesting conversation with Michael Skigen, product manager for Dallas, Texas-based DexYP. Michael is a thought leader on email and text marketing, and DexYP offers services using these forms of communication.

Rather than a Q& A approach, I will try to convey and to comment on what I learned from our conversation.

Ninety-eight percent of texts are opened within two minutes of when they are received. Text messaging has a click-through rate of 20 percent compared to less than 10 percent for email. Texting is short, to the point and action-oriented. I have used text messaging to remind participants of a meeting — the first time within 24 hours of the meeting, and sometimes a second reminder is sent the morning of the meeting. No-shows are reduced by 86 percent, Skigen said.

**How does a business build a prospect list?**

There are several options, ranging from bad to excellent. The worst choice is buying bad lists.

You don't intend to buy a bad list, but lists are typically inaccurate and often stale to the tune of 20 percent per year. People move, change addresses, phone numbers, email addresses, etc.

CLICK HERE
to return to
Table of Contents

One of the best ways to develop a prospect list is through social media engagement. You can listen to a 30-minute podcast on this topic

"Email and Text Message Marketing" (Podcast 66), featuring Michael Skigen of DexYP, can be found on "Been There, Done That! with Dennis Zink."

It is available this month on iTunes, Stitcher Radio, Google Play and other syndicated channels.

Effectively capture prospects' names and emails by giving away something of value in exchange for their information. Fair enough!

There is terrific, inexpensive or even free email marketing software available to help you accomplish this, such as Constant Contact and MailChimp.

**Rules for opting-in and opting-out**

Generally, the rules are more strict for texting than for email marketing. If you have a relationship with the client, there are no email restrictions. However, the client can opt-out, choosing not to receive emails from you. For transactional text messaging or sending reminders, there is no opt-in requirement.

Marketing messages, on the other hand, should have an opt-in choice.

**CLICK HERE**
**to return to**
**Table of Contents**

Although there is no legal requirement for a double opt-in, it is probably a good idea to use this process for things such as ordering a pizza. Asking, "Are you sure you want to place your order," confirms that the sale is desired.

**Calls to action**

It's important to have a call to action. What do you want the person to do? Offer CTA's such as click-thru, call today, check your mailbox, order now and save. You need to direct customers to the desired result.

**What about client contacts (touches)**

How often you contact your clients depends on several variables. If you have a service that is monthly, then a monthly contact is fine. If your service is less frequent, try to match the touches to the service frequency.

For example, a doctor's office need not contact a patient more than once or twice to remind them about an appointment or to schedule one. The idea is to limit the frequency so that you are not bothering your customers with too many touches.

**CLICK HERE**
**to return to**
**Table of Contents**

**Subject lines**

Subject lines should have emotion, exclusivity and personalization. They should attract the reader's attention and make them want to open the message. Act now! Just for you! Urgent! Order while supplies last! are just a few examples.

Online trust matters. It's important for your communications to be honest and build trust. Your customers are not stupid, and they'll recognize deception.

**Ratings and reviews**

The internet holds no secrets. Every business receives a negative review now and then.

How you respond to these reviews provides an opportunity to turn a bad situation into a save.

**Analytics**

Analytic tools should show how many messages are delivered, bounced-back, opened and viewed, and resulted in clicking on a link. It's a good idea to follow up on actual engagement to see how purchases made correlate with clicked links. This will tell you what is working.

**Demographics**

Your messages and delivery mode should be targeted to the appropriate audience. For example, an older audience interested in a golf message should be emailed, while a youth oriented message interested in gaming should use texting.

CLICK HERE
to return to
Table of Contents

**Software**

There are many choices today, depending upon variables such as price, functionality and personalization options. Is there customer relationship management functionality? Can you conduct email drip campaigns (several mailings sent at different times/dates), capture leads and grow your business?

Prospects slowly become customers with the average of five contact touches before they buy.

**A/B testing** A/B testing provides consumers with a binary choice and measures which choice is preferred. Which performed better, A or B? It can be as simple as varying subject lines, calls to action, offers or pricing. The key is to change only one variable and see which performs better. Sample sizes should be at least 50 and preferably 100.

CLICK HERE
to return to
Table of Contents

# Chapter 217

# Social media marketing secrets

**Published: Monday, April 23, 2018**

This is part two of a Q&A I did from a conversation with Michael Skigen, product manager for Dallas, Texas-based DexYP. Michael is a thought-leader on marketing with email, texts and social media. DexYP offers services using these forms of communication.

### Media channels

CLICK HERE
to return to
Table of Contents

Skigen suggested using these seven social media channels, depending upon whom you want to reach: Facebook, Twitter, LinkedIn, Instagram, Snapchat, Google+, and Pinterest. Use social channels where your clients are most likely to be found. For example, if you have a business-to-business company, then LinkedIn would be a good choice. If, on the other hand, you are appealing to a younger group with a visual product, then Instagram might be the best choice.

### Paying to boost a post

Have a posting strategy that incorporates paid advertising in conjunction with your free posts.

With Facebook, only 20 percent to 40 percent of your followers are likely to see your posts. Most people are under the false impression that everyone who follows you will receive your posts. This is not the case.

The key is engagement: are your posts being Liked, Commented on and Shared? These active interactions will get more traction.

Paying to boost Facebook posts can increase visibility and make them more likely to go viral, reaching a higher percentage of your followers as well as others who are likely to be interested.

CLICK HERE
to return to
Table of Contents

You can spend anywhere from $5 and up to boost your post, with Facebook estimating the resulting increase in viewers you’ll reach.

You can select variables of various types, including demographic, geographic, city, state, ZIP code and interests. Finetune your strategy, perhaps to reach fewer people but more relevant prospects.

### The most effective posts help others

Social media is social, so position your business as a resource in your community (this will be your online community). Providing useful information for community groups will help you build relationship equity over time. Spend 80 percent of your time informing and helping and 20 percent selling.

**Videos work**

Today's smart phones have incredible cameras that record in high resolution for excellent videos. You'll need to decide the best way to use video in your business. Will videos promote your business, a product launch, an event, or something else? Google owns YouTube and gives extra weight to video searches. Strategic links and back-links help provide more ways to find and access your website.

Transcripts of videos can help them appear in search results, also known as search engine optimization. There are excellent, accurate transcription companies that charge $1 per minute or less to transcribe videos or podcasts. Turnaround time is within 24 hours. So a transcript of a 30-minute recording will cost you around $30. Videos themselves are not searchable, but tags and transcripts help provide searchable text.

CLICK HERE
to return to
Table of Contents

You can use video on your website, to post messages to user groups about your company, to offer advice, provide testimonials, show people how to do things DIY project and product information.

**Websites have morphed**

Initially, websites were online brochures. They morphed into interactive brochures, and then input devices to acquire information such as names, email addresses and other data. Now, your website is an extension of your business, where locations are highlighted; GPS directions are found, appointments are scheduled, and invoices are paid. Websites have become interactive tools that make it easier to do business with your company.

**How to get started with social media?**

Skigen suggests that you just get started. It's inexpensive, so the biggest cost is your time invested. Experiment to see what works for you and just do it. You could post tips and tricks, DIY instructions and solutions to customer problems. Use humor if you like — whatever works for you.

CLICK HERE
to return to
Table of Contents

Start with a seven-day campaign.

Decide what you want to measure: click-throughs, comments, forms filled, apps downloaded. Vary parameters using A/B testing (which tries two variations to see which one works better) so you can find what works and start using it.

**Engagement is THE goal**

Your first three goals should be engagement, engagement and engagement. You want comments, likes, shares and retweets. Focus on growing your online reputation. Encourage a following. As your reach in social media grows, your business will grow.

But it won’t happen overnight.

If you have a business for which reviews are important (such as a restaurant or a nail salon), by all means, respond promptly to complaints or issues. More importantly, do right by your customers if they were slighted.

No one is perfect.

It’s how you deal with imperfection that’s all important.

**What metrics should you watch?**

Social media platforms provide metrics to help you know what’s working.

CLICK HERE
to return to
Table of Contents

Factors that you should be reviewing and learning from include: the number of clicks, cost per click, conversions, etc.

Are people buying what you’re selling? Are they liking your page? Are you building a following?

**Use social media management tools**

Hootsuite and DexYP's Thryv can help. These programs help keep track of and manage multiple social network channels. They provide you with an ability to monitor what is said about your brand so you can respond immediately.

You should consider these three questions when deciding on social media management tools:

• Does the tool support the platform you want to be on?

• Is the cost acceptable for your budget?

• Is it easy to learn and use?

CLICK HERE
to return to
Table of Contents

**Content marketing is storytelling**

Create or curate content to stimulate interest in something related to what you do or what your company is about. Sure, your ultimate goal is to increase sales by building customer loyalty.

Content marketing is done with stories and not with a sales pitch.

Make no mistake; social media is here to stay. If you’re not using it, you’re making a big mistake. Your competition surely is using it. Whether you start small or go big, you must start.

# Chapter 218

# Timing and 90 tips to improve a startup's chance for success

**Published: Monday, April 30, 2018**

Bill Gross, the founder of Idealab, an incubator of new inventions, ideas and businesses, gave a six-minute Ted talk that focuses on why startups succeed or fail.

CLICK HERE
to return to
Table of Contents

He gathered data from hundreds of companies and ranked each company on five factors. Through this process, he discovered that the most important variable in starting and succeeding in your business is timing — is it the right time to do what you are contemplating? He found that this factor is more important than all the others in determining your success. Is it too early, too late or just the right time for this business to succeed?

Timing accounted for 42 percent of the differences between success and failure, he said. The second most important factor is having the right team and the ability to execute your plan.

Surprisingly, the business idea was third in the hierarchy. This surprised Gross. Before his research, he thought the idea was the most important factor. He even named his company Idealab because of that.

Next most important was a business model. Did the company have a clear path to generating revenue?

Fifth and last was funding.

**90 tips for success**

CLICK HERE
to return to
Table of Contents

Here are 90 of the best tips I've gleaned over the years to improve your chances for a startup's success. These gems are in no particular order.

- Develop your leadership skills
- You never lose in business — either you win or learn
- Follow industry trends
- Find a financial partner to help your business grow
- Be true to yourself
- Know your strengths as well as your weaknesses
- Pay your taxes on time
- Plan for the worst-case scenario
- Pay attention to your numbers
- Block out distractions

- Focus on activities that generate profits
- Pay attention to your customers
- Create a TO DON'T list
- Don't try to go it alone — join a mastermind group
- Create written goals
- Evaluate what's working and pivot as needed
- Network and build relationships
- Have a passion for what you are doing
- Determine how much you are willing to sacrifice
- Constantly learn
- Create a business plan
- Charge what you are worth
- Have business lined up before you begin
- Poll your employees, encourage idea sharing
- Have work-life balance
- Market consistently
- Use email marketing
- Use lead magnets
- Run the business lean and mean
- Become an expert in your field
- Be a small business that plays big
- Envision your end goal, then work backward
- Use a complaint as an opportunity to improve
- Prepare for constant change
- Pay attention to detail
- Keep standards high
- Cut the fluff from your task list
- Learn how to acquire customers
- Don't scale too quickly
- Positive cash flow is the goal
- Hold others accountable and be accountable yourself
- Hire the right people for the job
- Hire people with grit and integrity
- Set your employees up for success
- Profit matters more than revenue
- Surround yourself with people who disagree with you
- Work hard and smart
- Maintain a good system of record keeping
- Do what you love
- Intuition will never fail you
- Don't give up — success has more to do with persistence than perfection
- Nothing beats planning and preparation
- Always add 20 percent contingency to your budget
- Prepare for the future
- Get your systems in place before you open
- Structure your company before you begin

**CLICK HERE**
**to return to**
**Table of Contents**

**CLICK HERE**
**to return to**
**Table of Contents**

- Do what you say you will do and exceed expectations
- Write notes by hand
- Don’t fix the present — create the future
- Relieve stress — take time off
- Invest in your employees
- Don’t underestimate your value
- Have an experienced lawyer available
- Ask your accountant to explain what you don’t understand
- Know you will succeed
- Avoid getting side-tracked
- Strive for perfection but be willing to accept less
- Train employees to be great at what they do
- Outperform the competition
- When you make mistakes, try to get the best results
- Identify the problem your business will solve
- Hire older, wiser, experienced employees
- Create an elevator speech
- Pay yourself first
- Price your products for profit
- Learn to execute flawlessly because execution beats innovation
- Conduct exit interviews
- Create a succession plan
- Know your own exit strategy
- Learn how to know what you don’t know
- Prioritize by doing first things first and second things never
- Hire slow, fire fast
- About right now is better than exactly wrong later
- Hire smart rather than manage tough
- Be effective first, efficient second
- Choose a great company name
- Join an industry group or trade association
- Create written goals
- Get a SCORE mentor
- Celebrate all of your successes, both large and small.

I suggest that you pay attention to these tips and, if your timing is right, you may well be on your way to phenomenal business success.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 219

# Getting the most into and out of a sales funnel

**Published: Monday, May 7, 2018**

Ryan Deiss, co-founder of the online resource Digital Marketer, describes a sales funnel as a "multi-step, multi-modality process that moves prospects from browsers to buyers."

CLICK HERE
to return to
Table of Contents

"It's multi-stepped because a lot must occur between the time that a prospect is aware enough to enter your funnel to the time when they take action and successfully complete a purchase."

In other words, a sales funnel attracts potential buyers and moves them through various narrowing stages of a process, such as attraction, interest, conviction and decision, and call to action. At each stage, leakage occurs, so not everyone who enters the sales funnel will emerge at the other end. I have seen funnels with as few as three or four segments and as many as seven or eight. For this column — and to keep it simple — I will discuss four segments.

**How do customers get into your funnel?**

There are many ways for a prospective customer to enter your sales funnel: A free offer, a response to a paid ad, or an organic Google search may have opened the door. Attraction to your website might occur through a lead-generating landing page, a sign-up for your newsletter, ebook or podcast, or a search for other information. From the viewpoint of your prospect, acquiring this information was deemed a fair exchange, resulting in your obtaining their email address. Of major importance to you is the presence in your funnel of a newly obtained contact with some level of interest.

**What to do next?**

CLICK HERE
to return to
Table of Contents

Your job is to move your new contact from prospect through this narrowing pipeline to buyer. You want prospects to click on links that interest them. It could be to obtain more information from your blog or to learn about a product that solves their problem. Positive customer reviews and testimonials will help convince a prospect, moving them notches closer to a purchase decision.

If you're using paid advertising, you could use Facebook and Google re-targeting. Advertising re-targeting refers to the ads that follow prospects after they leave a website. Re-targeting maintains awareness and keeps interest levels up.

**Call to action and conversions**

What do you want the prospect to do — buy something now? Your conversion percentage is determined by how many prospects act to become customers from the total number of funnel entrants. It is important to analyze all the stages for conversion percentages, and you should constantly be trying to improve these ratios. You can do this using A/B testing. Test different variables including: offer, price, free shipping, scarcity, sale ends, bonuses, if you act now, etc.

For example, at the earliest funnel stages, such as at the interest stage, you could offer similar product choices with slight variations in features or colors to A/B test. Remember to change only one variable at a time when you A/B test. This requires a binary choice, such as this or that (yellow or blue).

**CLICK HERE**
**to return to**
**Table of Contents**

**Scaling favorable results**

If 100 prospects enter your funnel at a cost to you of $1 each, and you convert three people who spend $200 each on your product, then you have $600 in revenue on a $100 investment. Knowing that a $100 investment can bring in $600, you will no doubt want to spend aggressively.

**Easier said than done**

Ideally, the messages you send at each stage in the funnel should be nurturing the prospect along the buying continuum until a sale is consummated. If you don't have experience in this area, consider outsourcing to a professional copywriter. Be prepared to spend $500 to $2,500 for a landing page, sales page or conversion copy. A less expensive method and creative short cut would be to model your copy from other templates used by successful companies. You would use a similar format, replacing their products and offers with yours.

**Smart funnels**

Sales guru Dale Carnegie (188-1955) said something to this effect "Tell your prospect enough, but no more than is needed to close the sale." If someone wants to buy, make it easy for them without having to go through all the funnel segments. There should be a BUY NOW option available at all phases in the funnel.

**CLICK HERE**
**to return to**
**Table of Contents**

Returning shoppers may not want to start the process from the beginning. Smart funnels take shoppers back to where they left off before returning. After you get good at the basics, you will want to explore upselling, cross-selling and profit maximization strategies.

# Chapter 220

# The worst mistake I ever made

**Published: Monday, May 14, 2018**

As a small-business owner, what is the worst mistake you ever made and how did it affect your company? I asked this question through Help A Reporter and received 60 responses. Here are twenty-six of the best.

“I have made tons of mistakes. I think that’s a good thing. I have never made the same mistake twice. The worst mistake I made is letting majority rule with hiring decisions.” — Brianna Rooney owner of Techees

CLICK HERE
to return to
Table of Contents

“We were spending too much money on a website that didn’t work.” — Ian Wright, founder of MoverDB

“Partnering with the wrong person for my media venture.” — Ruben Vergara Meersohn.

“I delegated important tasks to our staff too quickly. Before handing over any crucial task, management should first perfect the process for that task.” — Syed Irfan Ajmal with SIA Enterprises.

“I assumed an amazing product will sell itself. No matter how good your product or service is, you need to educate buyers. If you don’t have that conversation, you’ll never get the customer.” — Nick Santora with GetCurricula.com

“Not communicating with clients. I learned quickly how important it is to communicate and not shy away from important conversations. Set expectations. Remove emotions and personal subjectivity.” — Brittany Nettles with Keller Williams City Center

CLICK HERE
to return to
Table of Contents

“Not rewarding employees for trying new ideas and, consequently, making mistakes.” — Cristian Rennella, CEO with elMejorTrato.com

“Not believing in my product or myself, and not charging what I was worth.” — Tracy Allen with TVA Consulting

“I was stingy with my advertising dollars. For years, I hardly spent a dime. Unfortunately, you can have a great idea, a superb staff and an incredible product, but if nobody knows you’re there, you will still fail.” — Greg Johnson, owner of ClubThrifty.com

“I would have launched my online counseling business sooner. I took an entire year to plan and research and gather information. There were so many things I could have learned and done while seeing clients at the same time. The desire to have everything perfect before I started put me at a disadvantage. Things are constantly changing. Openness to new things versus perfection seems to be the key." — Heidi McBain with Flower Mound

"Thinking I could do it all and do it all well. With my 'I can do it all' mentality I was limiting myself and my business from growing. The big lesson learned here is trying to do it all—will keep you small." — Dr. Karen Litzy, physical therapist

"Trying to get rich quick. I wasn't willing to put in the work that was required to be successful." — Michael Russell with Ratchet Straps USA

"We had a large client that was 60 percent of our revenue and we relied upon their business. One day, the client decided to change vendors and we were left with a very large hole in our revenue stream. Never rely too much on one client." — John Surdakowski with Avex Designs

CLICK HERE
to return to
Table of Contents

"I hired my best friend, and now I haven't spoken to him in 10 years. It taught me never mix business with my personal life." — Greg Corey, founder and principal of Porchlight

"Believing that what worked for others would work for me." — Stephanie Mathews with Magical Mothering

"Keeping a toxic employee on the team longer than I should have. I should have let the employee go sooner." — Cindy Y. Lo Owner of Red Velvet Events

"Taking too long to walk away from a project." — Carla Williams Johnson with Carli Communications

"People are not replaceable. Their skills may be replaceable, but you can't change people like parts in a machine. I learned to treat each of my team members as irreplaceable, then I developed better relationships because of it." — Louis Camassa, SaaS architect and marketing technologist at LC7.com

"Not getting out of your own way. Starting a business can bring on self-defeating thoughts. Your mindset must be fixed on your purpose and how you plan on changing the world and disrupting your industry. Spend time working on you and replacing defeating thoughts." — Melanie Williams with Guru PR

CLICK HERE
to return to
Table of Contents

"Not terminating weak people early enough. I saw signs they were not going to be part of our future. Attracting great talent and getting the right team in place is key to success. The people you start with are not always the best ones to grow with you. If you find yourself with employees who are not up to the challenge and able to scale, do yourself and them a favor and move on. Keep the bar high and attract the best talent. You will never regret it." — Paige Arnof-Fenn, founder and CEO of Mavens & Mogels

"Never stop promoting your business or you'll watch your leads and revenue dry up." — Joy Gendusa, Founder/CEO of Postcard Mania

"I wish I knew how important it is to take the time to research and pinpoint your target market. The toughest business lesson I learned was don't spend years developing a product that doesn't have a distinct customer base." — Ross Cohen, co-founder of BeenVerified.com online check platform.

"Expecting that others would have the same degree of integrity as I do." — Grainne Kelly, founder of Bubble Bum inflatable car booster seat

"Helping too many people for free." — Trang Ho with Key Financial Media LLC

"I listened to too many people and should have gone with my own instincts." — Gayle Carson, with Carson Research Center

"Carelessness. My assistant used FedEx to overnight a proposal for pre-employment screening to United Parcel Service (UPS). We were not selected as a vendor." — Robert Mather, CEO of Pre-employ.com

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 221

# 10 steps to maximizing payoff from selling a small business

**Published: Monday, May 21, 2018**

A record number of businesses were bought and sold across the nation in the early months of 2018, according to BizBuySell's 2018 Q1 Insight Report.

CLICK HERE
to return to
Table of Contents

San Francisco-based BizBuySell.com, the internet's largest business-for-sale marketplace, reported continued strong business- for-sale activity in the first quarter, with record-breaking sales prices and transactions highlighting a positive start to the year.

How does the Tampa Bay area stack up? The Insight Report lists how many businesses were listed and sold in the Tampa Bay area in the first quarter as well as the average sale price, asking price, revenue and cash flow numbers.

Here are a few first-quarter highlights from small business transactions in the Tampa-area. This information is based on 1,019 Tampa area businesses listed in the first quarter at BizBuySell.com:

• The median asking price of businesses for sale in Tampa at the beginning of 2018 was exactly $220,000, compared to $250,000 at the beginning of 2017.

• Businesses listed in Tampa at the beginning of 2018 had a median revenue of $398,335. This represents a downturn of 5 percent from the $419,924 median revenue at the same time last year.

• The median cash flow for Tampa businesses was $100,000 — down 2 percent versus the median cash flow of $101,989 for the first quarter of 2017.

CLICK HERE
to return to
Table of Contents

**Lies, damn lies and statistics**

However, if you compare the first-quarter fiscal year 2018 to the fourth quarter of 2017, you get a very different picture:

• The median asking price was down 25 percent, or $75,000.

• The median revenue was down 13 percent, or $59,274.

• The median cash flow was down 18 percent, or $22,253.

• The selling price was 10 percent, or $30,000, higher.

Percent of asking versus sold businesses have been in the 97 to 98 percent range. This indicates that sellers and/or their representative brokers have been pricing their businesses realistically, according to current market values.

Other statistics of BizBuySell data geographically:

Eighty-five percent of businesses sold in 2017 garnered multiples for their owners of two to three times the cash flow of their business. Nine percent of the sold companies received a multiple under two. These transactions were in the following markets, in descending order: San Diego-Carlsbad, California; Boston-Cambridge, Massachusetts; Hartford, Connecticut; Las Vegas, Nevada; Fresno, California; and Honolulu. Honolulu was the lowest and the only market under one, with a .97 multiple of cash flow.

CLICK HERE
to return to
Table of Contents

Only four metro markets received multiples over four for businesses sold. They were, in ascending order: Albany-Schenectady, New York; Cincinnati-Middleton, Ohio; Dayton, Ohio; and Buffalo-Niagara Falls, New York. Businesses sold in Buffalo-Niagara Falls received the highest multiple, 3.71.

What about different business sectors?

Out of 66 business sectors listed, 53, or 80 percent, were in the two to four range as a multiple of cash flow received by their owners. Those that received less than two, listed in descending order, were: retail, apparel & accessories, heavy construction, service miscellaneous, service passenger-transportation, service vending machines, retail florists, service landscaping yards, service beauty salon and barber shops. Receiving the lowest multiple of 1.28 was in the sector labeled service-other personal services.

Several business sectors received over four multiples. In ascending order: hotels and lodging, mining, manufacturing chemicals and allied products. The highest multiple — and the only one over five — was agriculture, at 5.02.

**So, what's your business worth?**

CLICK HERE
to return to
Table of Contents

By now you may be totally confused with all these numbers. You're not alone.

There are several steps you can take to maximize your Eventual Return On Investment from selling your small business.

First, think about starting, buying or better yet, an acquisition from a family inheritance of a business in a fast-growth sector. Second, being in a high-growth market for your sector is a plus, but it may be difficult to factor into the equation. Do you really want to live in Buffalo?

Three, think about your exit strategy when you begin your business; thereafter, think about it a little more with every passing year. Four, create a succession plan. Five, use insurance to fund a buy-sell if you have partners. Six, keep track of owner benefits and other add-backs that show a more realistic view (increase in your profitability) for a buyer. Seven, sell your company when business is good and expanding, not when it's bad and contracting.

It's better to get out too soon rather than too late.

Eight, don't be greedy. If you receive an offer that represents a fair price, TTMAR (Take The Money And Run). You never know what tomorrow will bring, including new competition, disruptive technology or other unforeseen or unknown circumstances that could render your business model worthless.

Nine, you will realize your greatest value if you have more than one company vying to buy your business.

Ten, write to me or call SCORE and ask to participate in the Exit Strategy Canvas Roadmap before/or when you are thinking of selling.

**CLICK HERE**
**to return to**
**Table of Contents**

**Other considerations**

According to BizBuySell, both buyers and sellers should be aware of factors that could affect their business. Tax reform remains a controversial issue. A change in the make-up of Congress this year could alter the government's perspective on the matter. A trade war with China is also a concern as the tariff-fueled disagreement has already caused volatility in the stock market and may end up affecting owners' costs. That said, all indicators point to another strong year.

"If 2017 was a year of unprecedented growth in small-business transactions, 2018 will be about sustaining that momentum," Bob House, president of BizBuySell.com and BizQuest.com, said in the first-quarter report.

"That's no guarantee, especially with everything happening in the economy. The trade war is of obvious concern, as are Fed Chairman Powell's comments about continued, gradual interest rate increases. Certainly, there is much to pay attention to but, based on our data, the business-for-sale market is in a good position to extend its positive run."

**CLICK HERE**
**to return to**
**Table of Contents**

# Chapter 222

# Proof Google will be king of the world

**Published: Monday, May 28, 2018**

It's almost a slam dunk that everyone who will read this column uses Google. Google began in 1996 as a research project by Larry Page and Sergey Brin when they were studying for doctorates at Stanford University. They developed a technology called PageRank, a new and superior way to rank results by a website's page relevance.

**CLICK HERE**
**to return to**
**Table of Contents**

Fast forward, and today Google, now a subsidiary of a company called Alphabet, employs 85,000, has revenues exceeding 750 billion dollars and is arguably the No. 1 brand in the world.

Google is no stranger to litigation, fines, tax avoidance, privacy issues, criticism or controversy. Last Sunday, CBS 60 Minutes featured an interesting segment on Google's monopolistic practices. The conclusion reached by the Federal Trade Commission in 2011 was a recommendation that an antitrust suit be filed due to anti-competitive behavior. These recommendations were rejected, and the government has done nothing.

Rather than rehash the Google Good, Bad and the Ugly, I thought it would be interesting to look at some of the products that Google owns or has acquired. Google now controls many of the most significant pieces of the internet. It has acquired more than 200 companies, and the list is mind-boggling.

• Google is best known for its search function, where it controls 90 percent of the market. "Google it" has replaced the term "look it up." It also controls approximately 60 percent of all advertising on the internet. It knows more about you than you may realize, including who you are, where you are, what you bought, what you might buy and a lot more.

**CLICK HERE**
**to return to**
**Table of Contents**

• YouTube, owned by Google, is a video-sharing website. It's also the second-largest search engine behind Google and the second most popular site in the world. It offers a wide variety of user-generated content, including live stream, video blogging and educational videos. More than 400 hours of content are uploaded to YouTube every minute, and 1 billion hours of content are watched daily. Revenue on YouTube is earned from another Google product called AdSense, which connects content and audience.

And there are more Google products.

• The Android operating system, released in 2008, runs approximately 80 percent of the world's smartphones. Phones, watches, cars and televisions all run on Android.

• Gmail is a free, advertising supported email service developed by Google. Since its debut in 2004, it has gained 1.4 billion users.

• Google Chrome, also free to users, is a free web browser developed by Google and released in 2008. The StatCounter web-analysis tool estimated that Chrome has a 66 percent worldwide usage share of web desktop browsers and a 56 percent market share across all platforms.

• Google Maps (developed by Google in 2005) is a web-based mapping service. It offers satellite imagery as well as 360-degree panoramic ground-level views (Street View), real-time traffic (Google Traffic) and route planning for travel via walking, car and bicycle. It also features turn-by-turn navigation.

• Waze was acquired by Google in 2013 and provides GPS navigation for smartphones, and tablets with GPS support. It also shows, accidents, road work, disabled vehicles and speed traps based on information that users enter and update with real-time travel information.

CLICK HERE
to return to
Table of Contents

• Google Play, (2008) is a digital distribution service the company developed and operates. It's the official app store for the Android operating system. Digital media such as music, magazines, books, movies and television programs are also available here.

• Google+ is a social-networking platform. Launched in 2011, it has over 100 million users.

• Google Photos is a photo-sharing and storage service. It was spun off of Google+ in 2015. This service automatically analyzes photos, identifying visual features and subjects.

• Google Hangouts (2013), is a communications platform developed by Google that includes messaging and video chat. It replaced Google Talk, Google+ Messenger and Hangouts.

• Google My Business allows a physical business to show up when customers search on Google Search and Maps. It lets business people post updates to show what's new, respond to reviews and to add photos.

• Google Drive is a file storage and synchronization service that can be used across devices. Google Drive includes Google Docs, Sheets, Slides and Forms, providing word processing, spreadsheets, slides and forms, respectively.

CLICK HERE
to return to
Table of Contents

• Google Earth renders a 3D representation of the planet based on satellite imagery and aerial photography.

• Google AdWords is an online advertising service. Advertisers pay it to display advertising, product listings and video content to web users. It is based partly on keyword searches. Google places advertising on pages where there is a strong likelihood that a user will click on relevant advertising. AdWords brings in an estimated $50 billion annually in advertising revenues.

• Google Translate, released in 2017, is a free, multilingual machine translation service for translating text. It supports over 100 languages and serves over 500 million people daily.

• Google Allo is a new artificial intelligence-based instant-messaging mobile app for the Android and iOS mobile operating systems. For trivia buffs, Allo refers to a small town in Navarre, Spain, and is also a prefix used in linguistics to form terms.

• Google Duo is a video chat mobile app developed by Google for Android and iOS. It was released in 2016.

Many of the product definitions in this column were derived from Wikipedia and Google. I have described the popular Google products, but there are many more. Additionally, some significant acquisitions have included: buying Zagat (for $151 million), Nest Labs (for $3.2 billion), Motorola Mobility (for $12.5 billion), and DoubleClick (for $3 billion).

Google, you are the internet king and without regulation, you soon will be king of the world.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 223

# How to provide a good user experience

**Published: Monday, June 4, 2018**

Typically, the term “user experience” relates to the design of websites and mobile apps. Often referred to as UX, the user experience involves the entire process: the interaction with a product or service that a person experiences while accomplishing a goal and in using a specific strategy to reach that goal.

Good UX has a high level of user/customer satisfaction. The UX includes a person’s perceptions, emotions and attitudes about using a product, service or system, and how utility, usefulness and desirability affect that experience.

**CLICK HERE** to return to Table of Contents

I contend that all businesses should look at their UX. As an example, if you own a restaurant, you should review every process, including making reservations, using your website, viewing social media posts, parking, handicap access, serving walk-in traffic, using waiting areas and restrooms, menus, taking orders, busing tables, all kitchen processes, wait staff service, drinks, food, check backs, coffee and dessert, presenting the check, paying and, possibly, a survey requesting feedback.

Regardless of your business type, online or brick and mortar, customer satisfaction should be your goal.

If you are just starting out, consider:

• What do you want to do?

• What should your customers’ experience be?

• How can you improve that experience?

**CLICK HERE** to return to Table of Contents

To begin to answer these questions, create prototypes where possible and create a style guide or manual detailing every step in the process. Look at speed of delivery, error rates and fixes to optimize the UX. Test and test again until you get it right. Is the product or service easy to use? What is the interaction with customers? Are their expectations being met and/or exceeded?

Understand who is using your product or service, what their needs are and how well you deliver. John Wiley, the head designer of Google Search, said, “When I think of design and creating great user experiences, I generally think of it in terms of three things: usability, utility and desirability.”

**Good design; bad design**

James Spool, an American writer, researcher and usability expert, said, "Good design, when it's done well, becomes invisible. It's only when it's done poorly that we notice it."

Think of the Apple iPhone: Great design, less is more, one button, intuitive, easy to use. Design is first and foremost useful and necessary, then beautiful. The iPhone avoids adding friction to the UX process. It's consistent and has standards. Even its packaging is so well designed it could be considered a work of art.

**The Metro Diner**

Recently, I discovered the Metro Diner and I have returned many times. It has become my go-to place for breakfast and lunch.

CLICK HERE
to return to
Table of Contents

Why? I have consistently had a great experience there. The free coffee and water outside are pleasant perks for those waiting. The venue looks authentic, with the varied menu a diner should have.

The wait staff is positive, energetic, efficient and cordial. I had a problem with my cheesy grits, and they handled it perfectly. Payment is made quickly and efficiently at the table on tablets. Everything I have ordered there has been excellent.

**How good is your user experience?**

Consider hiring an undercover shopper to buy your products, use your services and report on the experience.

Gather feedback and improve what you are doing. This is not a one-time job.

Do it regularly. Gather, organize, and share the results with your employees.

Ask them for suggestions on how to improve your processes.

CLICK HERE
to return to
Table of Contents

**Internet specifics**

Is your website's mobile experience useful and convenient? Does it deliver what your customers need? If you are using lots of text, consider using clear visuals instead. Make sure all links are labeled and navigation is seamless, going forward and backward. Avoid unnecessary friction that frustrates the customer. Test the design and make changes as needed. Clever design can result in bad design.

**This isn't rocket science**

Every business should pay attention to its UX. You do want more customers, don't you? A great UX results in word-of- mouth referrals. I am always telling friends about good and bad experiences, and I am sure you do the same thing. Think of how great a job Publix and Costco do in this area. Returns, no problem, no questions asked. Can you imagine how great all our local businesses would be if they improve their customers' UX? I can't wait.

I'll be happy to refer business to you — or not — based on my user experience.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 224

# Getting funding, mentoring are keys to business success

**Published: Monday, June 11, 2018**

SCORE, the nation's largest network of volunteer expert business mentors, recently published original survey data on the state of U.S. women's entrepreneurship.

CLICK HERE
to return to
Table of Contents

Even though I am heavily involved in SCORE as the chairman of its local chapter, I have never focused a column on what the organization does.

This study's findings are significant enough that I am making an exception.

The data collected from 20,000 small-business owners shows that female-owned businesses are equally as successful as male-owned businesses. This is true across all independent measures of business success, including business starts, revenue growth, job creation and number of years in business.

**Key findings** Women are more likely than men to start businesses. In the past year, 47 percent of women in the pre-start or idea phase of business ownership followed through on starting a business, compared to only 44 percent of men.

Women-owned businesses reported nearly the same amounts of anticipated revenue growth in 2018 as men. Going forward, 57 percent of women entrepreneurs predicted an increase in revenue growth, 15.5 percent predicted revenues would stay the same and 9 percent predicted a decrease.

CLICK HERE
to return to
Table of Contents

Women are significantly more likely to launch service businesses. Female-led businesses were more likely to be in professional services, retail, health care (10 percent of women-owned businesses versus 5 percent of men-owned businesses) and education (9 percent of women-owned businesses versus 5 percent of men-owned businesses).

Male-owned businesses were more likely to be in construction and manufacturing (12 percent of men-owned businesses versus 4 percent of women-owned businesses).

Both men and women-owned businesses had comparable longevity — with the exception of long-established businesses. Approximately 17 percent of male respondents owned a business 20 years or more, compared with 13 percent of female respondents.

Women-owned businesses reported slightly lower levels of employee hiring, with 27 percent of women-owned businesses reporting an increase in hiring, compared to 30 percent of men-owned businesses.

**New findings are different**

"Women-owned businesses are an impactful and fast-growing force in the US economy, but much of the existing research to date has shown how women-owned businesses are still at a disadvantage in performance, contribution and growth, compared to men-owned businesses,' said Bridget Weston-Pollack, SCORE vice president of marketing and branding.

"Our research suggests something very different — that women-owned businesses are equally successful as men-owned businesses. Given that our 20,000 survey respondents were all SCORE clients and small business owners in all 50 states and Washington D.C., this suggests that expert mentoring is a key ingredient in small business success for both men and women."

**CLICK HERE** to return to Table of Contents

**Funding a greater challenge for women**

Women entrepreneurs are less likely than men to seek and obtain financing. This is true even though they are starting businesses faster than men and their businesses are just as successful in terms of business starts, revenue growth, job creation and longevity. This difficult financial climate for women entrepreneurs makes them more likely than men to rely on credit cards as a source of business funding.

Sixty-two percent of women entrepreneurs rely on their business as their primary source of income, challenging old assumptions that women entrepreneurs are more likely to run "lifestyle businesses" that only provide supplemental income. Over the lifespan of their business, men were more likely to seek financing (34 percent of men compared to 25 percent of women). Among all business owners seeking financing, male entrepreneurs were more likely to receive it (with 34 percent of men acquiring loans or equity financing in the past year, compared to 31 percent of women).

Entrepreneurs' reasons for seeking financing were very similar across genders, with one exception: Men were more likely than women to seek financing to launch a new product (26 percent of men, compared to 22 percent of women).

**CLICK HERE** to return to Table of Contents

The most popular funding sources for business owners across genders included other (non-SBA) loans, personal savings and credit cards.

**Mentoring increases likelihood of success**

SCORE's data shows that mentored businesses were 12 percent more likely to remain in business after one year, compared to the national average. This supports existing research that shows entrepreneurs with access to a mentor are five times more likely to start a business than those who do not have a mentor.

Thirty percent of all business owners who had just one interaction with a mentor reported business growth. This number increased with subsequent interactions and peaked at 43 percent of business owners who had five or more mentoring interactions reporting growth.

Women entrepreneurs were just as happy and successful working with mentors of either gender. What mattered to all entrepreneurs was a mentor's helpfulness, respectfulness, listening skills and open-mindedness, accurate assessment of a client's business situation and ability to provide relevant advice.

Business owners were most likely to seek help with: human resource issues (61 percent), growth/business expansion (59 percent), and start-up assistance (53 percent).

"This data confirms what SCORE has learned over 54 years of helping 11 million entrepreneurs to start or grow their businesses — that mentoring has a significant, positive impact on small business success rates," SCORE CEO Ken Yancey said.

CLICK HERE
to return to
Table of Contents

"We were surprised to find that there was no statistically significant difference in our clients' satisfaction rates according to whether an entrepreneur worked with a mentor of the same gender," Yancey said.

"Above all else, our small-business owner clients want a mentor who listens and accurately assesses their particular business situation. They want a mentor who is helpful and who provides relevant advice in a respectful manner. SCORE's 10,000 experienced mentors are happy to volunteer their time doing just that."

CLICK HERE
to return to
Table of Contents

# Chapter 225

# Are you ever too old to start a business?

**Published: Monday, June 18, 2018**

Would you like to become a mid-life entrepreneur? I was looking for sage advice for prospective entrepreneurs who have thought about starting a business but either feel they waited too long or believe they are too old. Is there a right time? When might it be too darn late?

I posed these questions and selected eight responses through the website Help A Reporter.

CLICK HERE
to return to
Table of Contents

David Busker, a franchise consultant with FranChoice Inc., says, “We work with latent entrepreneurs every day. We have large numbers of successful franchise candidates who are retired from corporate America and have always thought of owning a business but just never felt they could pull the trigger.

“Many have found a path through franchising, where systems and processes help with the routine and mundane parts of running a business. This way they can focus on the value-added piece. Buying a franchise can provide a sense of mission and income similar to their corporate executive position, and perhaps with an improved lifestyle and more freedom.

“Franchisors are happy to have experienced owners and consider it a win-win. Semi-absentee ownership of a franchise is definitely a trend where buyers can realize their dreams of business ownership.”

Mills Menser, founder of Diamond Banc: “I thought that I had waited too long to start a business because the economy was in a downturn. It seemed like the timing wasn’t right — even crazy — to start a new business. I saw potential and knew it was the perfect time to start a company that buys or allows customers to borrow money against their jewelry. I started Diamond Banc because I saw a need in the marketplace.

CLICK HERE
to return to
Table of Contents

“With the 2008 financial crisis, many people were looking for non-traditional ways to acquire financing. They needed something fast and hassle-free that wouldn’t affect their credit score. Many of our loan clients are small-business owners themselves. We help clients open their own franchise, flip houses and more.

Deborah Rogers with The Gifted Rat: “My sage advice is start something and figure it out along the way. I started with a website, then added eBay, Etsy and Amazon. I would advise starting with eBay first and then gravitate to the other marketplaces and a dedicated website.

“It is easy to create a listing on eBay. It’s the easiest of marketplace platforms. My other advice is to start small. I (thought) I had a brilliant idea. I imported 700 pieces from China. The product hasn't sold as fast as I anticipated. In hindsight, I wish I had imported less to test the concept," Rogers said.

"It's never too late to start a business, especially with the current trend of disruption innovation," says Derek Iannelli-Smith with Outsourced CIO LLC.

Iannelli-Smith, a 47-year-old disabled veteran, started his business in November 2017. "I hit the ground running and attribute my success to being a part of Bunker Labs Launch Lab Online. I have had businesses before, worked for employers, went to seminary, and then back to business ownership.

"Success takes wise counsel and support, strategic partnerships, faithfulness, accountability, and teachability," Iannelli-Smith said.

**CLICK HERE**
**to return to**
**Table of Contents**

"The older you are, the more you should prepare for business transition," Priyanka Prakash with Fundera said. "Develop a good succession plan and get business insurance (key man policy or buy-sell if you have partners) in the event you can no longer serve in an active role. You might think about bringing a younger business partner on to keep the business going."

Janet Attard with Business Know-How suggests, "My advice for latent entrepreneurs: Be honest about your motivations, needs, interests and finances; know how much time and effort you're willing and able to put into starting the business; be sure there's a market; understand how big (or small) your business will be.

"Remember that people of all ages start businesses — some become successful and others don't. Age isn't the determining factor in business success. The owner's motivation, determination and the market's need for the product or service, combined with the entrepreneur's ability to reach that target market is what determines success."

"Don't start a business around your passion," says Rob Kornblum with StartLaunchGrow LLC, "unless your passion is also a good business. The best businesses combine the passion and skill of the entrepreneur and fulfill a market need."

**CLICK HERE**
**to return to**
**Table of Contents**

In the end, age can be a plus when you add your many years of experience to an entrepreneurial venture. It can also be a minus when your risk tolerance creates fear of failure, sleepless nights, loss of your home, bankruptcy, and worse should your business fail.

But if you insist on moving forward, please make sure you have a clear vision and your market research confirms the veracity of your idea. Even then, think twice before you quit your day job.

# Chapter 226

# The unwritten rules for using email effectively

**Published: Monday, June 25, 2018**

One day last week, I received 173 emails. I know I am not alone in having a daily flood in my inbox.

CLICK HERE
to return to
Table of Contents

According to an article in Inc. magazine, the average U.S. employee spends about a quarter of the work week viewing hundreds of emails sent and received daily.

As far as I know, there is no formal rulebook on how to write or respond to email, and most people are sloppy about writing and responding to email. Emails are not as long or formal as letters but they are more formal and longer than texts. Their subject line, introduction, body and call to action should be well-thought-out and end with a signature block.

Here are some basic tips I have discovered over the years that might help you improve your business communications.

Your subject line should be clear, concise and descriptive. This is the single most important factor in determining whether your email gets opened and read. Marking email urgent or important is overused; don't do it.

Explain why you are sending the email. Are you asking the recipients for an action or are you informing them about something? In that case, using For Your Information (FYI) may be appropriate.

When possible, your business email address should include your first and last name. There is no reason for someone to guess who is sending the email. Make sure the recipient's email address is correct.

CLICK HERE
to return to
Table of Contents

Beware of ‘Reply all,’ which is meant to inform all the recipients of your response. More often than not, you should respond directly to the sender only. Not everyone in the email chain wants to receive a dozen responses with information they don’t need.

Use more professional salutations to match the level of the relationship. “Dear Mr. Jones” is okay for a first contact, while “Hello, Fred” is acceptable for someone you know.

Do not use exclamations points or all capitals. Using all capitals is equivalent to shouting. Use bold type sparingly and only if something is important.

Proof every email you are about to send. Grammar, spelling and punctuation are still important. Use Grammarly, a free software extension, to help you correct grammar, punctuation errors and spelling.

Do not send emails if you had too much to drink or you are mad at someone.

Write the email before you add recipients. This prevents premature sending. Double-check the email address if you are sending to a new contact.

Keep your email easy to read by selecting a classic typeface like Times Roman. Additionally, use a font size that is easy to read (12 to 14 points). Stick with one color, either black or blue.

Keep your emails short. The sooner you reply to an email the shorter your email can be.

**CLICK HERE**
**to return to**
**Table of Contents**

While you should generally avoid using abbreviations and confusing jargon, I recently learned of an interesting response that contradicts this suggestion, it is DNR - TL, which stands for Did Not Read Too Long. Don't you love it?

Focus on one subject per email.

Add a signature block, including your title, company name, address, phone numbers (business and cell) email address and your website address. All employees should be consistent with company branding protocol.

Emails are like phone calls: Reply to them as soon as possible, generally within one or two days.

Always keep in mind that email is evidence mail. Unless you want to see it blasted in the newspapers, the internet, forwarded or used in court proceedings, be cautious about what you write. Watch your tone, avoid sarcasm and be careful using humor.

Keep cc's to the minimum number of people in order to accomplish your objective. Less is more. If someone doesn't need to know, then leave them out of this loop. The term "cc," by the way is a throwback abbreviation for "carbon copy." When was the last time you heard of someone using carbon paper to keep a copy of their typed correspondence? (Younger readers will have no idea what the previous sentences mean.) It's acceptable to copy an email and send it back to the sender with comments. I suggest you use a different color for your response so it stands out.

**CLICK HERE**
**to return to**
**Table of Contents**

If an email contains information that you have requested, a simple "Thank you" response lets the sender know you received the email.

If you desire a response from the recipient, then ask for one. In Outlook and other email programs, you can request to be notified when the recipient opens the email.

End your email with a pleasant closing — thank you, regards, sincerely or something similar.

Don't forward jokes and emails that are in bad taste.

Boomerang, for Gmail, allows you to send and receive emails at a later time. You can schedule automatic delivery times and have emails returned to your inbox at the time of your choosing.

**Some statistics**

According to Matt Montoya with Constant Contact, 91 percent of people check their emails in the morning. Because more than half of the people are checking email on mobile devices, it is imperative that your email looks good on mobile. Eighty percent of recipients will delete an email that is not optimized for mobile. Thirty percent will unsubscribe if your email is not mobile responsive.

Please write to me with comments and suggestions but keep it short and to the point or I will return your email as DNR - TL.

**CLICK HERE**
**to return to**
**Table of Contents**

---

***Keep cc's to the minimum number of people in order to accomplish your objective. Less is more. If someone doesn't need to know, then leave them out of this loop. The term "cc," by the way is a throwback abbreviation for "carbon copy." When was the last time you heard of someone using carbon paper to keep a copy of their typed correspondence? (Younger readers will have no idea what the previous sentences mean.)***

**CLICK HERE**
**to return to**
**Table of Contents**

# Chapter 227

# Your second chance to make a first impression

**Published: Monday, July 2, 2018**

In my past life as a magazine publisher, I created a business- support entity known as Second Impressions. Second Impressions was a customized publishers' reprint company.

I thought the name was clever because it gave a second chance to make a first impression. Magazines publishers were able to provide this adjunct service to reprint ads and articles ("As seen in") for their advertising clients and readers suited to the customer's needs.

CLICK HERE
to return to
Table of Contents

Fast forward to the Manatee County Public Library educational series in partnership with Manasota SCORE. SCORE mentors Jack Morris and Tami Wankoff presented "First Impressions for Business."

First impressions have the ability to make or break a business, and a positive experience can create a long-lasting business relationship.

Making a good first impression is particularly important when it comes to meeting customers, pitching potential clients or interviewing — whether you are the interviewer or the candidate (interviewee.)

In his comprehensive research on communication, sociolinguist Albert Mehrabian found that in a face-to-face encounter, 7 percent of a message comes from the words used; 38 percent comes from the vocal tone, pacing and inflection; and 55 percent of the message is transmitted by the speaker's appearance and non-verbal cues (body language.)

CLICK HERE
to return to
Table of Contents

First impressions have a great impact on the direction of a business relationship. Since you have about seven seconds to "size up" the person — and vice-versa — an inventory is taken of your smile, handshake, eye contact, how you walk, talk and other ways you present yourself. How can you make this interaction — whether in-person or electronic — work for you? After all, every business relationship should begin on a positive note.

"If people are failing, they look inept. If people are succeeding, they look strong and good and competent. That's the 'halo effect.' Your first impression of a thing sets up your subsequent beliefs. If the company looks inept to you, you may assume everything else they do is inept," psychologist Daniel Kahneman said.

Preparation is all-important.

Being well-prepared will help build your self-confidence. It will also enable you to display a relaxed persona that helps you engender likeability and trust. After all, people want to do business with people they like and trust.

First impressions usually start with the visual. Fair or unfair, right or wrong, everyone does this! Whether it's done consciously or subconsciously, people look at you and make that initial judgment.

Second impressions follow.

You've met the person and you are talking to them. Ask for their name and repeat it: "Nice to meet you, Fred." Be aware of your hand movements; they should be comfortable and not too animated. It's okay to be yourself (who else are you going to be), but be your best self. Be positive, friendly, casual, and comfortable. Shake hands as appropriate. Acknowledge the first interaction with a thank you note or meaningful follow-up.

CLICK HERE
to return to
Table of Contents

This will help you get a second chance to make a first impression and develop your business relationship.

**Skype issues**

During a Skype or FaceTime interaction, make sure your physical background is not distracting. In addition, keep background noise to a minimum. Control and adjust the environment, including sound and lighting. View the effect that lighting changes have on your appearance. Dress conservatively with little to no distractions — don't wear clothing or jewelry that will distract from you. Sit upright, not slouching. Your voice shouldn't be too soft or too loud, too fast or too slow — and don't mumble. Try to modulate your pace to equal theirs. Ask questions to establish commonality. Speak clearly. Use grammatically correct sentences. Never misrepresent yourself. Tell the truth and tell it well.

**Before that first impression**

Do your homework by researching the company and the person you will be meeting. This will help you ask intelligent, pertinent questions as the situation warrants. Use LinkedIn and the company's website to educate yourself about their business. Record your voice and use video to see how you look to others.

CLICK HERE
to return to
Table of Contents

**Other first impressions**

When you send an initial email to someone, they form an impression before you meet in person. Your business card and company brochures provide a breadcrumb trail about you, your company and the type of person you are. Hire an experienced, talented artist to help deliver a professional look. Make sure there are no typos and that your grammar is correct. Dress neatly, with your shoes shined and your clothes clean and pressed.

“Your smile is your logo, your personality is your business card, how you leave others feeling after an experience with you becomes your trademark,” says Jay Danzie, author of “Success in Progress.”

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 228

# How to build relationship equity using social media

**Published: Monday, July 9, 2018**

Before you sell any product or service, you need to build trust and relationship equity (RE). 'Give before you get' should be your motto. RE can be described as the intangible value earned as the result of your contributions via your social media communications. These contributions are often manifested in the form of access to information including insight, knowledge and referrals. Your return on RE may be realized through introductions, access to people, sales, investment opportunities and in other ways.

CLICK HERE
to return to
Table of Contents

According to Nudge Marketing, “It will cost you time and money to build the relationship equity, but the value when prospects become your customers or clients will greatly exceed the initial costs. Furthermore, you will have a genuine relationship with an actual person, not just a number on a spreadsheet.”

I asked my professional network 'how to build relationship equity using social media?' Here are some of the interesting responses received.

Mary Clare Bland, founder of the digital marketing firm bespokedigital-solutions.com, suggests, “Interview people (clients, prospects, subject matter experts) and showcase their expertise. Use their interview in a blog post and share it through social media. This helps drive traffic to their website and increases their social media presence. It helps your site’s SEO when the blog post is shared with their network. Another way is to “like” their posts on LinkedIn. This is helpful if you have a large LinkedIn network because it makes their posts visible to a larger audience.”

Syad Irfan Ajmal with SIA Enterprises advises, “Having a better understanding of your customers will lead to better relations. In today’s digital age, to outmaneuver competitors and build long-term win-win relationships with current and potential customers, listen to your customers and treat them as people, not wallets.”

CLICK HERE
to return to
Table of Contents

Another viewpoint is that “Giving without expectation is the fastest and most effective way to build a relationship with future customers through social media channels. Promote their cause by reposting or sharing posts or tagging people who may be interested in that content. Grow relationship equity by tagging their handle to other services or posts that you think they would find helpful,” suggests Jerome Myers with The Myers Development Group, LLC.

Douglass Hatcher with Communicare4Impact offers, “Don’t think in terms of Brand Equity. It’s not about your brand. It’s about your customers and your relationship with them. Think in terms of customer or consumer equity. Here's the secret that everyone knows but often forgets: build relationships and you'll build your brand."

Dwayne Vera, problem-solver and speaker, adds, "Be available to your clients and prospects through your social media channels. Let your audience know you're available to chat (use Livechat). Set up a Google alert when your name is mentioned and thank those who mention it. This allows you to build a responsive community online and receive referrals because of relationships you are building with your brand."

Providing value is important. "Offer value instead of asking for money. Post relevant vendor-neutral content. Like, share or comment on relevant posts. This strategy is not very innovative, but I don't think there are any shortcuts. Consistency plus time equals equity," says Mike Roberts, sales director with Cyber Security Hub.

**CLICK HERE to return to Table of Contents**

Relationship and friendship expert Dr. Melanie Ross Mills, with Mills Productions LLC, suggests, "Communicate authentically. People want to engage with brands and others that they can identify with and relate to. Be real. Be honest. Be authentic.

"Give back. When posting, consider what you're offering your audience. If you're constantly promoting your product or service, that can become one-sided. Maintain a mindset of being heavy on offering something to your audience.

"Build a relationship. Take time to know your audience and prospective clients by engaging, responding, and listening. Keep their best interest in mind as you're building your social media presence. What do they want to hear about or learn from your posts?

"Provide opportunities to bond and connect: events, comments, stories, replies to instant messaging. These set the stage for ways to connect with your audience. Don't wait for the people to show up, follow, like; give them a reason to want to engage."

Conversations are important. "The key is social listening on social media. Make sure you have someone dedicated to responding to customers' comments or questions. Customers need to trust that they are being heard. For future prospects, creating a co-branding partnership with other brands will help you build your fanbase as well as increase brand awareness," opines Connie Chi, founder of The Chi Group, a branding agency.

**CLICK HERE to return to Table of Contents**

Avery Blank, JD, owner of Avery Blank Consulting, fires off these suggestions: "Share content: Relationships take time. Keep people engaged over time. Have an authentic voice: Avoid corporate speak. This makes it easier for others to connect with you and your brand."

According to a recent consumer survey, the best way to build relationship equity with consumers via social media (and actually get them to purchase) is by being Responsive. Responding to people's messages and showing that you actually care about them.

“When you take the time to educate people on your product or service, they’ll feel more confident about you and your expertise. This helps build trust and strengthens their relationship with you” says Andrew Schutt, owner of Elevated Web Marketing.

The wonderful part about Relationship Equity — as noted by the website Nudge Marketing — is that, just like a great friendship, it grows over time and, importantly, stays for a long time.

***According to a recent consumer survey, the best way to build relationship equity with consumers via social media (and actually get them to purchase) is by being Responsive. Responding to people’s messages and showing that you actually care about them.***

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 229

# The gig economy and your business

**Published: Monday, July 16, 2018**

What is a “gig economy?” According to Investopedia, “In a gig economy, temporary, flexible jobs are commonplace, and companies tend toward hiring independent contractors and freelancers instead of full-time employees.” A gig economy is a major departure from the traditional economy of fulltime workers who rarely changed positions and focused on a lifetime career.

CLICK HERE
to return to
Table of Contents

Today, more people are willing to work part-time or in temporary positions. This is partly because they may have a difficult time getting a full-time job in their chosen field and because less expensive and more efficient services — such as Uber — have caught on and are widely used. Other gigs are found in areas such as photography, online content writing and commercial art creation.

Although many employers won’t hire contracted employees, the gig economy trend could hamper fulltime employees from developing their careers. Temporary employees often cost companies less, and gig contractors’ work schedules are more flexible. A wide range of positions falls into the gig category, though much of the growth is now in IT. Some gigs have an end date, while others are ongoing.

**Contributing factors to a gig economy**

My research shows that an estimated 33 percent of the working population participates in some type of gig job. This percentage is expected to rise substantially over the next 20 years for a variety of reasons.

CLICK HERE
to return to
Table of Contents

It has become common for people to work from remote locations or from their homes by telecommuting, which encourages independent contracting work. Because many gig jobs don’t require freelancers to work at an office and they are not hired based on their proximity to the office, employers have more applicants to choose from.

Often, employers can’t afford to hire full-time employees, so they hire part-time or temporary employees to take care of periods when they are overloaded with work or special projects.

Downsides to gig jobs are that they don’t offer benefits and they aren’t as secure as full-time jobs. Employees may find that they need to work more than one gig to afford their lifestyle.

But LinkedIn ProFinder reports that over 50 percent of freelancers surveyed planned never to return to full-time employment. Almost 20 percent said they will make six figures or more from freelancing this year.

Over the decades, there has been a dramatic increase in job mobility as employees change careers more frequently throughout their lives. The gig economy has accelerated as the result of job mobility occurring on a grand scale.

According to the Entrepreneur.com, more than 57 million freelancers in the U.S. contributed nearly $1.4 trillion to the U.S. economy in 2016. The gig workforce has increased by 27 percent more than payroll employees over the last 20 years. The U.S. workforce has grown about 2.6 percent each year; but gig freelance work has grown by more than 8 percent annually.

According to the Entrepreneur website, the five highest paying gig jobs are:

1. Artificial Intelligence (AI), where average pay exceeds $115 an hour.

2. Blockchain jobs, paying $87 an hour.

3. Robotic jobs, paying $77 an hour.

4. "Penetration testers," earning $66 an hour. This work, also known as "ethical hacking," involves checking for potential security vulnerabilities and protecting companies from criminal hackers.

5. Bitcoin jobs, with earnings exceeding $65 an hour.

**CLICK HERE**
to return to
Table of Contents

As an employer, list the skills you require for a specific gig job. Next, determine what type of schedule or deadlines must be met. Then, explore the websites listed with the accompanying box for gig job openings.

**Other industry trends**

According to LinkedIn, freelancers who changed industries during the past year gravitated toward health care (+11 percent), real estate (+10 percent), construction (+8 percent), software and IT services (+5 percent). There was a decrease in public safety (-16 percent), retail (-12 percent), arts (-11 percent), recreation/travel (-9 percent) and agriculture (-8 percent).

**CLICK HERE**
to return to
Table of Contents

**The 10 best sites to post or find gig jobs**

**Behance.net** — The best site for finding people in creative fields, including photographers, designers and illustrators.

**Fiverr.com** — One of the largest global networks of freelancers. Most jobs pay $5 or $10 an hour.

**Flexjobs.com** — Offers jobs in 55 categories. Employers are vetted before they are allowed to list jobs.

**Freelancer.com** — Offers fixed-price and hourly projects.

**Gigster.com** — Specifically for IT jobs with a focus on software development. The site takes a percentage of the fee for any project.

**Guru.com** — Lists thousands of jobs in many categories.

**LocalSolo.com** — A curated talent network of over 27,000 local freelancers.

**TaskRabbit.com** — Lists requests for help with various chores and tasks. Jobs range from cleaning houses, to moving to making deliveries.

**Toptal.com** — Helps IT and finance freelancers find gigs.

**Upwork.com** — Lists a variety of projects, some ongoing and some for a fixed period.

**CLICK HERE**
**to return to**
**Table of Contents**

**CLICK HERE**
**to return to**
**Table of Contents**

# Chapter 230

# Which wolf will you feed?

**Published: Monday, July 23, 2018**

When I look at my dog, Smokey, a 21-pound, black-and-white poodle/shihtzu/bijon mix, I see a sweet 2½-year-old animal who was descended from wolves.

Playing tug of war brings out the grunts and growls one might expect from a wild animal.

“Two Wolves” is a Native American Cherokee legend. It is illustrative of perhaps the most important inner battle that all people face — the battle between our good and bad thoughts, between good and evil.

CLICK HERE
to return to
Table of Contents

An old Cherokee man is teaching his grandson about life. “A fight is going on inside me,” he explained to his grandson. “It is a terrible fight and it is between two wolves. One is evil. He is angry, envious, sorrowful, regretful, greedy, arrogant, self-pitying, guilt-laden, resentful, inferior. He lies, has false pride, superiority and is ego-driven.

“The other is good. He is joyful, peaceful, loving, hopeful, serene, has humility, is kind, benevolent, empathetic, generous, truthful, compassionate and has faith.

“The same fight is going on inside you, and every other person, too.”

The grandson thought about it for a moment and then asked his grandfather, “Which wolf will win?”

The old Cherokee told him, “If you feed them right they both win.

If I only choose to feed the good wolf, the bad one will be hiding around every corner, waiting for me to become distracted or weak and jump to get the attention he craves. He will always be angry and always fighting the good wolf.

CLICK HERE
to return to
Table of Contents

“But if I acknowledge him he is happy, and the good wolf is happy and we all win. “For the bad wolf has many good qualities: tenacity, courage, fearlessness, a strong will and great strategic thinking that I have need of at times and that the good wolf lacks. But the good wolf has compassion, caring, strength and the ability to recognize what is in the best interests of all.

“The good wolf needs the bad wolf at this side. To feed only one would starve the other and they will soon become uncontrollable.

To feed and care for both means they will serve you well and do nothing that is not a part of something greater, something good, something of life.

"Feed them both and there will be no more internal struggle for your attention. When there is no battle inside, you can listen to the voices of deeper knowing that will guide you in choosing what is right in every circumstance.

"Peace is the Cherokee mission in life. A man or woman who has peace inside has everything. A man or woman who is pulled apart by the war inside him or her has nothing.

How you choose to interact with the opposing forces within you will determine your life. Either starve one or the other or guide them both."

This allegory is equally applicable to life, business and politics. It is also what I refer to as the double-edged sword concept. The same weapon that can kill others, can kill you. The same qualities that make you great and able to achieve great success can also destroy you.

**CLICK HERE**
**to return to**
**Table of Contents**

Both wolves are hungry.

You feed the wolves with your thoughts, your energy, your actions and your outlook.

Businesses operated by feeding both the good and bad wolves will help you achieve great success.

Balance is paramount. Life-long learning combined with business common sense provide the best feed for you as owner/manager as you navigate the mountains and valleys in life and in your business.

Are you aware of the conflicting wolves in your life? Play to your strengths and either harness or turn your weaknesses into a positive force.

Remember, it takes more effort to feed the good wolf than the bad wolf but you must feed them both. You will gain a sense of accomplishment and experience success by achieving proper balance because both wolves have good attributes.

This story is known by many. I just heard it this week and its strong message stuck with me. It's time to feed Smokey his dinner.

**CLICK HERE**
**to return to**
**Table of Contents**

I'm sure he's mostly descended from a good wolf.

# Chapter 231

# My two cents on pricing

**Published: Monday, July 30, 2018**

According to Wikipedia, pricing is the process whereby a business sets the price at which it will sell its products and services and may be part of the business's marketing plan. In setting prices, the business will take into account the price at which it could acquire the goods, the manufacturing costs, the market-place, competition, brand, and quality of product.

CLICK HERE
to return to
Table of Contents

Pricing is one of the four P's of the marketing mix. It is the only revenue-generating variable. Product, promotion, and place are cost centers, and the contribute to decreasing price elasticity. They enable price increases to drive revenue and profits.

Consumer needs may be converted into demand only if the consumer has the willingness and ability to buy the product offered. Pricing is used as a tactical decision in response to market situations. It is a fundamental aspect of financial modeling. While there are dozens of concepts related to pricing, I will focus on some of the more common variables.

**Break-even point** — This is the point where total costs equal total revenue. Profit is zero.

**Bait-and-switch** — Advertising goods at a low price (bait), with the intention of substituting inferior or more expensive goods (switch). Bait-and switch is a form of retail sales fraud. For proper legal action to be taken, there must be proof that the fraud was completely intentional and part of a greater selling scheme.

**Cost plus pricing** — A pricing strategy where selling is determined by adding a specific dollar markup to a product's unit cost.

**Drip pricing** — An advertised price plus additional fees charged for other items.

CLICK HERE
to return to
Table of Contents

**Dumping** — This occurs when manufacturers export a product to a different country at a price below the normal price. Dumping has an injuring effect to others in the same space that cannot compete at similar pricing.

**Dynamic pricing** — Businesses set flexible prices based on current market demands.

**Everyday low price** — Promising a low price without a sale.

**Geographical pricing** — Pricing based on geographical location reflecting shipping costs to different locations.

**Group buying** — Reduced prices when a minimum number of buyers make a purchase.

**High-low pricing** — The high price for an item is lowered, reflecting the item's decreasing popularity.

**Loss leader** — A product is sold below cost to stimulate sales of more profitable products.

**Premium pricing** — Artificially high pricing to encourage favorable perceptions among buyers.

**Price elasticity** — The change in buying (elasticity) of goods or services when only the price changes.

**Price ceiling** — Government imposed price controls to protect consumers from overpaying (i.e., rent controls).

**Price fixing** —An agreement by sellers colluding to sell products or services at a fixed price.

CLICK HERE
to return to
Table of Contents

**Price umbrella** — A pricing effect created by a dominant company where competition sets their price at or below the dominant company's price.

**Pricing strategies** — Setting prices to achieve maximum profitability; or to defend an existing market from new entrants; or to increase market share or enter a new market.

**Psychological pricing** — Certain prices have a psychological impact. Retail prices are often expressed as $9.99 instead of $10.

**Reserve price** — The highest price a buyer is willing too pay or the lowest price a seller is willing to sell (i.e., auctions).

**Suggested retail price, or list price** — Manufacturers Suggested Retail Price or MSRP. The price at which a manufacturer recommends that the retailer sell the product.

**Value-based pricing** — Prices are set according to the perceived value of a product or service to the customer. The cost of the product and historical prices are irrelevant.

CLICK HERE
to return to
Table of Contents

**Variable pricing** — Charging different amounts, such as when sports venues charge more for their seats when better teams are playing.

So how should you set prices in your business? Depending upon the type of business, you should use insight, analysis and perspective and take many of these factors into consideration. The number one mistake I see is failure to set prices high enough to make a sustainable profit. Here are some questions you need to ask.

How much is your competition charging for the same or similar product or service?

What are your fixed and variable costs, and what profit margin is acceptable to you?

How many units do you have to sell to break-even?

How many units do you have to sell to make the amount of money you desire?

Can your product or service justify the additional price (premium) you charge versus competitors?

How much business will you gain or lose if you adjust prices up or down? Will this optimize your profits?

I recommend conducting a sensitivity analysis (by product/service) to see how much profit you gain or lose with different pricing strategies. Consider what margins are common to your industry.

Are you selling a commodity, something that can be had everywhere? If yes, then you need to price competitively. If your product is unique, or hard to come by, and you have few competitors, you can generally charge more. You can raise prices to cover additional costs or in response to increased market demand.

Avoid price wars; unless your strategy is to knock out a competitor, this is a zero-sum game. Keep in mind, pricing wars benefit the consumer, not you.

And that's my two cents on pricing.

**CLICK HERE**
**to return to**
**Table of Contents**

**CLICK HERE**
**to return to**
**Table of Contents**

# Chapter 232

# Promotion, place and new customers

**Published: Monday, August 6, 2018**

Pricing, the most important concept in marketing, was covered in this column last week. The next two Ps are promotion and place.

Product is the fourth P, and without a product you have nothing to price, promote or sell from any place.

**CLICK HERE to return to Table of Contents**

Promotion defines the way you communicate to your target market of prospects and customers. It also educates your target market about what you are selling. Promotion uses persuasion through advertising, public relations and direct sales. Advertising uses various channels such as online, television, radio and print.

Public relations may include press releases, online commentary and promotional events. Typically, product feature sets and benefits are extolled to make the consumer want to buy.

The four P's are views from the seller's perspective, not the buyers'.

Buyers, however, are interested in the four C's: Customers want to solve their problems rather than buy a product; they focus on their Cost of buying a product; the Convenience to purchase, whether online or at a brick-and-mortar store; their Communications with someone who can educate them on the product and with the Company behind the product. Place strategy includes your distribution channels and the locations where your product is sold. Place affects pricing for several reasons, the most significant being shipping costs.

**Sales promotion**

**CLICK HERE to return to Table of Contents**

The American Marketing Association defines sales promotion as: The media and nonmedia marketing pressure applied for a predetermined, limited time at the level of consumer, retailer or wholesaler in order to stimulate trial, increase consumer demand or improve product availability.

One purpose of a sales promotion is to drive urgency in a buyer's decision-making process. Promotions that work for established companies may not be effective for startups. Effective customer-directed sales promotions may involve a free trial or special introductory offers. Free trials place your product in the hands of potential future customers. It helps them experience the value of your product. This promotional model also helps generate leads for an upgrade to your premium product.

**What is the lifetime value of your new customer?**

Will your new customer buy from you again? How often might your product be purchased? Is there something you can do to enhance repeat business? Are there supplies or disposables that go with the initial buy?

Was you customer experience great?

Will it encourage a repeat purchase?

What other products might these customers buy from you?Remember that a sales promotion will cost you up-front money, but the long-term value of your new customers will hopefully offset any lost revenue from the initial promotion.

Over time, you will learn the lifetime value of your customer.

CLICK HERE
to return to
Table of Contents

**Sales promotion marketing strategy**

How often should you use a sales promotion? Overuse of a sales promotion can give customers the impression that you do not value your product at its regular price. This can damage your brand over the long term. Sales promotions obviously should enhance your brand's image, not hurt it.

Determine the goals of your promotion. Are you looking to generate a specific number of sales? Do you want to capture new email addresses and other demographic data? Are you attempting to develop new distribution channels? Are you testing price?

Ensure that your promotion is conducive to reaching your long-term goals. A good sales promotion strategy creates awareness, generates leads and highlights events, culminating in increased sales. You may want to discontinue a specific promotion if you did not achieve any of these outcomes.

**Place marketing strategy**

Place decisions involve moving products from production to the end user. They may also include other business partners, product production or assembly, warehousing, shipping and delivery.

CLICK HERE
to return to
Table of Contents

These decisions determine how and where your product is purchased. Intermediaries such as distributors, wholesalers and retailers may be involved in this process. A sound strategic place strategy will help you gain market share.

The traditional marketing mix combines the four P's of product, pricing, promotion and place. When optimized, this combination creates a synergistic marketing plan, providing loyal customers, word-of-mouth referrals, repeat business and happy customers.

Now that's a nice place to be, isn't it?

# Chapter 233

# Accountability is your competitive advantage

**Published: Monday, August 13, 2018**

I recently attended the SCORE National Leaders' Conference in Jacksonville. Our keynote speaker was Sam Silverstein, author of, "No More Excuses, The Five Accountabilities for Personal and Organizational Growth" (Sound Wisdom $15.99 www.soundwisdom.com).

CLICK HERE
to return to
Table of Contents

Mr. Silverstein's speech motivated me to read his book immediately after the conference. The book's message is that accountability is the highest form of leadership. Your beliefs are the only thing that will determine your success. Rich corporate cultures inspire accountability. Your values are what is important. As a leader/ employee, you either are or are not responsible for things.

Silverstein focuses on five principles in his book.

**1 - Doing the right things**

Do the right things consistently and strive to do them with a commitment to excellence. If something is not working to your level of excellence, it is up to you to get it right. Doing the right things will support your strategic goals.

If you are in a leadership position in your company, it is up to you to be the visionary. You must establish the strategy for execution and ensure the results. Focus on the right things and tune everything else out. Your goal, your strategic intent, should be simple and memorable.

Determine who is doing what to reach the goal and make achieving it a reality.

CLICK HERE
to return to
Table of Contents

**2 - Managing your space**

Silverstein emphasizes that business leaders are responsible for pursuing new opportunities for growth. "We and we alone are accountable for making space for the new stuff by getting rid of the old stuff. If we don't create space, we can't try new things. If we aren't trying new things, our competitors will beat us to new opportunities."

It is easy to do the familiar. But is there something else that you can do to achieve a greater yield? Do you have the products and services that will take your business to the next level?

**3 - Managing the process**

When strategic intent faces obstacles and you continue to move forward toward attaining the goal, then you are managing the process. Silverstein calls it, “Accepting proactive accountability for making it happen.” When you encounter obstacles, ask if there is anything you can do to improve the situation.

Will you be the kind of person who accepts accountability for managing the process? Managing the process means taking proactive responsibility for moving things forward in support of your strategic intent.

“Every time we make an excuse and every time we abdicate, we stop managing the process,” Silverstein says.

**4 - Establishing the right expectations**

CLICK HERE
to return to
Table of Contents

“Expectations are the targets we set for ourselves. Once we accept them, they determine our actions, our outlook and our destinies,” Silverstein says. Goals need to be realistic, attainable and also a stretch.

According to one of Silverstein’s interviews featured in the book, “If you can’t set reasonable expectations for yourself and others, everything else is for naught.”

Be sure to talk with your employees for their buy-in so they are accountable to their goal, not just yours. Shared expectations need to be based on the current situation.

Being held accountable for achieving unrealistic results that can only be achieved by cutting corners or breaking the rules is at odds with ethics and values. It is far better to admit that the goal cannot be achieved without bending the rules. Neither personal or organizational standards should ever be compromised to achieve results.

**5 - Contributing to your relationships**

CLICK HERE
to return to
Table of Contents

“Failure to manage relationships means ultimate failure. Success in managing relationships means ultimate success,” according to Silverstein.

We should be looking for ways to enhance our relationships both personally and professionally. It does matter what others think. “Personal accountability is not about giving back — it’sabout giving,” Silverstein says.

In both your personal and business life, give because it’s the right thing to do.

“Managing relationships will always be an essential part of leadership,” says South African politician Roelf Meyer, who also is interviewed in the book. Help the people on your management team achieve their goals.

“When there are problems,” Silverstein explains, “accept your fair share of the responsibility for resolving them and spend more time on the solution than on the blame game. Our accountability to manage our relationships must support principles of equity, transparency and ethical dealings with others."

Remember to give back personally and corporately to your community, your country, your world, in both time and money. It is important to follow through with your commitments.

Remember, no more excuses! Accountability is a way of doing business.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 234

# Harness greed and fear with knowledge

**Published: Monday, August 20, 2018**

According to remarks attributed to Einstein, fear and greed are two of the three great forces in the world. The third is stupidity. This column will not address stupidity.

Here's another quote about greed: Gordon Gecko, a fictional character in the 1987 film 'Wall Street,' famously said, “Greed is good.” Gecko, a character who was a legend in the world of finance with no moral compass, was sent to prison for securities fraud and insider trading.

CLICK HERE
to return to
Table of Contents

Here's one about fear: By 1933, the Great Depression had reached its depth. President Franklin D. Roosevelt, in his first inaugural address, famously said, “So, first of all, let me assert my firm belief that the only thing we have to fear is fear itself — nameless, unreasoning, unjustified terror which paralyzes needed efforts to convert retreat into advance.”

Setting aside Wall Street fictions and the grim reality of economic calamity, greed and fear, though serious problems, may be harnessed effectively in your business. Consider these scenarios.

Your business is going gangbusters, profits are increasing year over year, cash is flowing and you’re living the dream. You want to make hay while the sun shines.

But be cautious, because greed may rear its ugly head and convince you that you are invincible — so good that you can do no wrong. This thinking can make you sloppy and may have you making business decisions that are not well thought out. The belief that they were invincible has destroyed many entrepreneurs.

Fear, on the other hand, can keep you up at night. It can paralyze you and interfere with your previously sound business decisions. Fear can stop you in your tracks, keep you from hiring employees that you need and prevent you from raising prices when you must. Fear prevents you from making the decisions you must make to remain viable.

CLICK HERE
to return to
Table of Contents

Fear's effects are real. Wall Street even has an index, the VIX, that indicates the degree of volatility in the market.

But your business has its own set of volatility indicators, metrics that tell you how your business is doing, that can the alleviate fear of your worst business nightmare — going out of business.

What are some of these metrics you should watch?

Using data from Risk Management Associates, formerly known as Robert Morris Associates, you can look up your industry and compare your ratios to the sample data ranges. You will be able to see how your business stacks up in relation to other similarly sized businesses in your field. All banks have access to this data. Trade associations for your industry may also have comparative metrics. Pay attention to comparative balance sheet ratios regarding assets and liabilities such as cash, accounts receivable, inventory, fixed assets, liabilities, trade payables, debt, taxes and net worth.

Next, look at income data, such as gross profit, operating profit, profit before taxes and also operating expenses.

Consider cash-flow measures such as cash from sales, cash after operations, debt service, interest coverage, etc.

CLICK HERE
to return to
Table of Contents

**The most important metrics**

Without cash, a business is dead; therefore, cash metrics are the most important to track. These include your current cash position and aging your accounts receivables. It also includes knowing your Days Sales Outstanding; cash-in (receipts); and cash-out (expenses).

Another important factor is getting favorable credit terms from your critical suppliers. Track important ratios (quick, current, etc.). Ask your accountant what metrics you should track for your business.

Fear dissipates when you are flush with cash. Cash buys you time and enables you to operate your business less than perfectly. A small mistake will not do you in.

**Tracking sales**

It is crucial to track sales from all your revenue streams. How do current sales compare to last year? Are your sales meeting or exceeding your projections for this year? If not, what can you do to improve sales/services? How do you stack up against your competition?

CLICK HERE
to return to
Table of Contents

What do you mean you don’t know? You need to know, or at least have a good idea. Sales cure all if your margins are sound. Fear fades when business is good, but don’t get greedy.

Remember, you are not invincible.

**Inventory**

If inventory is critical for your business, it’s important to focus on having enough but not too much. In order to maximize your sales and profits and improve your cash flow, you need to figure out this sweet spot for your business.

Consider operating lean and mean, via drop-shipping and 'just-intime' inventory if cash flow is an issue.

Remember, greed is good, except when it's not. Operating your business with a degree of fear is probably wise, even when you have beaucoup bucks in the bank. You never know what tomorrow may bring.

Here's another quote about greed and fear: Warren Buffet, perhaps the greatest investor alive, famously said, "Be fearful when others are greedy and greedy when others are fearful."

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 235

# All is fair in love and war — and business

**Published: Monday, August 27, 2018**

John Lyly's novel, "Euphues: The Anatomy of Wit," published in 1578, is the earliest known origin of the sentiment "all is fair in love and war." The novel recounts the romantic adventures of a wealthy and attractive young man. It includes the quote, "the rules of fair play do not apply in love and war."

CLICK HERE
to return to
Table of Contents

Essentially, nothing is off limits during wartime or when you're in love. Killing the enemy is justified. Spying, torture, lying, cheating, backstabbing and making deals with the enemy are fair game. Well, maybe not torture anymore. Remember the Geneva Conventions? After all, we are civilized, aren't we?

I find it interesting that love is included in this statement. Love is the antithesis of war, in which people hate enough to kill someone or some group, aka the enemy. If you are truly in love, you can justify almost anything, perhaps even murder. Now, please don't get any ideas.

Both love and war have universally accepted rules (many unwritten) and limits. If you break these rules, your actions may be subject to prosecution, punishment or even death. Orat least a nasty breakup.

But what about business?

What is fair in business? Operating an ethical business means that you conduct your business affairs with honesty, integrity and fairness. This is true when dealing with your customers, employees, suppliers, partners, investors and even your competitors.

CLICK HERE
to return to
Table of Contents

It costs little to play fair and it pays off handsomely. Fairness implies an equitable value exchange for money or services. A good business reputation is priceless, whereas a bad reputation can destroy your business.

Everyday practices become ingrained in your corporate culture. A culture of doing the right thing builds a virtuous reputation for your business. It's a commodity that attracts and keeps loyal employees and customers.

Here are a few areas in which what is fair is subject to a lot of judgments.

**Intellectual property**

Some business protections are afforded to intellectual property, such as copyrights, trademarks, patents and trade secrets. However, there is no guarantee that you won't have to spend money to protect your intellectual property if it is violated. Do you respect these protections as they relate to your competition?

**Hiring employees**

If you need to hire someone to fill a highly skilled job, what are your options? You can post your opening on popular online job sites and hope that a qualified candidate responds. You can hire a headhunter to search for a suitable candidate. You can hope that you get lucky and the right person will magically knock on your door when the timing is right.

You also can stalk your competition and hire away their best employees. Of course, they can also do that to you. One of the best lines I have ever heard was a business owner talking about how they steal employees from their competitors "nicely." Oh, gee, thanks!

CLICK HERE
to return to
Table of Contents

**Competitive pricing**

Why would you price your product or service lower than a competitor? Your expectation is that more business will accrue to you and you will sell more units, hence making more profit. You also know that if you buy a larger quantity of materials you will receive better prices; therefore, you may be able to maintain your margins selling at a lower price.

Is this fair and ethical? What do you think?

**Advertising**

When a new business opens its doors, it needs to let potential customers know they exist. Unless you have a unique business, or at least one not duplicated nearby, you probably need to advertise to attract customers. Every advertising dollar spent with one media outlet is one that will not be spent with other media.

Advertising dollars are limited, and choices must be made on where you believe your marketing dollars will be best spent to garner the greatest return, both immediate and long-term.

CLICK HERE
to return to
Table of Contents

Running a business, to a large extent, depends on a self-preservation mindset: It's either you or me. And that brings us to ...

**Competition**

Competitive advantage is the delineation of your value to your buyers and prospects. Whether it's price, value, location, differentiation of goods and services or some other variable, every business must make its case for why a customer should buy from it. If you write the business, then your competition does not — at least not with that customer.

Winning this tug-of-war with profit as the prize is what will ensure your longevity and success.

The great game of business rewards honesty, integrity and success. Your hard work, smart work and desire to be the best in your space is just the starting point on your road to winning.

All is fair in love and war and business — as long as you play by the rules.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 236

# Giving to community is good for business

**Published: Monday, September 3, 2018**

As part of the SCORE Library Series, we hosted a panel discussion, “Giving Back is Good for Business,” at the Main Branch in downtown Bradenton.

The three panelists were Jacki Dezelski, chief executive officer of the Manatee Chamber of Commerce; Trudy Moon, president of Air and Energy; and John Horne, president of Anna Maria Oyster Bar. Library managers Ericka Dow and Chelsea Baker moderated this lively, energetic conversation.

CLICK HERE
to return to
Table of Contents

Both Moon and Horne have chaired the Manatee chamber.

The list of local organizations that these two help is impressive, including having roles with many non-profit boards.

Together, they have created a local fundraiser, now in its fifth year, called The Horne and Moon Scholarship Social. In conjunction with the University of South Florida Sarasota-Manatee, Manatee Technical College and State College of Florida, this scholarship fund helps adults who want to retrain for a new career.

Applicants are vetted by the Manatee Community Foundation.

The project that Horne is most proud of works with children to increase literacy. The 2018 National Restaurant Association’s Education Foundation Good Neighbor Award was presented to Horne’s Anna Maria Oyster Bar in recognition of his literacy program geared to increase grade-level reading in the community. Over 300 Title-One students have participated in this program this year. Many of these students had been one to two grade levels behind in their reading skills.

CLICK HERE
to return to
Table of Contents

Volunteer grandparents come to the restaurant and read to the kids.

The Early Learning Coalition supplies the restaurant literacy program with books for all age groups.

“The staff loves it because they see that our restaurant has the passion to help other people’s kids succeed,” Horne says.

As Moon puts it, “It only takes one hour a week to make a difference, and then you feel better.”

According to Dezelski, “The chamber has over 200 non-profit organizations that invest in the Manatee chamber. We help educate them on successful business methods.”

The chamber has partnered with the library on a program called “The Big Bank Theory.” It teaches financial literacy to high school seniors, focusing on topics such as how to balance a checkbook, how to have a family budget, and what it takes to survive when they are on their own.

Business volunteers work with high school seniors in Manatee County, and every student is exposed to The Big Bank Theory. Employers have been supportive of their employees’ efforts to get involved.

**It’s good for the bottom line**

CLICK HERE
to return to
Table of Contents

“Volunteering helps your business, although that is not necessarily why you do it,” Horne says.

“It’s more for visibility,” Moon adds. “You are out and about in the community, meeting people and getting your name out there. Every time, you touch 20 or 30 people. It does come back to you. You may be helping now and it comes back to you later, so it does affect your bottom line. Our employees are very proud that they are part of giving back to the community.”

“People still want to do business with people,” Dezelski says.

“The more your employees are out in the community, the more they want to be associated with higher values and standards in the community and your company.

“Millennials care more than any other generation about the social capital that their companies want to invest in the community,” she says. “This creates more loyal employees for your company.”

**Goals from challenges**

CLICK HERE
to return to
Table of Contents

“Assess what your employees view as challenges in the community that they would like to address. It doesn’t have to be a cash donation,” Dezelski says.

“The biggest challenge is finding the time or having more time to take on additional volunteerism,” Moon adds.

“Start small.”

Horne suggests, “Concentrate on your own four walls first. Once you can get out there, do what you can in the community.”

**What is your passion?**

Discover what you like and then zero in on it. The chamber can help you determine what might be a good fit.

“The number of requests we receive is phenomenal and they are all important,” Moon says.

She gives first to her employees’ needs. Then she recommends that you pursue what you are passionate about.

To educate yourself, check out the leadership of each charity.

Arrange meetings and determine if you like them and trust them.

See if the leaders are passionate and find out where the organization’s money is going.

CLICK HERE
to return to
Table of Contents

Use CharityNavigator.org, the largest charity evaluator in America, which has a website that attracts more visitors than all other charity-rating groups combined. The organization helps guide intelligent giving by evaluating the financial health, accountability and transparency of nearly 5,500 charities.

As Dezelski sums it up, “Eighty percent of consumers are more likely to patronize a business that is a member of the local chamber of commerce. Join your local chamber and let the community know how you want to volunteer. “People do business with people who care.”

CLICK HERE
to return to
Table of Contents

# Chapter 237

# Why you need to understand the due diligence process

**Published: Monday, September 10, 2018**

Due diligence, meaning "reasonable care," is a process that involves a voluntary investigation by a buyer for the acquisition of a target company or its assets. This process is conducted after the buyer and seller have agreed in principle to a deal, but before a binding contract is signed.

CLICK HERE
to return to
Table of Contents

Performance of due diligence contributes to making informed decisions, reviewing risk factors and entering into intelligent contract negotiations. Company representations, financial history and all material business operations are vetted by the potential acquirer through careful examination of a seller's records. This process helps the potential buyer decide whether to buy, how to structure an acquisition and how much to pay for the target company.

How long should this process take? Ideally, this process should be completed within 30 to 90 days, depending upon the complexity of the business. After due diligence, expect an additional three to six months to close the deal.

What type of records should be reviewed? Records should be reviewed pertaining to business operations, financial performance, legal and tax compliance, customer contracts, intellectual property, and assets.

Reverse due diligence is a process in which the seller prepares and organizes their business with the idea of positioning the company for a future sale. Reverse due diligence takes into consideration what information and records a prospective buyer would likely review. The seller then prepares for this vetting process.

CLICK HERE
to return to
Table of Contents

During this company self-audit, systems flaws may be uncovered and rectified, modified or improved.

**What records are reviewed?**

1. Organization and good standing — This includes Company Articles of Incorporation or Organization (LLC), Bylaws, and all amendments.

2. Financial information — Financial statements for at least three years, including projections, indebtedness and contingent liabilities, inventory, accounts receivable and payable schedules, depreciation and amortization schedules.

3. Physical assets — A schedule of all fixed assets and the location, equipment leases, major purchases during the past three years.

4. Real estate — List of all business locations, real estate leases, deeds, mortgages, zoning, variance or use permits.

5. Intellectual Property — Patent and patent applications, trademark and tradenames, copyrights. Methods to protect trade-secrets, work for hire agreements, consulting agreements, licenses or assignments of intellectual property, claims or threatened claims.

6. Employees and employee benefits — List of employees, positions, salaries and salary history, bonuses, and years of service. All employment and consulting agreements, nondisclosure, non-solicitation or noncompetition agreements. Company handbook and employee benefits including holiday, vacation and sick leave policies, retirement plans and employee problems or lawsuits. Workers' compensation claim history, unemployment insurance claims and stock options.

CLICK HERE
to return to
Table of Contents

7. Licenses and permits — Copies of governmental licenses, permits or consents, and any regulatory proceedings.

8. Environmental issues — Environmental permits and licenses, environmental litigation, superfund exposure and environmental liabilities.

9. Taxes — Federal, state and local income tax returns for the last three years. State sales tax returns, tax liens or tax settlements.

10. Material contracts — All subsidiary, partnership, or joint venture relationships and obligations. Contracts between the company and officers, directors, shareholders or affiliates. Loan agreements, lines of credit, and promissory notes. All guarantees. Distribution agreements, sales agreements, marketing and supply agreements.

11. Product or service lines — Existing products and services, regulatory approvals or disapprovals, complaints and warranty claims, product tests, evaluations, studies and surveys.

CLICK HERE
to return to
Table of Contents

12. Customer information — List of the businesses largest customers, supply or service agreements, purchasing and credit policies, unfilled orders, major customers lost and the reason, advertising programs, marketing plans and budgets, printed marketing materials, website, list of major competitors.

13. Litigation — Pending or threatened litigation, copies of insurance policies, documents relating to injunctions, consent decrees, or settlements.

14. Insurance coverage — All insurance policies including general liability, personal and real property, product liability, errors and omissions, keyman, directors and officers, workers' compensation and other insurance.

15. Professionals — Lawyers, accountants, consultants and banking relationships over the past three years.

16. Articles and publicity — Copies of all articles and press released within the past three years.

17. Related party transactions — Any business done with related entities owned by common owners.

**What a buyer is looking for**

Your business is more valuable if: You are an owner who is not needed; there is great upside potential; there are many customers; there are many revenue streams; cash flow is positive; there are predictable recurring revenue streams; the business has been profitable for many years; you have a high level of customer satisfaction; the company is not dependent on one or two key employees; your employees are cross-trained; the company has a strong management team; efficient processes; your business is automated; you have a growing product or service niche; you have a monopoly.

**CLICK HERE**
**to return to**
**Table of Contents**

Remember, a buyer's starting line is your finish line. If you write to me I will email you a copy of my preferred comprehensive due diligence checklist.

On Tuesday, Sept. 25, Peter Gruits and I will be conducting a free SCORE workshop called the Exit Strategy Imperative. This Meetup.com is part of SCORE's Success Strategies for Business Owners and will be held at the main branch of the Manatee County Downtown Central Library at 1301 Barcarrota Blvd. W., Bradenton, 34205, from 11:30 a.m. to 1 p.m.

This workshop is geared toward business owners who are contemplating a successful exit or want to be prepared for an unexpected offer or event that could force a premature exit. Attendees will receive an exit planning tool called the Exit Strategy Canvas so they can prepare for a smooth exit and maximize their most valuable asset. I hope to see you there.

**CLICK HERE**
**to return to**
**Table of Contents**

# Chapter 238

# Letters of intent and non-disclosure agreements

**Published: Monday, September 17, 2018**

The letter of intent is a document that outlines an anticipated purchase agreement between two or more parties before contracts are finalized. This is similar to a term sheet and may also be referred to as a memorandum of understanding. These documents may be used as a first step for various material transactions such as mergers and acquisitions, joint ventures and real-property transactions.

CLICK HERE
to return to
Table of Contents

Generally speaking, letters of intent illustrate intent but are not necessarily binding agreements. Parts of a letter of intent that may be binding would include those parts covered by a non-disclosure agreement, commonly referred to as an NDA. However, a letter of intent could be interpreted as binding if it too closely resembles a formal contract without clear disclaimers.

A letter of intent is usually presented by one party to the other to buy a business. Either party can stop negotiations at any time and walk away for any reason or no reason at all. If both parties continue, information disclosed subsequently may not be up to the expectations of the buyer. Or, perhaps, there is a failure to agree on a key negotiation point that could nix the deal.

Safeguards may be established to protect both parties in a potential transaction. A non-solicitation provision is a good example. If talks break down, the prospective buyer would be restricted from hiring employees of the seller’s business.

A letter of intent quickly enables the parties to sketch out fundamental terms before substantial resources are spent on negotiating a definitive agreement and proceeding to due diligence. It describes what information is necessary for the buyer to make an informed decision on whether to complete the transaction.

CLICK HERE
to return to
Table of Contents

One advantage to a letter of intent is that it puts the buyer in a position of having the 'right of first refusal.' This prevents the seller from accepting another offer while the buyer is expending significant amounts of time and money to vet the prospective business for acquisition.

**What to include**

What should be included in a letter of intent?

It should begin with a statement of purpose to facilitate the start of a business deal or project between the parties involved. It should identify the key business and contractual understandings that will form the basis of the final agreement.

The letter of intent should name the parties, including the business names, and include the effective date. A purchase price or formula may be included along with deadlines, which are subject to change if both parties agree. It should have a contingency clause based on the inspection of records and information centered around the due diligence process and the resolution of all outstanding issues.

It should contain a section indicating that each party will pay for their own costs, including legal, accounting, document production and other miscellaneous charges.

As mentioned, non-disclosure and non-solicitation agreements should be included.

If signed by the seller, both parties intend to move forward in completing the transaction.

**CLICK HERE**
**to return to**
**Table of Contents**

**Letters of interest**

A letter of interest should explain what you are interested in. It should describe your background, qualifications and provide your contact information and end with a thank you. You may be interested in finding out more about a particular business to see if there is any interest in meeting with the owners to discuss an acquisition. It would precede a letter of intent.

**Non-disclosure agreements**

A non-disclosure agreement (NDA), also known as a confidentiality agreement, confidential disclosure agreement, proprietary information agreement or secrecy agreement, is a legal contract between at least two parties that outlines confidential material, knowledge or other information that the parties wish to share with one another but no one else.

A non-disclosure agreement creates a confidential relationship between the parties to protect any type of proprietary information, trade secrets and other non-public business information. Non-disclosure agreements are commonly signed when two companies, individuals or other entities (such as partnerships, societies, etc.) are considering doing business and need to understand the processes used in each other's business for the purpose of evaluating the potential business relationship. NDAs can be 'mutual,' meaning both parties are restricted in their use of the materials provided, or they can restrict the use of material by a single party.

**CLICK HERE**
**to return to**
**Table of Contents**

It is also possible for an employee to sign an NDA or NDA-like agreement with an employer. In fact, most employment agreements include a clause restricting employees' use and dissemination of company-owned information. In legal disputes resolved by settlement, the parties often sign a confidentiality agreement relating to the terms of the settlement.

***Non-disclosure agreements are commonly signed when two companies, individuals or other entities (such as partnerships, societies, etc.) are considering doing business and need to understand the processes used in each other’s business for the purpose of evaluating the potential business relationship.***

**If you get one**

If as a business owner you unexpectedly receive a letter of interest or a letter of intent regarding acquiring your business, be sure to call your attorney before you proceed further.

After that, consult an expert on business valuation. You also can contact a SCORE mentor.

SCORE has recently begun a program to help business owners successfully exit their business. This program is available to a limited number of clients and uses the new Exit Strategy Canvas tool as a roadmap and exit ramp.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 239

# SCORE mentors trained not to tell you your idea is stupid

**Published: Monday, September 24, 2018**

In the winter of 1975, advertising executive Gary Dahl came up with a great idea. He marketed a product that was a few inches long and a few inches high that cost 1 cent to procure. The product did absolutely nothing and appeared to serve no useful purpose.

CLICK HERE
to return to
Table of Contents

He spent little money on packaging the product. In fact, the packaging served as a product carrier; it was a rust-colored cardboard box with eight holes at the top. A 32-page instruction booklet was included. Mr. Dahl sold 1.5 million units at $4 each, for a gross of $6 million. The profit margins were astronomical.

If you are over 50 years old, you may remember the product as the infamous Pet Rock.

Mr. Dahl came up with this product idea while in a bar, after hearing complaints from his friends about their pets. He thought the Pet Rock would be the perfect substitute. There was no need to feed, walk, bathe or groom the Pet Rock, and it would never die or have an accident. It was indeed the ideal companion to have nearby while watching your favorite TV show or reading the newspaper.

The instruction booklet was titled, 'Care and Training of your Pet Rock.' Starting with naming your Rock, there were details on using various obedience commands such as sit, stay, play dead, be quiet or watch TV. Rolling required assistance and attack was always another option.

If an entrepreneur came to the SCORE organization of volunteer business mentors today for free assistance with a product like the Pet Rock, its mentors would not pre-judge the idea because they are educated in using a methodology called SLATE.

CLICK HERE
to return to
Table of Contents

The S in SLATE stands for Stop and Suspend judgment. Rather than thinking the Pet Rock is a ridiculous idea, you zip it and pay attention to the entrepreneur’s new product idea.

The L in SLATE stands for Listen and Learn. You learn when you listen, not when you talk. Surely you want to ask pertinent questions, but you nevertheless listen to learn.

The A in SLATE stands for Assess and Analyze. Now is your chance to think this guy is crazy. But how would you know that this idea for a product that does nothing isn’t marketable? You wouldn’t; or, in this case, you would have been wrong.

The T in SLATE stands for Test ideas and Teach with Tools. You could recommend that your client survey people and see if there is a market for such a product. Determine whether consumers would buy this product. How much would they be willing to pay?

You could test your prototype by putting it in the hands of potential customers, observing how they react, and learning from their interaction with the product. What did they like or dislike about the product, the packaging, the instruction booklet? How many units would have to sell at various price points to make this effort worthwhile?

The SCORE mentor would likely have the entrepreneur create a Business Model Canvas (a one-page business plan). This is a tool that may be used to test the product's value proposition, potential customer segments, ways to reach them, needed resources, important relationships, methods to generate revenue and anticipated cost structure.

CLICK HERE
to return to
Table of Contents

The E in SLATE stands for Expectation setting and Encouraging the dream. The expectations begin with describing the SCORE relationship, outlining what a SCORE mentor will and will not do to help the client.

SCORE mentors do not do the work for the client. They do not provide accounting or legal advice.

Timelines may be discussed, including the need to bring in other mentors with various degrees of expertise at the right time. Guidance is provided on timing for the client to hire an accountant, attorney or other experts when appropriate.

The Pet Rock is a great example of a product that most people would have said, "Are you crazy? This will never work."

In 1977, another company, Joseph Enterprises Inc., created the Chia Pet: chia seeds that grow and are trimmed into shapes like pets, characters, hair, etc. They sold 500,000 units in 1977. That same year, this company also marketed The Clapper, a device that turns electrical outlets on and off with the sound of hands clapping. The Clapper and Chia Pet are still sold today for $16.95 and $14.29, respectively.

CLICK HERE
to return to
Table of Contents

If you think that you have a great idea and you are between a rock and a hard place, then a SCORE mentor may be the foundation you are looking for to help you with your unique product or service. My Pet Rock, Igor, approved this column.

# Chapter 240

# Fourteen barriers to entry for startups

**Published: Monday, October 1, 2018**

Many obstacles prevent startups from entering a market. "Barrier to entry" (BTE) is an economic term describing legal, technological and market forces that prevent new competition from easily entering a market or industry. A BTE directly benefits existing businesses and affects the level of competition within a market segment. The more expensive — and hence more difficult — it is to gain market share, the harder it is for a startup to break into a market.

CLICK HERE
to return to
Table of Contents

Some of the market forces affecting competition:

• Pricing. A large-market, dominant buyer can obtain bulk discounts, effectively making it the low-cost provider. When a company uses steep price cuts to discourage competition, it's called predatory pricing. In foreign markets, price dumping is a BTE. Artificially low pricing preserves and protects market share.

• A monopoly. A good example is the AT& T monopoly before its breakup into Baby Bells. Today, Google has a virtual monopoly on internet search, with almost 91 percent market share.

• Vertical integration. Controlling several factors of production can combine to keep costs so low that no one else can compete. For example, a food company that also owns a canning component can sell its products lower than a company without a canning operation. Economies of scale realized from vertical integration result in lower product unit costs, which is an effective BTE.

• Excessive capital-plant and equipment expenses. A good example of this is Elon Musk's SpaceX. Other than the U.S. government, virtually no one is willing to put up the enormous amount of money needed to venture into space. A highly competitive market would help determine the attractiveness of that market.

CLICK HERE
to return to
Table of Contents

• A company's large advertising budget. Many times, a startup business cannot compete with an incumbent's long-term marketing program. If successful, the startup must then protect its territory and build its own BTE to thwart new competition.

• Product loyalty. A legacy company's products may have strong brand identification. Resulting customer loyalty, combined with a history of continued strong market share, serve as an effective BTE.

• Control of natural resources, such as that exercised by the De Beers Group, which controls the worldwide diamond industry. Operating in 35 countries, De Beers mines, retails and sets the prices. No longer a monopoly, it still sells 35 percent of the world's rough diamond production.

• Government intervention, regulation, contracts and subsidies. Heavily regulated industries are difficult to penetrate. Government regulations can play a role in keeping out new players. The government may act to prevent sub-standard products from entering a market. The airlines are a good example and so are defense contractors and cable companies. Local licensing controls may limit competition. Licensing fees and the scarcity of radio frequencies are examples.

• Tax benefits to existing companies. But companies receiving these benefits are subject to the whim of government changes.

• Intellectual property, such as patents. Production rights may be afforded to competitors at higher rates. A great example of this was the licensing of Casio's calculator technology rebranded under the Remington Rand name. Although Remington had a strong dealer sales network, Casio was constantly manufacturing new, improved and smaller calculators, undercutting Remington's pricing. Remington had to regularly discount and dump obsolete products.

**CLICK HERE**
**to return to**
**Table of Contents**

• Owning a franchise. A franchisee is instantly part of a greater entity that avails itself of local and national market advertising. Streamlined operating methods and proprietary products add up to additional marketplace efficiencies. Think of Paul Mitchell hair salons and their branded hair-care products.

• An incumbent's excess cash. Cash can be used to buy strategic competitors or to spend heavily on advertising. Google's acquisition of YouTube is a great example of this. YouTube is the internet's second-largest search engine. Google has acquired more than 200 companies, many of which are synergistic and strengthen its other products.

• Marketing tactical changes, such as establishing a subscription model as opposed to a purchase relationship. A good example would be the Dollar Shave Club, which charges a low-cost subscription fee to sell its shaving products by mail. Contrast this with Gillette, the P& G subsidiary and decades-old shaving leader, which recently added a subscription model, Gillette on Demand, in an attempt to compete with Dollar Shave Club. Gillette's blades typically cost pennies and are marked up over 4,000 percent.

**CLICK HERE**
**to return to**
**Table of Contents**

• High switching costs. From the client's perspective, it is easier to stay with the devil you know. New entrants into a market may have a difficult time convincing a competitor's loyal customers to change brands. An example is computer equipment and software, which would require substantial expense to change hardware and software and retrain users.

Barriers to entry could be good or bad for your business, depending upon which side of the fence (barrier) you are on.

# Chapter 241

# Is your business expanding too fast?

**Published: Monday, October 8, 2018**

Most business owners want to grow their company as quickly as possible, making hay while the sun shines, as the old saying goes. Realistically, however, growth is complicated. Expanding too fast can pose significant issues for management.

In extreme cases, rapid growth can test a company's ability to survive and thrive. On the other hand, growing too slowly is the kiss of death.

CLICK HERE
to return to
Table of Contents

Ideally, a business will grow at a sustainable rate and be able to finance its growth with its own cash flow or with debt or equity. Factors that affect a favorable growth rate include the company's profitability, efficient use of assets, payouts of dividends (if any) and debt ratios.

Sustainable Growth Rate (SGR) is the maximum a company can maintain without having to expand financial leverage or look for outside financing. Growing faster than that can strain human and financial resources. Companies that grow at less than their SGR, however, are at risk of stagnation.

How do you know what the optimum growth rate is for your company? There are formulas, too complicated to discuss in detail here, to determine what optimal growth rates should be for a business.

Cash flow is the best way to determine SGR. Growing too slow, for example, may result in spending unnecessary money on inventory. The lack of inbound cash will quickly rear its ugly head. Management must act quickly to bail the boat of everything excess in order to remain afloat. Perhaps a strategic pivot in business model is necessary to right the ship at this stage. Every dollar must be spent wisely in order to survive.

CLICK HERE
to return to
Table of Contents

Growing too fast has its own stresses. If you are buying replacement inventory to stock the shelves so you have product to sell, you may have a cash crunch as you continue to spend money on more goods. This will eventually turn into cash, but in the meantime, you may need to pay vendors to receive deliveries. When you exceed your ability to self-fund your business, outside financing (bank loans, vendor credit even credit cards) can save the day.

Yes, your business is successful. You just need a bridge to keep functioning in the interim. You cannot run out of cash lest your business dies due to being too successful. After all, you have to make payroll and keep the lights on. Cash flow planning is critical at either extreme. To raise money, you can sell equity, obtain debt financing, permanently reduce dividend payments to shareholders, increase your profit margin or decrease total asset turnover.

How to calculate Sustainable Growth Rate: According to The Balance Small Business, the formula for determining sustainable growth rate is: SGR = Retention ratio X Return on Equity, where Retention Ratio = 1 — dividend payout ratio and Return on equity = Net income/Total shareholder's equity "The retention ratio is the flip side of the dividend-payout ratio," according to the website. "If the firm pays out 20 percent of its earnings in dividends, then its retention ratio is 80 percent. The return on equity is what the firm earns on the shareholder's investment in the firm. Multiply the two together, and you have the sustainable growth rate."

Sageworks tracks the growth rate of privately held companies in the United States. According to the website, in 2015 the average privately held company grew by 7.3 percent. That number drops to 7.01 percent for privately held companies with sales under $10 million per year.

It's possible to grow at 25, 50, even 100 percent or more per year, though the latter will cause all kinds of cash-flow problems. The sustainable way to grow your company is to build your team, systems and internal controls so your business produces more, independent of you or any other key employee.

**CLICK HERE**
**to return to**
**Table of Contents**

Here's a summary of the most common growth pitfalls: Not keeping track of your budget; running out of cash; confusing profits with cash flow; hiring the wrong people; poor morale of over-worked employees; inadequate customer service; failure to use the best technology; scaling up too soon; buying too much inventory; inadequately training your employees.

There are things you can do to ensure sustainable growth.

It's imperative that you plan for growth with a strategic growth plan. This may involve controlling costs, negotiating better prices and/or terms with vendors, leasing versus buying equipment and developing better reporting systems.

Always have a Plan B for alternative financing that is available. You should also review your goals, successes and failures and adapt as needed. Pursue or improve online sales. This may be the time to create additional revenue streams where possible. Finally, there is no single answer as to how fast your company should grow. It varies business to business and is based on your individual situation, the factors mentioned here and your ability to fund company growth.

**CLICK HERE**
**to return to**
**Table of Contents**

# Chapter 242

# Introducing the new Exit Strategy Canvas

**Published: Monday, October 15, 2018**

Most business owners lack a business plan, a strategic plan and an exit strategy. Many small-business clients come to SCORE Manasota for help creating and developing their business and strategic plans. But rarely, if ever, is an "exit strategy" discussed.

According to Norm Silverstein, former business broker and SCORE certified mentor, "Sooner or later, every business owner will confront the question of what to do with their business. Do they want to sell their business, have their children run the business, have the business managed by an employee, or close the business?"

CLICK HERE
to return to
Table of Contents

A successful company is often the largest asset a business owner has. Frequently, the business value is greater than that of their home.

**Some statistics**

On average, over 80 percent of an entrepreneur's financial assets are based on their business. Two-thirds of business owners will likely sell over the next 10 to 15 years. But fewer than 33 percent of businesses listed will sell. Eighty-eight percent of businesses have no written plan to transition from the current owner. Yet 66 percent of owners agreed that getting full value from their business sale to pay for their retirement was their top goal.

Most business owners do not have a good idea of the value of their business, according to BizBuySell.

Peter Gruits, Silverstein and a dozen other SCORE-certified mentors created a formal exit strategy for all businesses. "A business owner should know his exit strategy before he opens his business," advises Silverstein.

CLICK HERE
to return to
Table of Contents

**The exit-strategy imperative**

Last week, as part of the SCORE and Manatee Library Series of workshops, Gruits and I presented a workshop called the Exit Strategy Imperative. Imperative, because as a business owner you need to choose your exit path rather than have your exit path choose you.

This program makes exiting a business a more manageable decision. The one-page Exit Strategy Canvas was unveiled to a full audience.

There are many ways of disposing of a business, including dissolving partnerships, buy-sell agreements, key person insurance and real estate considerations. The Exit Strategy Canvas forces the business owner to think through options though, of course, they are subject to change.

**Team approach needed**

A two-person team of SCORE mentors leads the effort to help business owners understand the complicated and lengthy exiting process. Exiting a business should involve other professionals, such as attorneys, accountants and business intermediaries. Expanding your team of professional advisers helps answer questions about short and long-term goals, timelines, asset protection, age of exit, tax consequences and legal issues.

**Things a buyer wants to know**

• How much the business is doing in gross sales volume.

• How much annual income the business is generating.

• Current trends for the business and the industry.

• Any liens against the business, any litigation, or taxes owed.

• The age of the business.

**Things a buyer wants to review**

• Profit and loss statements for the past three years.

• Tax returns.

• Assets, including real estate, equipment, accounts receivable and accounts payable.

• Employment contracts.

• Intellectual property.

• Any special licenses or permits that need to be acquired or transferred.

Actually, this only scratches the surface of the due-diligence process.

**Six exit strategies**

Here are six common strategies for exiting your business:

**1:** "We gotta get out of this place." You hate your business and have no successors. Perhaps you are losing money and watching it drain your life savings. Just shutting down the business may be the quickest way out but it's certainly not the most profitable way to dispose of your business.

**2:** Sell to a third party. This will probably provide the best return to the owner. Unfortunately, this strategy may take the longest to implement.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

**3:** Sell to your business partner(s). The good news is that they are familiar with the business. The bad news is also that they are familiar with the business. They already know the good, bad and ugly aspects of it.

**4:** Sell to a competitor. They are already familiar with your industry. (This strategy may offer economies of scale to a buyer). Keep in mind, however, that if the deal isn't consummated, you just "opened your kimono."

**5:** Sell to your employees. First, you must determine if they have the financial capability to make this happen. Other questions are whether you have a strong first or second person who is interested in owning and operating the business and is it acceptable to you to receive payments over several years?

**6:** Sell to a family member. There are numerous factors to consider in this scenario. Does your family really want to be in this business? Are they in it now? Is there more than one person involved? Are you planning to stay on? Do you need to receive money? A lump sum? An ongoing payout?

**CLICK HERE**
to return to
Table of Contents

Remember what they say about the best-laid plans.

**Other considerations**

Depending upon the strategy that best suits your business, you may need to come up with a purchase price and a presentation package.

You will need to provide accurate and historical financial information and tax returns, and to recast the numbers to show your true profit and your owner benefits.

It will be helpful if you have written policies and procedures.

In addition, you should maintain confidentiality lest you risk an employee exodus.

If you are interested in becoming one of the select participants in our Exit Strategy Canvas program, please email me and I will send you an application. Not everyone will be admitted to this program.

**CLICK HERE**
to return to
Table of Contents

We have a limited number of SCORE mentors who are qualified to work with clients in this program.

---

***There are many ways of disposing of a business, including dissolving partnerships, buy-sell agreements, key person insurance and real estate considerations. The Exit Strategy Canvas forces the business owner to think through options though, of course, they are subject to change.***

# Chapter 243

# You should prepare early for leaving your business

**Published: Monday, October 22, 2018**

You need to choose your business exit path, rather than your exit path choosing you.

Sooner or later, every business owner will confront the issue of what to do with their business when it's time for them to leave. Whether the decision is voluntary or forced by poor health or other uncontrollable factors, a new tool called the Exit Strategy Canvas provides business owners with a detailed roadmap to help navigate the twists and turns encountered along the business lifecycle continuum.

CLICK HERE
to return to
Table of Contents

As business growth accelerates and the owner builds equity, the exiting process increases in complexity. The Exit Strategy Canvas' instructions contain the most common exit options, alternative strategies and various considerations for owners.

Whether the exit is forced or chosen, a one-page exit canvas effectively guides owners through this process.

A soft launch of the exit canvas for SCORE mentors, business owners and professional service providers — including financial services, attorneys, accountants and business brokers — is planned for early 2019.

Every owner should be interested in developing their business with their eventual exit in mind. Experienced two-person SCORE mentor teams will help business owners navigate the exit roadmap successfully. When the time comes, the owner will be better prepared for a much smoother transaction.

CLICK HERE
to return to
Table of Contents

**A closer look**

Nine steps make up the Exit Strategy Canvas: 1, Lifecycle; 2, Background; 3, Triggers; 4, Strategies; 5, Valuation; 6, Due Diligence; 7, Competition; 8, Professionals; 9, Payday.

**1:** The first, status, step is determining the current stage of your business as computed with the Adizes Corporate Lifecycle model at Adizes.com/lifecycle.

According to the Adizes Institute business-training group, all organizations, like living organisms, have a lifecycle and undergo very predictable and repetitive patterns of behavior as they grow and develop. At each new stage of development, an organization is faced with a unique set of challenges. How well, or poorly, management addresses these challenges and leads a healthy transition from one stage to the next significantly influences the chances of success or failure of the organization.

The Corporate Lifecycle chart begins the Exit Strategy Canvas because the owner needs to assess where the business is in its lifecycle. A business in the Prime stage will garner more equity for its owners than a startup or a business on the downward slope of the lifecycle.

**2:** Background includes the names of the business and the owners, the year the business began, the legal form of the business, annual revenue, operating profit and trends. It provides a brief overview of the company, including the owner’s retirement-age goal.

**3:** Triggers are the planned and unplanned reasons to exit your business. It includes financial targets and milestones. Receiving an unexpected but attractive buyout offer, or the sudden unexpected illness or death of a partner or spouse or a divorce are some possible exit triggers. Winning the lottery could be a trigger as well.

**CLICK HERE**
**to return to**
**Table of Contents**

**4:** Strategies consider the current stage and goals of the owners. Perhaps the owner wants to start a new business or get out of debt. Actions needed to achieve goals are discussed in depth. Six of the most common exit methods are covered.

**5:** Valuation looks at items that help establish valuation. In addition to revenue and profitability, the Owners Discretionary Cash Flow includes the net profit of the business, plus the owner benefit derived from the business and current value of the hard assets. Selling multiples by industry will most significantly affect valuation.

**6:** Due diligence describes the process after a sales contract is signed.

The buyer will verify all financial information that was provided prior to signing a sales contract. The buyer will normally request 7 to 45 days to perform due diligence.

**7:** Competition provides a description of the competitive landscape. This looks at the strengths and weaknesses of the buyers, new market entrants, substitute products, and suppliers as well as the competition. Political, social, cultural and technological factors are mentioned. A Strengths, Weaknesses, Opportunity and Threats analysis is recommended.

**CLICK HERE**
**to return to**
**Table of Contents**

**8:** Professionals identify external advisers and support needed, such as accountants, attorneys and business intermediaries that will be critical throughout the exiting process.

**9:** Payday looks at the numerous ways to realize business equity. This could include cash, notes, stock, royalty payments, consulting agreements, holdbacks and 453 tax-deferred installment notes.

The SCORE Exist Strategies Canvas' instructions are 17 pages and are available only by using a two-person SCORE-certified mentor team to help you navigate this process. The ESC team functions like a travel guide in a foreign land would.

Please write to me, Dennis Zink, at centreofinfluence@gmail.com if you want to know more about being included in an inaugural SCORE initiative focusing on this canvas. We are accepting a limited number of clients. There is no charge to enter the Exit Strategy program.

---

***As business growth accelerates and the owner builds equity, the exiting process increases in complexity. The Exit Strategy Canvas' instructions contain the most common exit options, alternative strategies and various considerations for owners. Whether the exit is forced or chosen, a one-page exit canvas effectively guides owners through this process.***

**CLICK HERE**
**to return to**
**Table of Contents**

**CLICK HERE**
**to return to**
**Table of Contents**

# Chapter 244

# You can apply for a free business consultation

**Published: Monday, October 29, 2018**

Bob Graham served Florida as its 38th governor from 1979 to 1987 and as a United States senator from 1987 to 2005. Graham left the governorship with an 83 percent approval rating. According to the New York Times, he was considered one of the most popular politicians in Florida.

CLICK HERE
to return to
Table of Contents

As a rising politician, Bob Graham worked in various jobs for eight-hour shifts without pay. While working in the Florida Senate, Graham began his “Workdays” program in 1974. His jobs included police officer, busboy, railroad engineer, fisherman, garbageman, factory worker, construction worker, baggage handler and teacher.

As I drove over the Bob Graham Sunshine Skyway Bridge recently, I thought what a great idea this could be: Do the same thing, but with a different purpose. I’d call it “Workdays Revisited.”

This is the idea: Representing our SCORE Manasota chapter, we will accept proposals from up to four local small businesses with the goal of helping them become more profitable. I will spend a half-day with the owner at each selected business. Depending on the type of business, another certified SCORE mentor may accompany me or become involved with initial recommendations.

The business owner agrees to conduct a short tour and discuss pressing issues or potential opportunities. Our goal will be to present worthwhile suggestions to improve the business. Our fee is zero, zilch, nada. The only condition is that I am able to write about the experience in a column. No financial particulars will be disclosed.

CLICK HERE
to return to
Table of Contents

There is only so much you can learn in four hours. If you ask the right questions, however, you should be able to understand some particulars about what a company is doing right and where it can improve. That, of course, depends on the owner being forthright. Fact finding questions will be asked and current financial information will be reviewed.

### What to expect

We are willing to bet our time that meaningful suggestions can be made to improve the businesses’ financial picture. There is no guarantee, but it will cost nothing other than four hours of the owner’s time.

I will not write anything that embarrasses or exposes a weakness to competitors. I will not disclose financial data or employee names. Everything learned about business financial information will be kept confidential.

But here's what I will write about. I will use percentages and ratios in my writing as opposed to dollar amounts. Only positive and meaningful suggestions or solutions will be covered.

**Why this should work**

What I have learned over the years as a generalist, consultant, CEO roundtable facilitator and business analyst is that a new set of eyes—or two—can see issues and possible solutions.

Sometimes owners are so used to how things are and so involved in putting out day-to-day fires that they can't tell the forest from the green money.

CLICK HERE
to return to
Table of Contents

**How to apply**

Send me an email at Dennis Zink, centreofinfluence@gmail.com explaining why I should choose your business for a half-day Workday Revisited. Please state your biggest challenge and greatest opportunity as you see it.

It would also be helpful to provide the following additional information: When the business began, the number of employees, gross sales, if you are profitable and whether your industry is trending up or down. Also include your website address.

If you are a candidate for the Workday, I will call you and ask additional qualifying questions.

All Workdays will be scheduled in November. The four hours will be from 8 a.m. to noon or 1 p.m. to 5 p.m., Monday through Friday.

CLICK HERE
to return to
Table of Contents

# Chapter 245

# Maybe it's time to quit your day job

**Published: Monday, November 5, 2018**

Larry always wanted to own a small business. It seemed like a great way to control his destiny, answer to no one, be rewarded for taking risk, and garner respect in the local business community.

Larry also knew that risk comes with the ever-present fear of failure.

This true story is interesting for those who are working for a corporation while dreaming of the good life that small business ownership can offer. Larry's story provides insight and tips for those of you contemplating the change to an entrepreneurial life.

CLICK HERE
to return to
Table of Contents

**About Larry**

Larry was a highly-paid national sales manager for a large paper manufacturer. He was on the fast track, respected by hundreds of employees and recognized throughout his industry. He traveled first class with a virtually unlimited expense account. Larry was the 'top salesman' for a $100 million company. Additionally, he liked his job, respected the owner and felt good about where the company was headed. He liked the people inside the company and looked forward to meeting with customers.

**Typical corporate problems**

Larry was under pressure to meet and exceed sales and company objectives. He acclimated well to his rigorous travel schedule, although it took a toll on him and his family. He lived out of his suitcase and participated in the internal power struggles that every company faces.

He was ready and willing to hop on a plane at a moment's notice to attend a meeting or to entertain an important customer. At any time Larry might have to move, either for his current position or to accept another opportunity. This was not something that he and his wife wanted. The fast track was loaded with opportunities, but seizing the moment usually involved a relocation.

CLICK HERE
to return to
Table of Contents

Yes, things were going well for Larry, but it just didn't feel right.

Time was no longer his ally and seemed to be working against him.

Larry was 40 and he felt that a time bomb was going off inside himself.

He was becoming a victim of corporate handcuffs. He wondered if it was possible to trade a great career for the uncertainty of starting his own business. Larry had an idea that he believed would allow him to capitalize on the skills and contacts that he had developed over the past 15 years. It was now or never.

For five years, Larry had sole responsibility for selling all of the company's obsolete, off spec., and rejected inventory. This is a problem for most paper mills. Usually, one person is assigned this task of getting rid of surplus inventory at pennies on the dollar. Larry enjoyed making deals with close-out paper distributors to purchase distressed merchandise. The "seconds" segment of the paper distribution business is a small and tightly controlled distribution network.

**Larry's idea for cutting the cord**

CLICK HERE
to return to
Table of Contents

Larry thought about starting his own close-out paper distribution company. After working the numbers, he decided to move forward. He knew the business, had sources for supply and, most importantly, he knew the right people throughout North America.

It was time to take the plunge.

Larry was ready to quit his six-figure income, part with all the perks and say goodbye to the fast track. What would his wife think? Fortunately for Larry, his wife was willing to stay the course at her job, which would provide critical health care benefits.

**Deciding to quit**

It was time for Larry to have that difficult meeting with the president of the company and quit his day job.

The president respected Larry and had handpicked him to lead the sales team into the next century. Larry was up all night, trying to figure out how he was going to resign. He walked into the office that morning with his heart pounding.

Doubts were racing through his mind.

CLICK HERE
to return to
Table of Contents

The president was surprised, and said, "Larry, you're just going to be trading in one set of problems for another."

But Larry believed it was a set of problems he could control. Larry would control his destiny, he was ready to move on.

**A new beginning**

Larry's business plan was complete, his industry connections were strong, and his financing was in place.

It was the emotional side of running a business that shook him to his core.

Larry was no longer the top sales guy.

His schedule was no longer arranged months in advance. The ego gratification that came with his previous position was gone.

Without the title of national sales manager, Larry was just another person. He was no longer in a position to change a production schedule, to reduce a price, or to give a bigger raise. His power was gone. He was unprepared for this.

**Three years later**

Larry still misses the ego gratification that comes with a senior corporate position. But he has found that small business ownership has its own rewards. One of the most difficult parts of small business ownership for Larry has been the realization that he must make all the major decisions himself. There is no one down the hall in marketing, sales, operations or human resources to bounce ideas off. The support staff is not there. Making all of the decisions is a true test of one's business instincts.

CLICK HERE
to return to
Table of Contents

Larry has developed disciplines that he follows religiously. His acid test is a simple one. If he has to think too long and too hard about whether a deal is good for his company, he will pass.

His thought process is part industry knowledge and part business judgment, which is different from the structured decision-making process of corporate life.

**Larry's observations**

Your MBA is a ticket to nothing. It helped you land your first or second job, but after that, it is little more than an after-thought. Your degree will not serve as collateral with your banker.

Nurture the connections you have made over the years. Those connections will propel you into the future.

Everyone needs a solid base from which to grow their business.

CLICK HERE
to return to
Table of Contents

Be honest. What are you good at and where will you need help? Be willing to admit that you need help.

Spend your time wisely. It is the most valuable commodity on your balance sheet. Try to spend workday hours with customers or suppliers and leave the off-hours and weekends for paperwork. Long days are a given. If you're not prepared for it, don't even think about getting into business. The eight-hour workday is a thing of the past. You need to enjoy your business; otherwise, you are bound to fail.

Don't start a business because your options for employment have failed.

This is a terrible reason to start a business. Don’t start a business by default; start a company because you firmly believe in what you are doing.

A business plan is critical. It will provide you with your blueprint for your first years in business. It should detail your cash requirements, financial plan, and sales and marketing objectives, and should address operational issues. If you can’t write the plan yourself, perhaps you should not be starting a business from scratch. Don’t do the plan for financial backers, do it for yourself.

You can only grow a business so far through your own efforts. Eventually, you will either need to add people or be satisfied with your current size.

Adding people in an intelligent way will be rewarding.

CLICK HERE
to return to
Table of Contents

Cash is king. Make sure your business is well capitalized from the start.

Pay your bills on time.

Giving credit to customers is a major issue that can never be given too much importance. If you’re from the corporate world, it’s easy to assume that everyone pays their bill in 30 days.

Don’t be paranoid about extending credit but recognize that there is always the risk of being extended or stiffed.

When it comes to financial planning for your business, be conservative.

Whatever amount of money you think you need, double or triple it. If you think your customers will pay in 30 days, configure your financial plan for 60 days.

Being a niche player can be critically important. Don’t try to compete against the big boys unless your finances run deep. Consider a boutique business, small enough to be under the radar of larger competitors.

Stay close to your customers. Do whatever you can to keep them happy.

CLICK HERE
to return to
Table of Contents

If there are problems, address them immediately. A problem handled well is the best way to secure a customer.

Once you’re in, do whatever it takes to keep competition out.

**Status today**

Larry’s business has progressed beyond his most optimistic assumptions. In his first and second years, he met projections; in his third year, he blew away his business plan.

Larry's training from business school and the corporate world prepared him for becoming successful in his own business. He now develops annual business plans addressing financial, sales, marketing and operational sectors.

**Epilogue**

Leaving the corporate world is an individual decision. Many people thought Larry was crazy. Fortunately, Larry enjoys battling the competition on the streets instead of in the boardroom. He enjoys directing his life instead of it being directed. It all comes down to freedom and choice. Some people are clearly at their best working for corporations and participating in and enjoying the many benefits that larger companies offer. Others might be able to do better by being on their own and defining their own culture.

What it all boils down to is whether you believe in your vision and yourself. Remember Larry's acid test for purchasing product: If he has to think too long or too hard about a deal, it's time to pass.

Are you ready to walk in Larry's shoes and quit your day job?

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 246

# Replacement theory as applied in the real world

**Published: Monday, November 12, 2018**

Running a small business can be challenging.

How many hats do you wear? At what point do you hire someone to help you with the ‘busyness’ of your business?

### Everything begins with a sale

CLICK HERE
to return to
Table of Contents

“Nothing happens until someone sells something.” I am sure you have heard this saying before.

A sale begins the long process starting with product affirmation. Administrative procedures are needed to complete the sale.

Although the pre-sale period usually takes a lot of effort, the sales event starts the wheels in motion to becoming a real business.

Obviously, this is the most important first step in the process.

Okay, you sold something. Next, you’ll need a product or service to fulfill the order. You may need to acquire or manufacture a product; then deliver, distribute, or provide a product or service to your customer.

You also need to provide customer service. You will need to bill or collect money for whatever you just sold. You now have accounts receivable. You need to pay the vendor for the items you purchased. You now have accounts payable.

### Catch 22

CLICK HERE
to return to
Table of Contents

The more you sell, the more time you need to perform these other business functions and the less time you have to sell. Assuming you operate a one-person shop, since there are only 24 hours in a day, you need to add more hours by hiring someone to relieve your workload before you burn out.

When you hire someone, show them how you want the job done.

It’s time to let go of this function by delegating it to your new hire.

But what if they won’t do tasks the way you would do them? They won’t! Fear not: you’ll need to inspect what you expect but you must delegate the task or function, nevertheless. Hire the best person for the position and let them get the job done.

**Different but equal**

Decide which tasks you will continue to do and which tasks you will delegate. If you are the owner or CEO of your company, you should strategically work your way out of every task/job that you are able to delegate. Your goal should be to hire an acceptable replacement who will succeed in getting the task done, even if it will be done differently than the way you would do it.

**The replacement theory**

Replacement theory in operations research is a process for replacing used equipment with a substitute.

We are not talking about that here.

CLICK HERE
to return to
Table of Contents

We are referring to people being hired to assume specific work functions that you had been doing.

These are functions or tasks that you really don't need to do any longer. Tasks that can be delegated. Pay market rates to ensure that you will have adequate talent for the tasks at hand.

**Working on your business**

Do only those jobs that you must do because they are too important to delegate at the time. As you grow, you should be working more on your business than in your business.

One caveat: If you enjoy doing something and it is part of your raison d'etre (reason for being), then, as Nike says, just do it!

This strategy, if executed properly, should keep you fully in charge of your business and also give you the time to enjoy life outside of your business.

Nobody is irreplaceable. If an employee leaves, strive to replace that person with someone better.

This will help strengthen your workforce and will pay dividends to you in the long-run.

CLICK HERE
to return to
Table of Contents

**Span of control**

According to Inc. magazine, this term was developed by Sir Ian Hamilton in 1922. Span of control, also known as management ratio, is a business-management term for the number of direct reports (subordinates) that a manager or supervisor should supervise.

Depending upon the type of work involved, this number could be as high as 20 (a wide span) for routine work or as low as five or six (a narrow span) for complex and variable work.

Hiring or promoting an employee to a management position will help to free up time for working on your business and give the company a chance to grow. The manager should have control over his department. The hired/promoted manager should also have a limited span of control, based on the type of work expected.

Now, enjoy some of your extra time by doing something fun.

---

**Workday update**

Dennis Zink's project to provide free consultation services to local businesses in a 'Workdays Revisited' program has received several applications but other businesses can still apply.

Zink will spend a half-day with the owner at each selected business with the goal of making suggestions to help make them more profitable. Zink will write about the experience in a column but will divulge no sensitive or financial information. A full discussion of the program can be read at https://bit.ly/2z0aoQP.

CLICK HERE
to return to
Table of Contents

To apply, business owners should email Zink with the following information: Your greatest challenge and greatest opportunity; when the business began; the number of employees; gross sales; if it is profitable and whether its industry is trending up or down.

Write him at centreofinfluence@gmail.com.

CLICK HERE
to return to
Table of Contents

# Chapter 247

# Credit strategies for entrepreneurs revealed

**Published: Monday, November 19, 2018**

Gerri Detweiler, an expert on credit, recently took part in a "Been There, Done That! with Dennis Zink" podcast on credit strategies for entrepreneurs. Detweiler is the education director for Nav, which provides business owners with free personal and business credit scores. Its free and simple tools help build strong business credit and financially healthy companies.

**CLICK HERE**
**to return to**
**Table of Contents**

She has written four books and co-wrote "Finance Your Own Business: Get on the Financing Fast Track" (Success DNA, Inc. Jan. 5, 2016). She's been interviewed for more than 3,000 news stories and has testified before Congress on credit legislation.

Here are excerpts from our conversation.

**Q:** What is the most important thing an entrepreneur can do to establish excellent business credit?

**A:** To build solid business credit, the most important thing that you can do as an entrepreneur is to make sure that as many of the credit references that you have (lenders, vendors and suppliers) are showing up on these reports and that you are paying your bills on time.

Gerri went on to emphasize three specific areas that affect a business credit strategy: having good personal credit, the amount of time in business and business revenues.

**Q:** How are business credit scores calibrated? Are they on an 850 scale like consumer credit?

**A:** The FICO score used for small businesses is called the FICO SBSS score, which scales from zero to 300. This score comes into play if you are trying to get traditional financing: financing from a bank, credit union, community bank or under the 7A loan program with the Small Business Administration. Many lenders require a score of 160 or above. The SBA requires a score of 140 or above. But the SBA uses a blended score in which they combine your personal and business credit scores.

**CLICK HERE**
**to return to**
**Table of Contents**

Equifax has a business credit score that goes into the 1100s.

Experian has a score, called Intelliscore, that top out at 100.

Dunn & Bradstreet's Paydex score also goes to 100.

**Q:** What would be the biggest credit mistake that business owners make?

**A:** Business owners are not checking their business credit scores on a regular basis. There could be mistakes, or mix-ups, where negative information is reported in error and they don't catch it. If you find a mistake, you will need to dispute it as soon as possible.

**Q:** Are their many problems today with business credit fraud and identity theft?

**A:** Yes. Unlike recent changes to consumer credit, where you can freeze accounts, you can't freeze business credit. There is a greater likelihood that this area will be exploited by crooks.

**Q:** How often should you monitor your business credit scores?

**A:** You should check your business credit scores monthly.

CLICK HERE
to return to
Table of Contents

**Q:** Can you address responsible business credit use for growing a business?

**A:** You should finance something that will grow your business. Additionally, if a good business opportunity presents itself, that would also be a sound reason to borrow money. You should not borrow money for frivolous items that will not enhance business success.

**Q:** For a new company, is there an easy way to establish business credit?

**A:** Some vendors make it easy to buy from them on 30-day terms. I suggest three: Granger, Uline and Quill.

**Q:** Why should a business use a business credit card as opposed to a personal credit card?

**A:** Many business accounts do not report to your personal credit — see Nav.com/reports for a list.

You should separate your personal credit accounts from your business accounts. Business credit cards are covered in the event of fraudulent use. They are not covered by the 2008 Federal law known as the Credit Card Act. Therefore, if you pay late, they can raise your rate substantially. Business debit cards are not covered for fraudulent use, whereas business credit cards are covered.

CLICK HERE
to return to
Table of Contents

**Q:** Are Nav services free to business owners?

**A:** We are a marketplace, not a lender. After you sign up with Nav, you will see your credit scores on your dashboard.

We show you which financing options may be available to you with our Match Factor. We get paid by the lender if you decide to do business with a particular company. We work with over 30 lenders and all of the major credit card issuers.

**Q:** Does Nav sell my information to third parties?

**A:** No.

**Q:** How does Nav work with SCORE?

**A:** SCORE Mentors help clients determine how much credit they may need for their business. See the SCORE.org/navapp. We have a free e-guide on the SCORE website. We partner with SCORE to provide education. It's called, "Where's the money?

The 10 sources of small business financing and how to qualify."

**Q:** Is there anything additional that you want to mention?

**A:** There are steps you can take now to help position your business in the future. You need the financial piece in place to help make your business successful.

I hope that some of these strategic credit tips are helpful to you in your business.

CLICK HERE
to return to
Table of Contents

---

***Business credit cards are covered in the event of fraudulent use. They are not covered by the 2008 Federal law known as the Credit Card Act.***

CLICK HERE
to return to
Table of Contents

# Chapter 248

# Dinosaurs and geckos

**Published: Monday, November 26, 2018**

Two hundred and thirty-five million years ago, giant reptiles roamed the earth. After 169 million years or so, they became extinct. Their name, dinosaur, is taken from the ancient Greek words "deinos" and "sauros," meaning terrible lizard.

Geckos emerged during the earliest days of the dinosaurs, approximately 200 million years ago, give or take 25 million years. Geckos usually live six to 10 years, with some males known to have survived up to 20. They are the most species-rich group of lizards, with 1,500 worldwide.

CLICK HERE
to return to
Table of Contents

Why did the dinosaurs become extinct while the geckos are still in our backyards? I have no clue. But it leads me to this question: Is your business operating like a dinosaur or a gecko?

**Best practices versus incubator-style companies**

Best practice means exactly what you think it means. According to Webster, a best practice is a procedure that has been shown by research and experience to produce optimal results and that is established or proposed as a standard suitable for widespread adoption.

Franchising is a good example of use of best practice. The franchisor is selling a system that the franchisee must follow. This system has been developed by the franchisor using best practice. All McDonald's restaurants know exactly how long to cook fries so they come out perfectly.

**Successful and unsuccessful franchises**

Some great franchising success stories include InstyPrints, Buffalo Wild Wings, Jet's Pizza, and Visiting Angels. These franchises have over 90 percent Small Business Administration loan repayment rates.

CLICK HERE
to return to
Table of Contents

Other franchises don't succeed as well. You may be surprised to hear that Wings-N-Things, Noble Roman Pizza, Image Sun Tanning and Orangetheory Fitness are a few of the franchises that have default SBA loan rates approaching 89 percent.

**Extinction**

There are also some large and now extinct franchises such as Blockbuster, largely put out of its misery by Netflix and other streaming services. Sbarro, with 800 units, had served pizza since 1956 but filed for Chapter 11 bankruptcy after reeling from a decline in mall traffic and high rents. Radio Shack had more than 4,000 stores but became irrelevant and lost its way. Quiznos had almost 5,000 units but made the mistake of challenging Subway.

**Many causes of death**

Competition, debt and market- share decay caused by the likes of Amazon and other online retailers eroded their position. Radio Shack was never able to differentiate itself or redefine a successful niche, Sbarro's mall traffic declined in many dying shopping centers and Quiznos had many issues with less than stellar franchise relationships and higher food costs than its competition.

**The non-franchise model**

While the franchise model largely uses best practice in its processes, the smaller, standalone gecko-style business can be lean, nimble and able to react quickly and creatively to competitive pressures and market opportunities and themed initiatives that every chapter follows, including helping businesses start and grow. The national organization has hundreds of creative website tools, webinars and over 10,000 members sprinkled about in more than 300 local chapters. Each of the chapters in the United States is free to define itself and choose the course that will create the greatest impact in their local communities. For example, SCORE Manasota has created the Exit Strategy Canvas initiative to help business owners eventually sell their companies.

CLICK HERE
to return to
Table of Contents

The SCORE Business TV Show will debut this week. Our podcast series, "Been There, Done That with Dennis Zink" has produced 71 shows to date.

This Business SCORE Card column is the 247th consecutive small business column running in Business Weekly.

For 54 years, Manasota SCORE has adapted and been flexible in our market with the goal to create the greatest good for our clients and our community.

**Is it an either-or choice?**

A small business, or any organization, can adopt best practices and have the freedom of the gecko to grow and prosper as local market needs dictate.

Flexibility and adaptability are the important characteristics.

CLICK HERE
to return to
Table of Contents

The small business may not know what best practice means for them.

Experimentation can help develop best practice as long as the owner's attitude is geared toward continuous improvement and success. Like A/B testing, test and test again until you are operating in the best way possible. And, like the gecko in my yard, businesses that remain flexible and adaptable will survive longer than the dinosaurs.

I am about to go to one of my favorite local restaurants for a burger.

Today it will be Geckos.

# Chapter 249

# Proof of how important Social Proof is to business

**Published: Monday, December 3, 2018**

In a research report for the restaurant industry, Harvard Business School professor Michael Luca published a study that demonstrated that a 1-star increase in ratings equals a 5-9 percent increase in revenue.

CLICK HERE
to return to
Table of Contents

“We believe (and have the data to back it up) that Social Proof is one of today’s best marketing tools in order to boost consumers’ confidence and build trust earlier in the (sales) funnel,” Luca wrote. “Social Proof helps consumers buy a product or subscribe to a service they will most likely enjoy based on the ‘wisdom of the crowd.’

Today, 92 percent of consumers read online reviews and 80 percent of shoppers trust reviews as much as personal recommendations, according to trustpilot.com.

Nick Choat is an award-winning franchise owner who knows the challenges small business owners face. As a certified SCORE mentor, Choat enjoys helping others grow their businesses through digital marketing and Social Proof. He has worked with industry giants, including The Walt Disney Co., Boeing and Ernst & Young. He applies these insights to his own e-business and as a digital marketing trainer and consultant.

According to Choat, Social Proof is about how to use trust and transparency as a bedrock strategy to grow your business. Social Proof should be the centerpiece of your digital marketing strategy. It amplifies mobile-friendly website design, search engine optimization and search engine marketing, social media, paid advertising, email marketing and content marketing.

Choat says, “Social Proof means we use other people to deter-mine what is correct.” Social Proof comes in many forms, including expert, celebrity, user, wisdom-of-the-crowd and wisdom-of-your-friends. According to Tech Crunch, “Social Proof is the new marketing.”

CLICK HERE
to return to
Table of Contents

Simply put, Social Proof is where people’s behaviors are influenced by the action of others. A great example is Oprah Winfrey’s Favorite Things list. Winfrey’s endorsement of a product can cause websites to collapse from increased activity and purchases.

An example of expert Social Proof might be a blogger giving your product a positive review, an Instagram post showing an expert loving your product, or displaying an expert certification. Having an expert tell others they like your product produces a “halo effect.” If the trusted expert likes it, customers know it must be good without having to do outside research. An example of expert Social Proof is Fitbit having fitness experts leave reviews. It joined forces with Adidas to show customers that they have the best fitness tracker.

**The Trust Sentiment Index**

According to the Better Business Bureau's 2017 Trust Sentiment Index, for every 10 problems customers have, only seven will complain. In only four cases will the customer have their problem resolved to their satisfaction and only three customers will return. That's a 70 percent loss of existing business where a problem exists. Therefore, a Social Proof strategy begins with customer retention. As a business owner, you must listen to and act upon what your customers are telling you. Customer acquisition will increase when your Social Proof is strong.

Online reviews are good for consumers and for search results. These reviews provide a transparent window into your business.

**Three elements of your user Social Proof strategy**

CLICK HERE
to return to
Table of Contents

1. Control (own) where the reviews happen. You can get reviewed on dozens of sites, such as Google, Facebook, Yahoo, Twitter, LinkedIn, Instagram, Bing, Zillow, Yelp, Trip Advisor, etc. Here are the ways to own it:

- Claim each listing (ie: Google My Business)
- Provide complete business information
- Turn on alerts
- Commit to customer satisfaction
- Develop an approach to build your user Social Proof
- Actively manage your Social Proof• Flaunt your Social Proof

2. Solicit reviews. Be proactive and ask your customers to review your business.

3. Respond to reviews. If someone takes the time to write a favor-able review, respond to it. If you receive a negative review, respond immediately.

CLICK HERE
to return to
Table of Contents

**Anatomy of a review response**

Thank the writer for the review (personalize with the name of the person). Acknowledge the experience. Discuss future action(s) you will take to make a bad experience right.

**Worst practices**

Don't sabotage your business with negative behaviors. Cyberbullying, fake reviews, friends-and-family reviews, paying for reviews, arguing with the customer, and overall defensiveness should be avoided.

**Epilogue**

Mr. Choat owns two SportClips Haircuts franchise locations in Sarasota and Bradenton. He was named Small Business of The Year in 2018 by the Manatee Chamber of Commerce. His last corporate gig was with The Walt Disney Co., where he learned how the magic was made. His biggest takeaway was Disney's obsession with guest and fan satisfaction. He has leveraged what he learned from his earlier business experiences.

His book, "Online or Flatline, the Small Business Owner's Guide to Digital Marketing" (Elevate - Feb. 21, 2017) codified these experiences.

Social Proof leverages word-of-mouth marketing. Before the internet, if someone had a good or bad experience with your business, they told their friends. That feedback is magnified to friends and hundreds or thousands of your potential clients. If the feedback is positive, your business benefits. If the feedback is negative, your business suffers. A Social Proof-based marketing strategy will enable you to leverage positive comments and help insulate you from negative feedback that could hinder business growth.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 250

# Workdays Revisited, Part 1: Pies and elder care

**Published: Monday, December 10, 2018**

In a research report for the restaurant industry, Harvard Business School professor Michael Luca published a study that demonstrated that a 1-star increase in ratings equals a 5-9 percent increase in revenue.

**CLICK HERE**
**to return to**
**Table of Contents**

“We believe (and have the data to back it up) that Social Proof is one of today’s best marketing tools in order to boost consumers’ confidence and build trust earlier in the (sales) funnel,” Luca wrote. “Social Proof helps consumers buy a product or subscribe to a service they will most likely enjoy based on the ‘wisdom of the crowd.’

Today, 92 percent of consumers read online reviews and 80 percent of shoppers trust reviews as much as personal recommendations, according to trustpilot.com.

Nick Choat is an award-winning franchise owner who knows the challenges small business owners face. As a certified SCORE mentor, Choat enjoys helping others grow their businesses through digital marketing and Social Proof. He has worked with industry giants, including The Walt Disney Co., Boeing and Ernst & Young. He applies these insights to his own e-business and as a digital marketing trainer and consultant.

According to Choat, Social Proof is about how to use trust and transparency as a bedrock strategy to grow your business. Social Proof should be the centerpiece of your digital marketing strategy. It amplifies mobile-friendly website design, search engine optimization and search engine marketing, social media, paid advertising, email marketing and content marketing.

Choat says, “Social Proof means we use other people to deter-mine what is correct.” Social Proof comes in many forms, including expert, celebrity, user, wisdom-of-the-crowd and wisdom-of-your-friends. According to Tech Crunch, “Social Proof is the new marketing.”

**CLICK HERE**
**to return to**
**Table of Contents**

Simply put, Social Proof is where people’s behaviors are influenced by the action of others. A great example is Oprah Winfrey’s Favorite Things list. Winfrey’s endorsement of a product can cause websites to collapse from increased activity and purchases.

An example of expert Social Proof might be a blogger giving your product a positive review, an Instagram post showing an expert loving your product, or displaying an expert certification. Having an expert tell others they like your product produces a “halo effect.” If the trusted expert likes it, customers know it must be good without having to do outside research. An example of expert Social Proof is Fitbit having fitness experts leave reviews. It joined forces with Adidas to show customers that they have the best fitness tracker.

**The Trust Sentiment Index**

According to the Better Business Bureau's 2017 Trust Sentiment Index, for every 10 problems customers have, only seven will complain. In only four cases will the customer have their problem resolved to their satisfaction and only three customers will return. That's a 70 percent loss of existing business where a problem exists. Therefore, a Social Proof strategy begins with customer retention. As a business owner, you must listen to and act upon what your customers are telling you. Customer acquisition will increase when your Social Proof is strong.

Online reviews are good for consumers and for search results. These reviews provide a transparent window into your business.

**Three elements of your user Social Proof strategy**

CLICK HERE
to return to
Table of Contents

1. Control (own) where the reviews happen. You can get reviewed on dozens of sites, such as Google, Facebook, Yahoo, Twitter, LinkedIn, Instagram, Bing, Zillow, Yelp, Trip Advisor, etc. Here are the ways to own it:

- Claim each listing (ie: Google My Business)
- Provide complete business information
- Turn on alerts
- Commit to customer satisfaction
- Develop an approach to build your user Social Proof
- Actively manage your Social Proof• Flaunt your Social Proof

2. Solicit reviews. Be proactive and ask your customers to review your business.

3. Respond to reviews. If someone takes the time to write a favor-able review, respond to it. If you receive a negative review, respond immediately.

CLICK HERE
to return to
Table of Contents

**Anatomy of a review response**

Thank the writer for the review (personalize with the name of the person). Acknowledge the experience. Discuss future action(s) you will take to make a bad experience right.

**Worst practices**

Don't sabotage your business with negative behaviors. Cyberbullying, fake reviews, friends-and-family reviews, paying for reviews, arguing with the customer, and overall defensiveness should be avoided.

**Epilogue**

Mr. Choat owns two SportClips Haircuts franchise locations in Sarasota and Bradenton. He was named Small Business of The Year in 2018 by the Manatee Chamber of Commerce. His last corporate gig was with The Walt Disney Co., where he learned how the magic was made. His biggest takeaway was Disney's obsession with guest and fan satisfaction. He has leveraged what he learned from his earlier business experiences.

His book, "Online or Flatline, the Small Business Owner's Guide to Digital Marketing" (Elevate - Feb. 21, 2017) codified these experiences.

Social Proof leverages word-of-mouth marketing. Before the internet, if someone had a good or bad experience with your business, they told their friends. That feedback is magnified to friends and hundreds or thousands of your potential clients. If the feedback is positive, your business benefits. If the feedback is negative, your business suffers. A Social Proof-based marketing strategy will enable you to leverage positive comments and help insulate you from negative feedback that could hinder business growth.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 251

# Workdays Revisited, Part 2: Wood Floors

**Published: Monday, December 17, 2018**

This is Part 2 of my report on what I have called Workdays Revisited, a project I launched in my Oct. 29 column based on an idea I borrowed from former Florida Gov. and U.S. Sen. Bob Graham. When he was a state legislator running for governor, Graham worked one-day stints in various positions such as police officer, waiter and baggage handler. In my version of workdays, I offered to see if, after a half-day visit listening and consulting with business owners, I could contribute helpful ideas.

CLICK HERE
to return to
Table of Contents

From email proposals I received in response to that column, I selected and met with four local owners of businesses with sales that ranged from under $100,000 to over $2 million.

After listening carefully to the owners, I suggested ideas that hopefully will help them succeed. Exactly how much traction these ideas will have remains to be seen. I will circle back with each of them in three months.

Business owners often don't see what is staring them in the face because they are too close to the daily grind. Although all of the businesses were having good years, common concerns included increasing sales, hiring good people, using social media and having a better understanding of their financial information (balance sheet and profit-and-loss statements).

In my Dec. 10 column, I reported on two of the businesses, Caribbean Pie Co. and Advocare Senior Care. Here's what I learned at the third business. Unfortunately, the fourth business I chose to participate didn't work out.

**The Wood Floor Store**

The Wood Floor Store in Sarasota, aka "Home of the Floor Doctor," is owned by Kathy Goering. Kathy has been in the business for 24 years. Sales have multiplied 10-fold since she became involved. She has three office employees and up to five in the field. The company has no outside sales reps.

CLICK HERE
to return to
Table of Contents

Approximately 23 percent of its business is working with upscale builders. The vast majority of its sales, however, are from walk-in and referral customers. Seventy percent are home remodels. Customers spend anywhere from a couple thousand to $100,000 on flooring jobs, with an average of about $20,000. The Wood Floor Store serves clients from Boca Grande north through Manatee County. It is profitable, and sales are up 28 percent this year and are projected to increase 25 percent next year.

**Concern:** Kathy's main concerns were employee-related. She uses Craig's List and wanted to know where to go to find qualified employees. The last person she learned of from Craig's List didn't show up for their interview. Another potential employee's references were unacceptable.

**Suggestion:** I told Kathy she ought to create a free account with Indeed.com and post customized ads. She should receive lots of resumes.

**Concern:** Kathy also wanted to know where to find information on employee compensation.

**Suggestion:** I pointed Kathy to the Bureau of Labor Statistics website for wage information at www.bls.gov/bls/blswage.htm. There is a section where users can look up wage data by state and by metropolitan area.

**Concern:** Kathy wanted to know how well her company was operating compared to other businesses in the industry.

**Suggestion:** Since Kathy is a member of the National Wood Flooring Association, I suggested she give them a call and ask if they had this information or could point her in the direction of someone who would. I also mentioned that a company called Risk Management Associates (formerly Robert Morris Associates, or RMA) provides data to banks to use in credit decisions and underwriting loans. RMA data provides comparative ratios by industry in similarly sized businesses.

CLICK HERE
to return to
Table of Contents

**Concern:** The Wood Floor Store has a professional website but the reviews were old and sparse.

**Suggestion:** To garner more positive reviews, Kathy will ask every client, after their job is complete, to do a review about their experience.

To encourage their participation, the client will be offered something of value such as a floor protectant. It's also important to thank everyone who writes a review. If anyone posts a negative review, Kathy needs to call them immediately and resolve the situation.

I told her she can use Yext.com to manage her online directories as well as monitor and respond to reviews. We also looked to see if Kathy had claimed her listing on Google My Business. There was one step remaining that she needed to do.

**Concern:** Kathy wanted to know what impression I had after viewing her website and if I could make some suggestions.

CLICK HERE
to return to
Table of Contents

**Suggestion:** At a fast glance, I suggested that she add interesting and educational articles on wood flooring that would benefit consumers. Examples would be a chart of the hardness of different woods, advice on installation costs per square foot and an article explaining how to clean and care for various wood floors.

I made other suggestions that were confidential.

After our meeting, Kathy said in an email, "It was a pleasure meeting with you and discussing our business. I appreciate you getting back to me with some information I had requested. All your input is very helpful! Your guidance with seeking employees, wage comparisons and social media comments were all quite informative.

I really appreciate your input and fresh eyes into our business. It is refreshing to have your unbiased observations!"

I expect that Kathy will have a banner year in 2019, "knock on wood."

I am pleased to say that all four Workdays Revisited businesses are now SCORE clients.

---

***From email proposals I received in response to that column, I selected and met with four local owners of businesses with sales that ranged from under $100,000 to over $2 million.***

***After listening carefully to the owners, I suggested ideas that hopefully will help them succeed. Exactly how much traction these ideas will have remains to be seen. I will circle back with each of them in three months.***

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 252

# How to stay out of price-fixing trouble

**Published: Monday, December 24, 2018**

What is price fixing and why might this be of concern to small-business owners?

The Federal Trade Commission's website provides excellent information on this subject. For your convenience, I extracted and compiled some examples to keep your business out of possible legal jeopardy from running afoul of the rules.

CLICK HERE
to return to
Table of Contents

Generally, antitrust laws require that each company establish prices and other terms on its own, without discussing with a competitor.

According to the Federal Trade Commission, price fixing is an agreement — written, verbal or inferred from conduct — among competitors that raises, lowers or stabilizes prices or competitive terms. Any agreement among competitors to fix prices is always illegal, whether prices are fixed at a minimum, maximum or within some range.

Consumers make their own choices about what products and services they buy. They expect that prices have been determined by supply and demand, not by collusion among competitors to inflate prices.

Price-fixing schemes are often worked out in secret and can be hard to uncover. In some circumstances, an agreement can be discovered from circumstantial evidence. For example, if direct competitors have a pattern of unexplained identical contract terms or price behavior, unlawful price fixing may be the reason.

Not all price similarities or price changes that occur at the same time are the results of price fixing. On the contrary, they often result from normal market conditions. An increase in consumer demand can cause uniformly high prices for a product that is in limited supply.

CLICK HERE
to return to
Table of Contents

Price fixing relates to prices and also to other items affecting consumers, such as shipping fees, warranties, discount programs, or financing rates. Antitrust scrutiny may occur when competitors discuss present or future prices; pricing policies; promotions; bids; costs; capacity; terms or conditions of sale, including credit terms, discounts and identity of customers; allocation of customers or sales areas; production quotas; research and development plans.

**Common exceptions**

• Gasoline stations often increase their prices the same amount and at the same time. This could be the result of price fixing, but it could also be the result of an independent businesses' response to the same market conditions. If the price of crude oil increases, local gasoline stations may respond to higher wholesale gasoline prices by increasing their prices.

Market forces, such as publicly posting current prices — as is common with most gasoline stations — encourages suppliers to adjust their own prices quickly in order not to lose sales.

• Price matching. Many companies monitor competitors' ads, sometimes offering to match special discounts or sales incentives for consumers. Matching competitors' pricing is good business and often occurs in highly competitive markets. Each company is free to set its own prices, and it may charge the same price as its competitors. If the decision is not based on any agreement or coordination with a competitor, then this is not price fixing.

**Bid rigging and other forms**

When business contracts are awarded by competitive bids, coordination among bidders undermines the bidding process and may be illegal. Bid rigging can take many forms, but one frequent form is when competitors agree in advance which firm will win the bid. For instance, competitors may agree to take turns being the low bidder, or sit out of a bidding round, or provide unacceptable bids to cover up a bid-rigging scheme. Other bid-rigging agreements involve subcontracting part of the main contract to the losing bidders or forming a joint venture to submit a single bid.

CLICK HERE
to return to
Table of Contents

• Market division or customer allocation. Agreements among competitors to divide sales territories or assign customers are almost always illegal. These arrangements are essentially agreements not to compete.

• In selling a business, generally, a buyer will insist that the seller enter into a covenant not to compete. This is a common feature when businesses are sold. Courts have generally permitted such agreements when they were ancillary to the main transaction and reasonably necessary to protect the value of the assets being sold. The non-compete is limited in time and geographic area covered. However, an agreement to eliminate competition between competitors is illegal.

• Group boycotts. Any company may, on its own, refuse to do business with another firm. However, an agreement among competitors not to do business with targeted individuals or businesses may be an illegal boycott. This is especially true if the group of competitors working together has market power.

CLICK HERE
to return to
Table of Contents

• Trade associations. Most trade association activities are either pro-competitive or neutral. Trade associations may help establish industry standards that protect the public or represent its members before legislatures or government agencies, providing valuable information to inform government decisions.

But it is illegal to use a trade association to control or suggest pricing for its members. This includes exchanging price or other sensitive business data among competitors, whether within a trade group or a professional association. Any data exchange or statistical reporting that includes current prices or information that identifies data from individual competitors can raise antitrust concerns if it encourages more uniform prices than otherwise would exist.

In general, information reporting costs or data other than price and historical data rather than current or future data is less likely to raise antitrust concerns.

A final note: Medicare offers the largest example of price fixing. However, recent competitive bidding by providers has generally served the public well by driving down prices. The utilities and other quasi-monopolies such as cable companies are heavily regulated for the supposed benefit of consumers.

Then there is the annual backflow meter mandatory inspections. Don't get me started.

Let's face it, every business owner would like to have a monopoly but it's the way you get there that may be the problem. No collusion, please!

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 253

# 9 new year business resolutions for 2019

**Published: Monday, December 31, 2018**

Chances are good that you will make some personal New Year's resolutions for 2019. Perhaps you will commit to eating healthy, losing some weight, joining a gym and actually going there two to three times a week. Or, you may be determined to check some items off your bucket list.

Your business may need some attention and a few New Year's resolutions or tweaks, too. These business issues may be a factor, and perhaps one of the reasons you need to pay attention to your personal items. Here are nine suggestions to consider for your 2019 business resolutions.

CLICK HERE
to return to
Table of Contents

1. Shore up your cash position — If your cash isn't flowing as well as you would like, you may want to take a look at improving this critical area. Accelerate your receivables by offering your customers discounts for prompt payment. Ask your vendors to give you more favorable payment terms. Remember, you have to ask. Other suggestions below may trigger thoughts and/or strategies that you can implement to improve your cash position. If you struggle with cash flow, this is your most important focal area.

2. Employee changes — If you have employees who really need to go, terminating them immediately might be your best business decision. January is typically the month for making difficult personnel decisions. If employees aren't cutting it, it's your responsibility to help them move on to greener pastures. The sooner the better for you, them and your other employees.

3. Create or update your strategic plan — Is your business taking you where you want? Gather your key employees and discuss strategic initiatives. Ask these three questions:

- What could you be doing in 2019 that you have not done this past year? List everything. Then narrow your choices by asking the second qualifying question.

- What should you be doing? Next, narrow your choices further by asking.

- What will you do this coming year?

- How can we implement these changes? If you already have a strategic plan in place, congratulations! Now is the time to review and update your plan.

CLICK HERE
to return to
Table of Contents

4. Delegation — If you are not delegating routine tasks to your employees, you need to start now. List all the things that you do yourself that could be handled by others. Then, get busy delegating these tasks.

5. To Don't List — Create a list of all those things you should **not** be doing. Read this list daily until you have stopped doing these tasks any longer. You will need to delegate these tasks. (See No. 4.)

6. Work **on** your business more and work **in** your business less — Now that you are delegating more tasks to subordinates, spend time thinking about what you can do to improve your business in key areas. Start with the highest-dollar items first to reap a larger reward. If you use QuickBooks, you may want to sort your expense items by dollar volume to prioritize this list.

7. Learn how to know what you don't know — Listen to my 30-minute podcast called "Been There, Done That! with Dennis Zink" on iTunes, and Google Play. No. 14 discusses how to know what you don't know.

8. Create a Business Model Canvas using the free Canvanizer.com tool — Chances are you do not have a written business plan. I strongly suggest that you Google 'Business Model Canvas' (https://strategyzer.com/canvas/ business-model-canvas) and view the two-minute YouTube video. Next, create a one-page plan using the free Canvanizer tool (https://canvanizer.com/). This entire process should take you one to two hours, tops. You will thank me.

CLICK HERE
to return to
Table of Contents

9. Consider your exit strategy — The day you started your business is the day you should start preparing to sell it. If you don't choose your exit path, it will choose you. Sooner or later, you will exit your business. If you need help, you can submit an application to the free SCORE Exit Strategy Initiative program. SCORE certified mentors who have been trained as Exit Strategists will help you better understand your choices for realizing equity and help you with succession planning. They will help you focus on maximizing profitability, diversifying income streams, reducing dependency on yourself, key employees, customers and suppliers, and improving processes to make your business more valuable.

The SCORE Business TV Show on the topic of Exit Strategies will debut in January. Write to me and I will send you the link, centreofinfluence@gmail.com.

You are to be congratulated in advance for making these wise business decisions and I wish you great success in 2019.

Happy New Year!

CLICK HERE
to return to
Table of Contents

# Chapter 254

# Customer experience and your digital strategy

**Published: Monday, January 7, 2019**

The customer experience should be at the heart of your digital strategy. Enrich your customer digital strategy with online surveys, reviews and social media interactions. Even if you're not selling products or services online, you should implement these digital customer interactions to build and enhance relations with your customers, so they keep coming back. In addition, you must use it to listen to your customers.

CLICK HERE
to return to
Table of Contents

### Take the pulse of your customers

Monitoring your company's vital signs is the best way to stay ahead of disastrous outcomes. In addition to internal metrics, you need continuous real-time data to confirm your company's health. Client feedback provides an effective way to accomplish this. Here are three ways to get worthwhile feedback:

- Administer an online survey after completion of a transaction (sale or service). Ask your customer for input repeatedly. Each time you ask for their input, you are telling them that you care about their opinion. With SurveyMonkey and SurveyGizmo, online surveys are easy to design, publish, collect responses from, analyze results and save for future reference or reuse. After creating a survey, you can forward the link in invoice emails, client emails or in posts online for client responses.

- Use online reviews. You can do this with Google, Yelp and other local search sites. Online reviews provide social proof with your customers' opinions of your products and services.

- Create a presence on social media platforms such as Facebook, LinkedIn and Twitter. These sites offer an exceptional way to interact with customers. By design, they offer casual two-way communication mediums for soliciting reviews, input, reactions and interactions, all of which are important to improving relationships.

CLICK HERE
to return to
Table of Contents

### Collect email addresses

For your online survey to be meaningful, it needs to be sent to a majority of your customers, if not all of them. So you need to obtain your customers' email addresses. Surveys posted only on social media or your website do not limit feedback to customers.

If you have a CRM (Customer Relationship Management) system in place with your clients' email addresses, you are good to go. If not, institute a campaign or a process to entice your customers to give you their email addresses and enter them into a database.

### Celebrate success

Survey replies are often accompanied by positive testimonials. Publish these results in a press release and quote your clients. Good survey results are also a great topic for a blog post, a newsletter and for emails nurturing leads and client relationships. Distribute the press release to your clients and news outlets. Additionally, provide it to your sales staff to send to prospective clients.

### Create testimonials

Contact clients who provide fantastic feedback and request their permission to use their quote on your website. Get permission to use their name and company name. In return, offer a backlink to their company's website or LinkedIn profile.

**CLICK HERE**
to return to
Table of Contents

### Embrace online reviews

In addition to online surveys, you may choose to establish a more transparent feedback process that engages clients online. This can be achieved by embracing online reviews on Google, Yelp and other local and national directories.

### Google My Business

Every company should claim its business on Google My Business. The No. 1 benefit for your business is allowing Google to give your website an additional search engine optimization (SEO) boost when searches take place in the area where your business operates. Your content will show up on Google searches ahead of the competition that may not have that local presence. On top of the extra SEO boost, clients will find you on Google Maps and can seek directions or call you. Google tracks and reports the number of views, direction requests, website visits and phone calls that occur monthly.

### Interact on social media

You've taken the time to build your digital content and publish it on your website. Why not share that content directly with your customers online via social media? Each blog post, press release, white paper, webinar, video, podcast, promotion and eBook should make it to your social media walls and groups. Social media is the perfect place to casually interact with your target audience, including purchasers, influencers and end users.

**CLICK HERE**
to return to
Table of Contents

Many tools are available to help you in that process, most prominently Hootsuite, Zoho Social and HubSpot. By using these tools, you can schedule and automate campaigns and postings, get notified when a review or a comment is posted, integrate with your CRM (customer relationship management) system and CMS (content management system), and get reports and analyses. The three top social media platforms to consider are Facebook, LinkedIn and Twitter.

### Facebook

With over two billion users, Facebook allows you to interact with your followers and boost your postings to a targeted audience precisely and efficiently. Facebook provides a more effective social media platform for Business to Consumer (B2C) companies. Facebook offers the most sophisticated integrations with third-party tools. This facilitates automation, monitoring, interaction and analysis.

### LinkedIn

Primarily a Business to Business (B2B) platform, LinkedIn offers access to more than half a billion professionals. Specific interest groups are established on the platform, enabling professionals to discuss many popular business topics. You can publish articles on this platform as well as share your thoughts on your wall or with groups.

### Twitter

Twitter is another giant social media platform with 67 million U.S.-based active users and 336 million users worldwide. Concise and simple, tweets promote your content through images, a brief description and backlinks to your site.

CLICK HERE
to return to
Table of Contents

### Transparency

Justifiably, you may be concerned about the transparency of social media and online reviews. Transparency is a double-edged sword. While it can air your dirty laundry in public, it can also help you quickly identify problems and address them. In the digital age, companies should embrace transparency.

CLICK HERE
to return to
Table of Contents

# Chapter 255

# How to transform your inside sales process

**Published: Monday, January 14, 2019**

An effective website should provide valuable digital content. With the addition of relevant keywords, you can establish an efficient process of nurturing leads. The goal is to create a scalable growth engine to generate sales leads.

Significant technological advances in communication tools allow many sales activities to take place inside your office, fortifying a successful inside-sales effort. Most buyers, influencers and end-users are comfortable communicating via email, text, video conference and other digital means. With qualified leads, inside staff can be effective at closing sales.

CLICK HERE
to return to
Table of Contents

As important as leads are, this is only the first step in the sales process, here are additional steps.

**Establishing a sales plan and process**

Your sales process should be detailed and well-documented to include steps on how to handle each type of lead. This includes order fulfillment and other necessary follow-up, as needed, to ensure satisfaction and facilitate future orders.

Sales territories must be well defined. Territories can be established geographically, alphabetically or in any other obvious and transparent way that makes sense for your business. This helps maintain continuity and minimizes territorial battles between sales people.

A commission schedule matrix outlining accelerators and bonuses should be clearly spelled out. Indicate if commissions are based on booked, invoiced or collected revenue. An explanation of how commissions are calculated and when they will be paid, and forfeited, should be delineated. Policies and sales staff’s authority to discount when necessary to procure business, should be clearly stated.

CLICK HERE
to return to
Table of Contents

Document Customer Relationship Management practices for your sales team. Include information on updating leads, contacts, accounts, and potential opportunities. Explain how a lead transitions through the sales continuum. Reinforce the importance of keeping data and leads up to date.

Outline face-to-face client meeting policies, travel approvals and how travel expenses are reimbursed.

Outline sales responsibilities that may extend beyond fulfillment. The sales process does not necessarily end with the sale, it transitions to servicing, maintaining and growing the account.

**Set achievable goals and use metrics**

There are sales metrics and key business ratios that you want to measure and compare to your industry norms. For example: how many leads does it takes to issue a proposal? What is the average dollar value of a proposal? How many proposals does it take to close a sale? What is the average value of a sale? How long does it take from proposal to a sale? Track these numbers for all sales people, territories, products and services. Your goal should be to keep improving your processes until you are better than industry averages.

Sales quotas can be computed for each salesperson based on the number of leads their territory receives. Much of this information will come directly from your CRM, such as sales reports, pipeline projections, and cash flow analysis.

Establishing a sales process and using metrics enables tracking and optimization. This creates a successful channel for your company and puts you on a path to consistently produce sales and improve efficiency.

CLICK HERE
to return to
Table of Contents

**Protect your data**

Data theft is widespread and can happen to any company. Never give your sales people admin privileges to your CRM. They don't need it and shouldn't have it. Prohibit employees from exporting data in bulk from your CRM or production database. Configure CRM user settings to limit access on a need-to-know basis, depending on the user.

Use non-disclosure and noncompete agreements for new hires. It's best to have a strong agreement signed by every employee when they are hired. Review and emphasize privacy and anti-competition clauses in the document and have them sign-off that they have read and understand what they are signing.

**Train the team**

To ensure consistent servicing of your clients and prospective clients, institute a comprehensive training program for your sales team.

Train employees when hired and again when major changes are made to your sales process. Have trainees sign off on each training module.

CLICK HERE
to return to
Table of Contents

**Track your results**

Economic fluctuations are a fact of life. It's understood that client's spending habits and needs change, industry trends shift, disruptive forces interfere with set practices, competitive actions impact sales. Continuously track both individual and aggregate results. Using individual and total metrics, you can identify what it will take to meet and exceed revenue goals.

**Motivate and encourage**

Numbers are a great way to remove subjectivity and favoritism from the process. Create triggers in your metrics that will initiate steps to motivate, support and encourage your sales staff. When these triggers are set, the CEO or VP of Sales can text or personalize an email to individuals or your sales team.

### Replace staff as needed

Motivate, support and encourage first, but know when it is time to cut your losses. Unhappy and/or ineffective sales people can cause severe harm to your company, its clients, employees and investors. Swiftly remove incompetent or insubordinate sales employees. By continually seeking out great sales people, hopefully, you will find a replacement quickly.

### Reward exceptional performers

Your metrics, sales pipeline, individual results and sales figures provide an opportunity to identify overachievers. Ideally, you want all your sales people to overachieve, so reward them generously when they do. Recognize them in front of their peers and by offering financial rewards.

CLICK HERE
to return to
Table of Contents

### Bottom line impact

Companies spend, on average, 7 to 15 percent on sales. When you add salaries, commissions, rewards, travel expenses and other overhead, costs add up fast. In summary, implement a robust lead generation process based on inbound marketing techniques.

CLICK HERE
to return to
Table of Contents

# Chapter 256

# How to value your company

**Published: Monday, January 21, 2019**

We recently launched our SCORE Business TV show. The first episode was on 'Exit Strategies, Cashing-in.' Our second show will be about how to value your business.

Here are some topics that may be addressed.

Why should a business owner be concerned about business valuation?

CLICK HERE
to return to
Table of Contents

Most owners have worked hard for many years to build their most valuable asset, their business equity. When the time comes to exit their business, owners should have a good idea what their business is worth.

Retirement, or an encore entrepreneurial act, may be their goal. The sale of a business to a third party can help the owner realize equity for retirement. The proceeds could be a lump sum payment, or, perhaps a cash flow stream into the future.

How do you value a business?

There are three methods often used in valuing a business:

1. The cost approach emphasizes how much money it costs to start and build a business. This amount is irrelevant to a prospective buyer regarding the amount of money a buyer is willing to pay to purchase a business. Nevertheless, cost basis provides perspective.

2. The market approach takes into consideration public company comps and historical precedent transactions. The market approach is partly driven by industry viability. A dying industry, for example one being supplanted by the internet, will greatly affect a business valuation, even if the subject company is a star performer. (Think Blockbuster versus Netflix.)

CLICK HERE
to return to
Table of Contents

3. The Discounted Cash Flow model (DCF) looks at a forecast of future cash flows, typically over a five-year period. It then restates that value in today's dollars after considering a growth rate and a discount rate. This method is more complicated, so the details will not be explained in this column.

Why is it important to establish the value of a business?

A seller and a buyer need to have an idea of what the business is worth to establish a market price. In the end, a business is worth exactly what a willing buyer will pay and a seller will accept. No more, no less.

Why is a company more valuable than the asset value of the business?

Asset or breakup value is the worst way to dispose of a viable business. It doesn't take into consideration the value of the business as a going concern. This value is called "goodwill," and it represents the intangible value built up over the life of the business. The most important component of a for-profit business is the ability of the company to generate a profit for its owners. Other components adding to value include the business's reputation, longevity, intellectual property, products and services offered, quality of the management team and the tenure of employees.

What are multiples of earnings and why is this important? The value of a business is in its ability to generate positive cash flow over time. Based on the market valuation method, comps and industry standards help value a type of business within a narrow range. Generally, larger companies have less risk and the multiples are much greater, hovering around an average of 20 times earnings for public companies. The earnings multiple is paid based on "EBITDA," which is Earnings Before Interest, Taxes, Depreciation and Amortization.

**CLICK HERE**
**to return to**
**Table of Contents**

Why would a larger public company want to buy a smaller private company?

A smaller, profitable company may be acquired, on average, for a multiple of three- or four-times earnings. According to BizBuySell.com, the average multiple is 3.5.

Interestingly, the day after the public company buys the target business, the value of those earnings is valued at 20 times earnings, representing a fourfold increase overnight.

Why are some businesses more valuable than others in the same industry?

A business operated efficiently, having greater margins and higher profits, is more valuable than a business that is operated inefficiently. Companies seeking acquisitions are willing to pay a premium for a solid brand with a great reputation. It will pay more for a business where sales are rising, and the industry is growing. Multiples may be as high as seven or greater.

What can a business owner do to increase the value of their company?

A business owner can work with a SCORE mentor, for free confidential mentoring to improve the value of their business. The new SCORE Exit Strategy program is designed to help entrepreneurs plan for their exit by improving the drivers of business value. The sooner this process is undertaken, the greater the chance the business owner will have to reap a more substantial equity at harvest.

**CLICK HERE**
**to return to**
**Table of Contents**

What do business owners do to decrease value? Skimming or not reporting cash may save a few dollars today, but it will cost business owners more when the time comes to sell. If cash isn't reported, then it doesn't exist. A seller will not receive a three or four multiple upon sale for nonexistent cash. In fact, they will receive nothing.

What are some owner benefits that can be added back to increase the company's value?

Realistically, business owners often hide additional earnings through various owner benefits. An owner may spend company dollars for professional sports tickets and country club dues to entertain clients, telephones, vacations, travel and entertainment, auto lease payments, and insurance.

In preparation for selling the business, the seller will recast or restate business earnings. These expenses mentioned above are added back as owner benefits. The new owner does not have to spend this money, so these amounts should be added to cash flow. They will be valued in a sale at the agreed-upon multiple. Another common add-back is an adjustment, derived from taking a larger salary than the replacement value of that position for a new owner. For example, if the owner paid himself $180,000 annually for an $80,000 job as sales manager, the new owner could fill that position at $80,000 and save $100,000. Apply a multiple of three times for the adjusted amount and you will receive $300,000 in additional equity. Lastly, any onetime nonrecurring expenses would also be added back to cash flow.

Finally, if you don't choose your exit path, your exit path will choose you. Knowing the value of your company is a good metric to track annually. You never know when you will need to exit.

CLICK HERE
to return to
Table of Contents

---

**The new SCORE Exit Strategy program is designed to help entrepreneurs plan for their exit by improving the drivers of business value.**

CLICK HERE
to return to
Table of Contents

# Chapter 257

# Preventing wire fraud — what to do

**Published: Monday, January 28, 2019**

I interviewed John Sthreshley, vice president, and Amiee Rothrock, business development specialist, with First International Title. The firm has 35 offices and over 200 employees. Mr. Sthreshley is also committee chair for the Florida Land Title Association's cyber-committee on fraud prevention. Wire fraud theft losses are estimated to be in excess of a trillion dollars.

**CLICK HERE**
**to return to**
**Table of Contents**

**Q:** What is wire fraud?

**A:** Wire fraud occurs when a criminal accesses your email and creates a sense of urgency for you to send money to someone who isn't the correct party in a particular transaction. The fraudster intercepts the emails and poses as the party that is supposed to receive your funds. They use mules (unknowing intermediaries) to set up legitimate bank accounts on their behalf.

**Q:** What is a mule?

**A:** There are two types of mules. One type is where the person opens a bank account thinking they are working for a legitimate company. The second type is known as a "romance mule." This is often the result of an online pen-pal relationship where one person falls in love with another person (the fraudster) online. They have never met this person, but they get scammed into opening bank accounts for them.

**Q:** Does this constitute identity theft?

**A:** Yes — the criminal poses as you.

**Q:** Who gets scammed the most?

**CLICK HERE**
**to return to**
**Table of Contents**

**A:** It's not the lenders. It's the people buying with cash. Forty-seven percent of First International Title transactions in Florida are cash. The typical scenario consists of a person who sells their home up north and buys a new home in Florida with cash. There is a snowball effect because many homes are bought contingent on selling an existing residence. This fraudulent flow-through hampers sales down the line, often affecting more than one home purchase.

**Q:** Are these stolen funds recovered?

**A:** Uncovering fraudulent transactions quickly can result in recovery of some or all of your money.

**Q:** What can you do to prevent wire fraud?

**A:** Communications is key. Do not use your social media accounts to communicate with business accounts. Social media accounts are frequently hacked, so not relying on them for business transactions is critical. Two-factor authentication, where a code is texted to your phone, is helpful in minimizing fraud. A hacker would need your email address, your password and your phone at the same time. This helps you stay two steps ahead of the hackers.

If you receive wiring instructions via email, pick up the phone and confirm them with your recipient. Don't rely on email. Criminals will modify your computer settings to forward your emails.

**Q:** How do they choose their prey?

**A:** Criminals monitor emails and search for keywords such as wire, money, closing, deposit, contract, escrow, title, congratulations. The fraudsters interject themselves at the right time and may even pose as you. They may send an email from a similarly spelled domain, changing the .com to .net or a slightly misspelled name.

**CLICK HERE**
**to return to**
**Table of Contents**

**Q:** Has there been an increase in these fraudulent activities?

**A:** Fraud is so rampant in our industry that we have created our own task force through the Florida Land Title Association.

**Q:** How successful are they at catching these perpetrators?

**A:** Law enforcement may retrieve the funds before it's too late but they almost never catch the criminals. They are overseas and the situation is only getting worse. They are not setting up foreign accounts, they are using legitimate U.S. bank accounts.

**Q:** How are the emails monitored?

**A:** The fraudsters are going through a million Realtor emails per second. They have the Realtors' email addresses and passwords. In addition, they know what homes are for sale. Because they have the addresses, they are scrubbing for activity on these properties. The fraudsters insert themselves in the process, and nobody realizes they have been compromised until it's too late.

**CLICK HERE**
**to return to**
**Table of Contents**

**Q:** What are some positive steps that your cyber group is undertaking?

**A:** We are informing other Realtor boards to stop using AOL, Hotmail, Yahoo and other domains for communications. Get your own domain and use two-factor authentication.

**Q:** How important is it to change passwords frequently?

**A:** Password management would eliminate many of these issues. It helps if your passwords are changed often and are longer. These attacks are called brute force and you can have a monitoring system preventing that type of attack.

**Q:** If emails are not safe, what is a good alternative?

**A:** Texting is a safer alternative to emails.

**Q:** In summary, how can one avoid

being a victim?

**A:** Use two-factor authentication, change passwords often and make them longer and don't hesitate to go old-school and pick up the phone. Use computer antivirus protection, such as Norton and McAfee. Check your computer to see if email forwarding is turned on. Use password protection programs such as Last Pass or Dashlane.

Ask the parties that you are working with what they are doing to protect your data. Work with reputable companies that will hold your hand if there is a problem. Call your bank, call the FBI, its division known as IC3 (the Internet Crime Complaint Center) and the local FBI agent. They will freeze your account until they figure out what is going on.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 258

# Quality Management Systems for CEOs

**Published: Monday, February 4, 2019**

CEOs should monitor customer feedback, especially complaints. Introducing a quality management system (QMS) helps address problems so they don't recur.

CEOs often resist implementing a QMS for their companies because they tend to increase bureaucracy. But the systems are worth the investment.

CLICK HERE
to return to
Table of Contents

If one of your larger clients insisted that you become ISO 9001-certified to keep their business, you may want to comply.

**Unique value proposition**

Both the Lean Method and the Business Model Canvas tout the importance of having a Unique Value Proposition or a Unique Selling Proposition. These popular business modeling techniques center around your company's value proposition. It is not sufficient to simply know what value your business brings to customers with your products or services. You need to do it in a unique way and stand out.

**Be a stand-out**

Company differences make a business stand out from its competitors. These differences constitute an integral component of the business model and are made obvious to the buyer through its products, services, delivery and customer satisfaction.

Many CEOs struggle with differentiating their company from the competition. In a growing economy, success may consist of merely showing up — at the right time, in the right place and offering a needed service. When markets tighten and industries face headwinds, lacking a unique, compelling advantage will turn your product or service into a commodity.

CLICK HERE
to return to
Table of Contents

For many small businesses, a unique selling proposition is hard to establish and maintain. When you think you have something unique, search for it online and you may find that you do not.

Assuming you were able to come up with a unique product, process or distribution channel, your competition will likely follow. As soon as you identify something different, copycats pop up. You need to create and maintain a unique selling proposition and fight commoditization and price erosion.

**Jack be nimble**

Small businesses, by virtue of their size, are inherently flexible, nimble and quick to react to customers' needs. Use these qualities to your advantage when prospecting, selling and servicing your clients.

**Adopt a QMS to increase efficiency**

The value-chain model describes the processes by which businesses add value to raw materials to create a finished product. Companies should look at every step required and seek to increase the efficiency of the chain. CEOs of small companies with flat organizations can easily define their value chain. As companies grow and add height to their organizational pyramid, they build more complex processes.

CEOs need to have meaningful authority over all departments.

CLICK HERE
to return to
Table of Contents

There is no better way to do this than by instituting a Quality Management System. ISO 9001 will enable you to document, govern and control your value chain.

**What is ISO 9001?**

ISO 9001 is an international standard that forces each department to state what it does and do what it says. Communications are directed internally to the company's staff and externally to suppliers and customers. ISO 9001 details internal processes and shows how they interlink with each other and with suppliers and customers. Process descriptions are thorough, teachable, repeatable and measurable. Furthermore, they are approved by all division managers.

**Document all processes**

Start by documenting all departmental and interdepartmental processes. Don't be surprised to learn that there may be numerous incorrect assumptions. Department heads should be involved to address these false assumptions. All departments need to agree on processes so they can execute them in a harmonious way.

**Train your staff**

CLICK HERE
to return to
Table of Contents

Once your processes are documented and approved by all departments, test them and have staff apply them. Train your staff on how to perform internal QMS audits. Once everyone is trained, allow QMS to function. Three to six months usually are adequate to see meaningful results.

**Perform periodic internal audits**

Implement periodic internal audits to verify that your team is properly trained and is delivering according to expectations. The audit will help gauge the effectiveness of your processes and the success of your training.

**Track and address non-conformance**

When auditors discover non-conformance, document and measure their impact, track their frequency and address these issues. Schedule additional training as needed. If corrections to a process are required, evaluate and recommend the necessary changes. The goal is to prevent non-conformance from reoccurring.

**Measure key quality indicators**

Your Quality Management System does not require your company to meet the industry's highest quality levels; it only requires that you to meet the quality levels that you set for your business. Set your key quality metrics and carefully measure and track them.

For instance, you can track customer satisfaction based on the following criteria: quality of delivered service; timely delivery of service; and meeting the customer's budget. One way to measure these is with online surveys distributed to every client after a service is provided or an order is filled.

**CLICK HERE**
**to return to**
**Table of Contents**

**Assess risks**

Hold regular quality-management meetings to review non-conformance, reassess training needs and evaluate results. Follow up with necessary changes to processes, assets and risk assessments.

Performing and acting on risk assessments will minimize future disruptions to your business. Evaluate what could go wrong and what could derail your company.

Identify the following:

- What risky conditions might your company face?
- What is the likelihood of their happening?
- Who will they affect and how?
- What will it cost?
- How can they be controlled and managed?

Detail your plan to handle these problems and to mitigate their chances of occurrence. This is similar to disaster- recovery and business-continuity plans. Management should be trained to execute these plans in the event of a crisis.

**Implement continuous improvement**

**CLICK HERE**
**to return to**
**Table of Contents**

If your QMS is effective, it should continuously improve your value chain. Companies must recognize the need to change and automate — adapting to survive and thrive in the ever-evolving technological marketplace.

**Bottom-line impact** Streamlining operations will deliver the most impact in the value chain and on the bottom line. Unless you have a process in place to track your operations step by step, identify critical paths and compare your performance against industry norms, you won't know where you can improve. A Quality Management System will put you on a path to transforming your operations and products.

QMS will help crystallize and better articulate your Unique Selling Proposition. Every company is unique: it either doesn't know it yet or it doesn't know how to articulate its uniqueness.

# Chapter 259

# Automating human resources

**Published: Monday, February 11, 2019**

The digitalization of human resources is widely accepted. Companies save time posting jobs, sifting through resumes, contacting qualified candidates, scheduling interviews, filing necessary forms, complying with regulations, performing training, scheduling shifts, tracking hours, managing payroll, overseeing performance reviews, ensuring worker attendance, surveying employee satisfaction, offering fringe benefits and attending to employee issues.

**CLICK HERE**
to return to
Table of Contents

**LinkedIn is the 'In' Platform**

In 2003, LinkedIn launched its website. Today, it's the world's largest professional network.

More than 500 million professionals worldwide have created profiles on this platform.

LinkedIn has shifted the paradigm by placing the responsibility on individuals to update their own profiles. LinkedIn has successfully leveraged the network effect with crowdsourcing to help keep profiles current. LinkedIn has become the prime source used by headhunters and corporate recruiters. In addition to posting jobs, LI is great for discovering talent that is not actively looking for work. An employer can find the exact match for a worker with the experience and skill being sought.

**Online job posting**

Companies also advertise their open positions on Indeed, CareerBuilder, Dice, Glassdoor and other job posting sites.

ZipRecruiter dispatches openings to more than 100 online job andsocial media sites, saving the effort of advertising on multiple platforms. They alert suitable candidates who have submitted resumes through these sites and prompt them to apply.When creating job postings, draw from your company's list of relevant keywords and include them in your job description. This will help the ads rank higher in Google searches.Ina hot job market with record low unemployment, responding quickly to an applicant is essential. Most of these sites have mobile apps that will alert you 24/7 when a new application arrives. You can also establish virtual interviews using pre-screening questions to filter through unqualified candidates.

**CLICK HERE**
to return to
Table of Contents

**Advanced filters and AI algorithms**

In addition to pre-screening questions, some apps such as SmoothHiring, ClearFit and Filtered offer filters, algorithms and artificial intelligence (machine learning and neural networks) to help with your search. They utilize your company's keywords and job skills criteria to weed out inappropriate and unqualified applications, leading you to the most qualified applicants.

**See through the Glassdoor**

Glassdoor's website shines a light on workplace conditions.

With millions of reviews from workers, job seekers get an idea about a company's standing in the eyes of their peers. Set up a company profile on Glassdoor and monitor what your current and previous employees are posting on the site. You want to stay on top of any negative reviews to mitigate their effect. Disgruntled employees are notorious for blaming a company for what is often attributable to the former employee's shortcomings. Encourage departing and existing employees to post their honest assessments on the site. They can post anonymously, so there can be no repercussions for posting honest reviews. Use their candid input as an opportunity to learn and improve work conditions.

Glassdoor allows you to view average industry salaries for your open positions as well as how your competition is performing. You can use this information to position your company to attract the best candidates.

CLICK HERE
to return to
Table of Contents

**HR software** Hiring the best candidates is one of the most important tasks of your human resources department. Retaining and developing current employees should be their top priority. Software applications such as PeopleMatter, Namely, JazzHR, Cezanne Zoho, Zenefits and BambooHR provide useful tools for your HR department.

**Recruiting**

A recruiting tool should integrate with the rest of your human resource department. This is only the first step of the process.

**Forms**

New employees need to complete many forms at the time of their hiring. This includes proof of citizenship I-9, SS-8 Determination of Worker Status for purposes of Federal Employment Taxes and Income Tax Withholding and W4 Employee's Withholding. Other forms may include nondisclosure and noncompete agreements, bank deposit information, health care applications and 401(k) paperwork. There are additional forms needed throughout the employment span and upon termination. Tools are available today to digitalize this process and manage it.

CLICK HERE
to return to
Table of Contents

**Compliance and governance**

To meet government regulations, file necessary documents with local, state and federal authorities. Report income and pay unemployment, Social Security, Medicare, state and federal taxes. The Internal Revenue Service requires you to file monthly, quarterly and annual forms. COBRA and retirement plans also have their own compliance requirements.

Affordable payroll solutions make this process seamless and error-free, thereby eliminating sizable penalties and potential criminal liabilities.

**Performance reviews**

Your employees receive reviews so that they know where they stand and how they can better contribute to the company's success. Managers and HR should coordinate employee reviews. Software can facilitate the documentation of the reviews and manage the scheduling and execution of necessary action items.If your company is ISO 9001 certified, you are required to hold and document annual reviews to ensure that your employees are attending necessary training.

**Training**

Training is essential to the success of employees and the company. Many online tools are available to help companies establish necessary training for new hires and existing staff. An adequately trained workforce can effectively contribute to a business's growth and stability.

**Scheduling**

CLICK HERE
to return to
Table of Contents

Companies dealing with scheduling logistics because of eight-hour-plus workdays, multiple shifts, or weekend and holiday work schedules, rely on scheduling software to diminish overtime pay, eliminate health hazards and reduce burnout. Leading manufacturers cross-train assembly line workers and give them two-hour rotating shifts to minimize body stress caused by repetitive movements. Not having to pay time-and-a-half for overtime can help minimize fixed and variable labor costs.

**Attendance**

Absenteeism and tardiness cost companies an estimated 3 percent in productivity annually. Tracking employee arrival and departure times can be a daunting task, particularly when you offer flexible work time or have many workers.

Logging sick, personal and vacation days adds more complexity to managing attendance. Software can help automate these tasks.

**Surveys**

Using online surveys, HR departments can evaluate how well the company's executives are communicating with employees. Performing gap analysis can show perceptions of management compared with employees.

CLICK HERE
to return to
Table of Contents

**Fringe benefits** Many companies offer cafeteriastyle benefit packages that include medical insurance, dental, eye care, life insurance, holiday, vacation and 401(k) retirement plans. Employees can often pick and choose their benefits from a menu of options.

**Automating human resources**

Human resource departments' expenditures on average take up to 3 percent of a company's revenue. HR functions are essential to the success of all company departments, particularly marketing and sales, since they often have the highest turnover. By automating HR functions, companies can minimize redundant work and maximize the value that HR adds to the company. HR staff can concentrate on hiring the best candidates, training them, ensuring their safety, promoting their health, contributing to their social welfare and keeping company morale high. Automating HR functions will provide a digital imprint to the HR department and make their job easier and your company more efficient.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 260

# Five-year anniversary: The most significant pieces of advice

**Published: Monday, February 18, 2019**

This column represents my five-year anniversary with Business Weekly. I have penned 260 consecutive small business columns for the Herald-Tribune. I thought it fitting to list five of the most significant pieces of advice that I have come up with in five important categories. I have included links where appropriate.

CLICK HERE
to return to
Table of Contents

**Category I: General advice**

1. Don't reinvent the wheel, just change the spokes. This is my best adaptation of any tip. Just a small change to a proven strategy may make all the difference in the world. heraldtribune.com/business/20140324/tips-and-lots-of-them-for-small-businesses

2. Prioritize by doing first things first, and second things never. Always do the most important task for your business first, and when that's done, the second one will become the first.

3. Count everything that's countable and then determine the most important metrics for your business, aka key performance indicators, or KPI. Every business should develop its most important numbers. Measure them consistently because that which we measure improves.

4. Hire slow, fire fast. Admit the mistake, take a deep breath and terminate immediately — it will be better for all concerned. Most people do the opposite of this; they hire fast and fire slow.

5. Create written goals. The "what" must always have a "when." Write specific, achievable, worthy goals (the what) with realistic dates for accomplishment (the when). heraldtribune.com/business/20141215/to-succeed-you-must-see-your-way-to-goals

CLICK HERE
to return to
Table of Contents

**Category II: Networking**

1. Network constantly. Be selective about which events you attend, and network with a purpose. heraldtribune.com/news/20140421/mastering-networking-and-the-hand-off

2. You don't need to meet everyone. Before you go to a networking event, try to learn who will be there and decide whom you would like to meet.

3. Think quality over quantity. Not everyone will be your prospect. Focus on your business needs.

4. Surround yourself with successful people. Those who have been successful will tend to be successful again and again.

5. Nobody cares how much you know, until they know how much you care — about them. Take the time to learn what people really want.

**Category III: Knowing**

1. Learn how to know what you don't know. This is easier done than said. In some situations, businesses fail because owners think they know more than they do. They may not be open to learning what they do not know. Seek out internal and external feedback to learn what you don't know. heraldtribune.com/business/20140714/a-few-ways-to-find-out-what-you-dont-know

2. Have strategic planning sessions, using a SWOT analysis to assess your business' strengths, weaknesses, opportunities and threats. Great ideas and learning what you don't know come forth with SWOT analysis.

**CLICK HERE**
**to return to**
**Table of Contents**

3. Develop and nurture your own internal feedback system (your inner voice). This process creates awareness, and awareness brings answers. These answers lead to new choices.

4. Have a "to-don't list." List those things that you know that you should not be doing. Just because you can, doesn't mean you should. Delegate. https://tinyurl.com/yxhj9k5r 5. Your business will die; knowing "when" is the issue. Know where your business stands in its corporate lifecycle. Use Adizes.com and take the 10-question test to find out. heraldtribune.com/ business/20140414/your-business-will- die-when-is-the-big-issue

**Category IV: Planning**

1. Have a business plan and update it annually. Start with the Business Model Canvas. This is a one-page business plan meant to be changed as you discover your assumptions were incorrect. heraldtribune.com/business/20140428/why-business-plans-come-in-two-flavors

2. Develop a Strategic Plan for your business. heraldtribune.com/business/ 20150504/theres-planning-and-then-theres-strategic-planning

3. Have a Succession Plan in place and update it annually.

**CLICK HERE**
**to return to**
**Table of Contents**

4. Have Talent Acquisition and Talent Management plans in place.

5. Have an Exit Strategy when you start your business and update it annually. The SCORE Exit Strategy team can help you plan your exit. simplebooklet.com/exitstrategy

**Category V: Money Management**

1. Without profit, your business doesn't continue to be in business. If you have a start-up, it may take a while before you are profitable. But, ultimately, you must be profitable to continue to operate. heraldtribune.com/business/20151207/60profitability-tips-for-small-businesses

2. Cash flow is not the same thing as profit. Cash flow is the lifeblood of your business. When you are out of cash (blood), your business is dead. heraldtribune.com/business/20140901/cash-flow-and-ways- to-avoid-selling-your-car

3. If cash is tight, use the Wimpy principle: “I will gladly pay you Tuesday for a hamburger today.” — Wimpy from the “Popeye” comic. You can usually stretch paying some bills to achieve positive cash flow. If this gets out of hand, however, it may be a forewarning of impending demise.

4. Sooner is better than later, but later is better than never. The sooner you can put your business on a trajectory toward profitability, the better.

5. It’s easier to dig out of a shallow hole than a deep one. Operate your business as lean as possible — especially during the start-up phase.

I look forward to another five years.

**CLICK HERE**
**to return to**
**Table of Contents**

**CLICK HERE**
**to return to**
**Table of Contents**

# Chapter 261

# How to create a pro-forma income statement

**Published: Monday, February 25, 2019**

A pro-forma forecast is based on income statements, balance sheet and statement of cash flow. Pro-forma projections do not typically follow Generally Accepted Accounting Principles (GAAP). There are certain situations where you could create pro-forma Profit and Loss (P& L) projections to see: how your business model would change if a patent were granted; what your financial picture might be with a new product introduction; what would happen if you merged your business with another company; how you would benefit if you acquired the assets of another business; or if you simply want to have a budget for the following year.

CLICK HERE
to return to
Table of Contents

**Assumptions, assumptions, and more assumptions**

The key to creating a reasonably accurate pro-forma — that isn't fiction — lies in understanding how financial variables, such as direct costs, change based on sales (units sold). A few years ago, I was involved in creating a pro-forma for business owners who wanted to get a handle on their key business drivers. They wanted to have a better understanding about how selling various products in differing quantities would flow through to their top and bottom line.

My suggestion was to create an operating plan that killed two birds with one plan. After one year, the accuracy was 97 percent on the top line and 95 percent on the bottom line. The following year, the owners sold their business for more than $5 million.

**Calculate the lowest common denominator**

If you anticipate selling 100 widgets at $X, then it's important to understand exactly what happens, financially, when this occurs. Create separate line items for each cost related to selling one widget. Include all directly-related costs for items such as: the products sold (cost of goods sold), sales commissions, shipping costs, and any other costs involved in the sale and delivery of a single widget.

CLICK HERE
to return to
Table of Contents

Your overhead should not be affected much, unless you require additional room for warehousing these widgets. Most of your overhead such as rent, insurance, telephone, utilities, etc., shouldn't change. However, if projected growth is geometric, then you will need to examine additional overhead (indirect) costs that may arise.

Somewhere near the top of your spreadsheet, allow for additional line items to be entered each month. For example, if you are selling pillows, then you may have the number of anticipated sales of each pillow type (if costs differ markedly). If they all cost about the same, then you can lump these together. Additional line items might be pillow cases or mattresses.

**Look at historical figures**

Gather last year's results and calculate the number of items you sold in each product category. If your business is seasonal, you can project your anticipated sales according to historical data.

**Use simple formulas**

As indicated above, every item sold is related to a series of costs. The product quantities should be multiplied by the cost to arrive at monthly revenue numbers. Your direct expense items should flow from each unit sold.

**Financial modeling**

Use "what if" modeling and create spreadsheets based on last year's numbers. These results should closely resemble what your actual sales, gross margin and profits were from the previous year. This is your baseline spreadsheet. Change the units sold to conservative and aggressive sales figures. Pay attention to how your spreadsheet changes, and then save and print the results. Think about these numbers and then determine realistic figures that you can work with. These are now your proforma projections for next year.

**CLICK HERE**
**to return to**
**Table of Contents**

**Perfect practice makes perfect**

Remember, the idea is not to achieve 100 percent reliability with your pro-forma. That feat is difficult if not impossible — unless your name is Carnac. In time, you will get better at this; and your accuracy will make this a useful tool for operating your business.

**Compare to actual results**

When the month is over, insert a column immediately after the month and add your real numbers from your financials. See how well you did. Look to see where you over- or under-stated your income and expenses. Open another column and write-in the percentage differences. Circle the three largest misses over and under your pro-forma.

Investigate why you were off by these amounts and learn from your errors.

**A business tool is a business tool**

**CLICK HERE**
**to return to**
**Table of Contents**

This tool should help you get a better handle on your revenues, costs and the relationship of all the expenses tethered to the sale of one item. Stress melts away when you feel that you are in control and running your business, rather than it running you.

# Chapter 262

# Welcome to the SCORE business TV show

**Published: Monday, March 4, 2019**

Our podcast series, Been There, Done That! with Dennis Zink, launched October 2013. To date, our 72 podcasts have had over 32,000 downloads. We have had our podcasts downloaded internationally in: Australia 31, Canada 30, Russian Federation 30, United Kingdom 25, Spain 22, India 20, China 20, Austria 18, Thailand 11. The national office of SCORE liked what we were doing and helped promote the series nationally. Since our launch, podcasts have really caught on and there are numerous podcasts covering every topic you can think of.

CLICK HERE
to return to
Table of Contents

Our techie co-host and audio engineer, Fred Dunayer, has gotten really good at editing and our quality has markedly improved since our early days.

Our investment has barely exceeded $1,500 for microphones, headsets and recording equipment.

As long as you have a quiet place, you have an acceptable recording venue.

Our early podcasts were recorded in our Fruitville Road office.

Emergency vehicle police and fire sirens are present in some of our early soundtracks. We eventually moved to a studio with a soundproof room that was only somewhat soundproof.

**Idea of video appealed to us**

We thought about creating a TV show, but we were fearful of the complexity. An audio file is relatively easy to edit. When you add video to the mix, the degree of difficulty increases exponentially. Where would we shoot the show? We wanted to do a professional job on par with the quality of our podcast series. We approached SNN and wrote some brief scripts that we called the SCORE Business Minute. Although SNN thought we did a good job, for various scheduling reasons, the SCORE Business Minute never happened.

CLICK HERE
to return to
Table of Contents

**A knock at the door**

One of our SCORE recruits, “the networking guru,” Andrea Nierenberg, introduced us to Bruce Stout. Bruce had a TV show in California, and he also did some work producing videos for Arnold Schwarzenegger. We quickly recruited Bruce as a SCORE mentor. I asked Bruce if he would be willing to produce our SCORE Business TV Show and he enthusiastically agreed.

**Fast forward**

We have three shows in the can with a fourth on the way. The first show topic was “Active Shooter.” I interviewed two guests: Bradenton police Capt. Brian Thiers and Kathy Lehner, president of the Venice Area Chamber of Commerce. We explored how to survive an active shooter event — what to do if an active shooter enters your workplace or a public venue.

The second show began our three-part series on Exit Strategies. This initiative — a new effort for our SCORE chapter — addresses exiting options that a business owner needs to consider as they end their career. For over 50 years, SCORE has done an admirable job helping over 10 million small business owners launch and grow their companies. Heretofore, we have not done a great job addressing what to do when it’s time to exit.

The SCORE Business TV Show supports our educational efforts in this area. In our series, Cashing-In, I interviewed Mark Dunlop, vice president with BankUnited and Ken Chapman, attorney with Bowman George. We explored the various methods of exiting and discussed SBA-guaranteed loans for business acquisitions.

CLICK HERE
to return to
Table of Contents

The third show was a continuation of our Exit Strategies theme and our guests were Peter Gruits, a certified SCORE mentor and member of our Exit Strategy team, and Eric Robinson, CPA with the Robinson Gruters firm in Venice.

Our fourth show will feature the 10-step process for Exiting. Our scheduled guests are Peter Gruits and attorney Matthew LaPointe, partner with the Blaylock Walters law firm.

Our sponsors thus far have been Wells Fargo and BankUnited.

We are excited about our new TV series and the next episode will feature how to buy a franchise.

Coincidently or not, the first three podcast topics were Buying a Business, Selling a Business and Franchising.

What comes around goes around, only with more editing. I encourage you to watch our show and let us know how we are doing and what topics you would like to see in the future. We are always looking for future guests with expertise on business topics, and for corporate sponsors of future episodes. We can also help you create your own show segment “showcasing” your business.

CLICK HERE
to return to
Table of Contents

Please write to me with your comments. Our show links are:
https:// manasota.score.org/resource/activeshooter-survival-guide,
https:// manasota.score.org/resource/ exit-strategy-sell-business,
https:// manasota.score.org/resource/ cashing-in-business-valuation.

# Chapter 263

# How much money will your business sell for?

**Published: Monday, March 11, 2019**

According to one of the largest business brokers, only one in five businesses listed, sells. Let's start with some definitions. EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortization. SDE refers to Seller's Discretionary Earnings. Okay, now that we have that out of the way. What is this all about? It's about business valuation, determining the selling price for a business.

CLICK HERE
to return to
Table of Contents

A business is valued as a multiple of its annual cash flow or earnings. Based on the particular industry, NAICS (North American Industry Classification System) code, multiples (or multipliers) are determined for each code as a function of risk-adjusted returns. These multiples vary from industry to industry and, to a lesser extent, from business to business within an industry. Many variables affect multiples, and hence, business valuation. The primary factors relate to the quantity and the quality of the company's earnings.

### Quantity of earnings

When it comes to earnings, more is obviously better. If someone were to buy your business, they are obviously looking for a return on their investment. A business earning $1,000,000 in profit has more forgiveness than a business earning $100,000 in profit. With the larger business and greater profits, you can make some mistakes and it won't put you out of business. In general, a larger business is preferable to a smaller one when it comes to financial return. In this case, size matters. There is more risk in buying a business with smaller earnings. Of course, it will cost more money to buy larger, more profitable businesses.

### Quality of earnings

CLICK HERE
to return to
Table of Contents

The quality of earnings consists of variables, including the value of the brand, management team, employees, market share, condition and value of assets, physical location, diversity of customer base and having organized books and records.

### Getting back to EBITDA and SDE

Larger businesses are valued using EBITDA and smaller business valuations use SDE. There is no definitive cutoff point; however, $1,000,000 in earnings is often used as a differentiator among small and large companies as it relates to earnings. With SDE, the main difference is that a small business includes the owner's salary (functioning as the manager) as part of the earnings. These companies tend to be "mom and pop" small businesses.

### Normalization

If a business owner pays himself more or less than the going rate to replace him or her as the manager, then an adjustment is made, up or down, to normalize an amount that a buyer would have to pay to hire a manager in that position. This normalization process is used to show a buyer what the earnings are likely to be after an acquisition. Other adjustments that are made to normalize earnings include adding back both owner benefits and one-time non-recurring expenses that a new owner will not have to make.

Interest, taxes, depreciation and amortization costs are also added back to get a more accurate picture of the company's true cash flow.

**Non-profitable business**

The value of a non-profitable business is generally limited to the value of the assets as compared to an ongoing-concern that is profitable. Since anyone can start or operate a business and lose money, there is no value attributed to unsustainability. A buyer is, after all, buying a future earnings stream of what the business is anticipated to generate. The buyer will, however, pay for the business based on the most recent results (three years).

CLICK HERE
to return to
Table of Contents

**A 2x multiple**

In general, if you look at the selling price for small businesses chances are good that they sold for an average multiple of two-times SDE.

For example, a business with an SDE of $100,000 will sell for approximately $200,000. Two reasons that businesses do not sell is because business owners have unrealistic expectations of the value of their business and the marketplace for selling and buying businesses is not efficient.

Often, small business owners think that because they have invested more money in their business than replacement value, a buyer should pay more. Realistically, this doesn't change the value.

Typically, the selling range for small businesses is between two-times and three-times earnings. Outliers may be multiples of one-time or less or four-times or more. In rare situations, I have seen well-run businesses in a growing market garner as much as seven times earnings.

CLICK HERE
to return to
Table of Contents

**Public companies**

Public companies in the S& P 500 sell for an average of 17-times earnings. The range this past year was between 16 and 23. The reason that multiples are much higher for public companies has to do with the stability of income streams, the degree of risk and the ease of liquidity. If a public company buys your great business for a multiple of six-times earnings, their purchase is immediately worth more than double or even triple the next day.

**What you can do now**

There are steps that you can take now to improve your chance of selling later and garnering a greater return when you do. SCORE has created an Exit Strategy program with an experienced team of mentors who can help you better understand and prepare for your exiting process. You'll explore how to maximize profits; diversify your income streams; reduce dependencies on yourself, key employees, suppliers and customers; improve customer satisfaction; and document processes. These steps will add to your businesses value. Go to SCORE.org and request a free confidential mentor, or you can write to me or receive our online brochure at https://simplebooklet.com/exitstrategy.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 264

# Why you need a strategic plan

**Published: Monday, March 18, 2019**

Strategic planning, most broadly, means defining a goal and allocating resources to move toward that goal.

Strategic planning is analytical (it involves finding the dots); and strategy formation involves synthesis (connecting the dots) via strategic thinking.

It has been my experience that most companies do not have a strategic plan, at least not in writing.

As a business owner, you need to know where you are going; have a game plan outlining how you will get there and when you will arrive.

As circumstances change, and they will, you adapt your compass readings to these changes. It is perfectly acceptable to change your itinerary.

A strategic plan can provide a useful focal point that moves an organization enthusiastically toward its mission, vision and goals.

Is your company ready to undertake this process?

**Some questions to ask before you begin:**

• Do you have access to a skilled facilitator (internal or external)?

• Do you have adequate time to do the research on the business environment and competition?

• Is there adequate time to involve stakeholder engagement in the process?

• Does the company have a leader for the strategic planning process?

• Is there a budget available to allocate to this process and implementation?

• Will you have buy-in from everyone necessary to accomplish this strategic plan?

• Is there commitment to the process, including remaining flexible?

• Is there an understanding of the process and expectations for how the plan will be used?

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

**Strategic thinking**

So where does strategic thinking fit in?

Strategic thinking guides the process of strategy formation. Expressed in very simple terms: A strategic plan should address three questions. 1. Where are we now? 2. Where do we want to be and when? 3. How will we get there?

**Where are we now?**

This is your situation analysis. Gather input from internal and external sources. As you develop company intelligence, include information on the market environment and the competition, including competitive pricing.

CLICK HERE
to return to
Table of Contents

Do a SWOT analysis, analyzing your company's Strengths, Weaknesses, Opportunities and Threats.

Use industry sources such as associations, trade periodicals and online data to fill in information gaps. Interview key executives and employees.

**The goal**

Where do we want to be?

List your organization's goals. Think of the acronym SMART: Goals should be Specific, Measurable, Achievable, Realistic and Time-based.

Goals should take advantage of your unique value proposition in relation to your competitors. What is your competitive advantage?

Use creative thinking to explore possibilities without constraint. Brainstorm, focus on business trends and consider new ideas, what you can add, change or eliminate.

CLICK HERE
to return to
Table of Contents

Ideas should be aligned with your mission and values. Know what your customers want and meet their needs.

Improve your customer base and customer satisfaction by providing more value.

Include a financial forecast that is based on your recent historical financials, accommodating changes being proposed. This is your new budget.

**The path**

How will we get there?

This is your strategic action plan, including tasks and activities that are clearly defined. The plan should identify who will do what, by when. What has to change to get there?

Progress should be measured constantly, and adjustments should be made as variables change. Be sure to allocate adequate resources to accomplish your goals.

Your strategic vision represents your company's future and underlies your company focus, capabilities, market position and activities to pursue.

Consider possible constraints such as: costs, time, company fit and growth potential. Which opportunities are short- or long-term, which ideas have the highest return-on investment and what is involved in implementation of the plan?

CLICK HERE
to return to
Table of Contents

**Strategy examples**

Some examples of specific strategies are: To pursue an export strategy with one product to Europe by the third quarter, to cut manufacturing costs 9 percent by October, to develop one new product by November, to develop new markets for product X by April, to create a new advertising and public relations campaign by this spring, to refine distribution strategies by December.

**Measuring results**

The payoff is in dollars. According to the website About.com (about money), in organizations where employees understand the mission and the goals, businesses experience a 29 percent greater return.

**When there are none**

Many companies lack the ability to execute a strategic plan. One major reason for this is the failure to create a framework that is necessary for follow up. Without this accountability, action items and follow up plans and actions won't happen.

CLICK HERE
to return to
Table of Contents

**The best plan is one that gets implemented**

Remember, if your company is not going forward, it is going backward. A strategic plan will keep you on course.

# Chapter 265

# Visas open a door of opportunity

**Published: Monday, March 25, 2019**

I don’t know the numbers, but there are a lot of foreigners working, investing, and buying businesses in the United States.

Immigrating to the U.S. can be confusing. I decided to research this topic and have provided a brief guide to the various types of visas available as it pertains to working, investing or buying a business. I referred to the U.S. Citizenship and Immigration Services (USCIS) government website. I strongly recommend that you consult with an immigration attorney before pursuing these options.

CLICK HERE
to return to
Table of Contents

To qualify as an immigrant investor, a foreign national must invest, without borrowing, a minimum capital dollar amount in a qualifying commercial enterprise. In general, the minimum is $1,000,000, or $500,000 if invested in a high-unemployment or rural area which is considered a targeted employment area.

To qualify for an E-2 visa, the amount needed for a U.S. residency visa varies and depends on the nature of the business the investor creates or directs. While there is no minimum amount that can be invested in a business for an E-2 visa, funds generally start at around $100,000. The applicant must have more than 50 percent ownership of the investment, unless the applicant is coming as an employee of the enterprise. It generally takes from 22 to 26 months to obtain legal residency through this program, as opposed to several years for other visa programs.

Under the EB-5 Program, entrepreneurs, their spouses and unmarried children under 21 are eligible to apply for a green card (permanent residence). They are required to make the necessary investment in a commercial enterprise in the United States and create or preserve 10 permanent full-time jobs for qualified U.S. workers. There are 10,000 EB-5 visas available each fiscal year.

CLICK HERE
to return to
Table of Contents

The L-1A nonimmigrant classification enables a U.S. employer to transfer an executive or manager from one of its affiliated foreign offices to one of its offices in the United States. This classification also enables a foreign company which does not yet have an affiliated U.S. office to send an executive or manager to the United States with the purpose of establishing one.

Here are some common visa (business) categories along with their symbols: B-1: business visas H-1B, H-2B, and H-3: visas for temporary specialty or agricultural workers L-1: visa for intracompany transferees E-1 and E-2: visas for treaty traders and investors O, P, or R: visas for temporary workers There is also a dual-intent visa that applies to H-1 and L visas. This assumes that an applicant has the intent to stay permanently in the U.S. but will nonetheless grant the applicant a nonimmigrant visa. If the applicant is unable to obtain an immigrant visa during his or her stay in the U.S., he or she will voluntarily return to the home country.

Visas are divided into two main categories, nonimmigrant and immigrant. In general, recipients of immigrant visas have permission to stay in the U.S. for as long as they would like. A nonimmigrant visa is usually for temporary visitors to the United States who may be here to travel, seek medical attention, conduct business, or study. Usually, people in the United States on a nonimmigrant visa are not allowed to work here.

Often, visitors are issued a multiple purpose business/ tourist visas (B-1/B-2 category). Both B-1 and B-2 visa are valid for one year and are renewable in six-month increments. It is noteworthy that neither B-1 nor B-2 visa holders may accept employment in the U.S., although an alien on a B-1 may do work for a foreign company located in the U.S.

**Temporary Worker Nonimmigrant Visas**

An area of nonimmigrant visas that has grown recently is the H-temporary workers category. These visas are issued to workers with 'specialty occupations' (such as computer systems analysts and programmers) or to workers performing temporary services or labor when persons capable of performing this work are not available in the U.S (such as agricultural workers). The visas are designed to help employers meet an immediate and temporary need for labor. Numerical limitations exist for some nonimmigrant work visas. For instance, the law limits temporary visas for professionals (H-1B category) and temporary agricultural workers (H-2A category).

CLICK HERE
to return to
Table of Contents

**Immigrant Visas**

Aliens seeking admission to the U.S. as immigrants follow one of two paths, depending on their residence at the time of application.

Aliens living abroad apply for an immigrant visa at a consular office of the Department of State. Once issued a visa, they may enter the U.S. and become legal immigrants when they pass through the port of entry.

Aliens already living in the U.S., including certain undocumented immigrants, temporary workers, foreign students, and refugees, file an application for adjustment of status (to legal permanent residence) with the Bureau of U.S. Citizenship and Immigration Services (USCIS). At the time they apply for adjustment of status, applicants may also apply for work permits. New legal immigrants are automatically authorized to work and should receive alien registration cards ('green cards') after becoming legal permanent residents. A green card allows the holder to live and work in the United States, usually indefinitely.

CLICK HERE
to return to
Table of Contents

People seeking permanent immigration to the United States (and a green card) are usually sponsored by an employer or a family member.

**Employment Visas**

There are many categories that encompass employment-based immigration. These visas are different than temporary employment-based, non-immigrant visas, and they require a complete understanding of U.S. immigration law. For example, an investor/ employment creation visa includes two different types of investors, is numerically capped as to the number of visas issued each year and is very specific in terms of the types and amount of investment required. Employment-based immigrant visas are based upon categories such as:

• Extraordinary Ability of Aliens

• Outstanding Researchers and Professionals

• Professional Talent

• Multinational Executives and Managers

• Investors and Employment Creation

**United States Employer's Compliance**

The United States immigration laws make it illegal for businesses to employ foreign nationals who have not received USCIS permission to work in the U.S. Employers are required to verify that all employees are authorized to work here. Companies must complete and maintain Form I-9, which records review of the worker's identity and work permission documentation. Employers failing to complete and keep required documentation are subject to severe penalties.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 266

# Customer acquisition costs and customer lifetime value

**Published: Monday, April 1, 2019**

Do you know how much it costs you to acquire a new customer? Customer acquisition costs (CAC) are calculated by dividing the direct costs spent to acquire new customers by the number of new customers acquired. If you spend $1,000 and get 100 new customers, then your cost of acquiring each new customer is $10. Knowing these costs can help you to prepare your marketing budget.

CLICK HERE
to return to
Table of Contents

Marketing is the art of attracting and keeping customers. Typical marketing costs include market research, sales and sales commissions, marketing and advertising expenses, including any incentives and discounts that may be offered to new customers. Deals such as buy-one-get-one, service or product upgrades, free trials, gift cards or rewards programs may be offered as incentives or inducements to try a new product or switch from an existing product or service.

### Customer retention

The ability to attract new customers is important to your sustainability as a going-concern. However, acquiring new customers often involves a lot of hard work and expense. According to Wheelhouse Advisors, “Seventy percent of companies say it's cheaper to retain a customer than acquire a new one, and the cost of acquiring a new customer can be as much seven times more expensive that keeping your existing customers. The probability of converting an existing customer is between 60 to 70 percent, whereas the likelihood of converting a new prospect is between 5 and 20 percent.”

In order to retain your customer base successfully, you have to keep them satisfied. Provide great service, admit mistakes, quickly fix problems, and be attuned to your customers’ needs and wants.

CLICK HERE
to return to
Table of Contents

### Word of mouth

Happy, loyal customers will tell their friends. This type of CAC will be zero and, hence, more profitable from the get-go. You can incentivize your existing customers to bring in referrals. On the other hand, negative word of mouth talk can put you out of business in a hurry.

### Subscription model

Ideally, you can sell your customers some form of annuity-based product or service. Just as the large shaving companies like Schick and Gillette do. They sell “expensive” razor blades to fit the handle you previously purchased. Newer entrants such as the Dollar Shave Club and Harry's have a 'by mail' subscription model for their customers, offered at competitive prices to the aforementioned giants in this space.

**Computing customer Lifetime Value (LTV)**

How much money is a customer worth to your business? Assuming you know the CAC, you will also need to know the lifetime value of your average customer. This is accomplished by computing the average number of customers and how much they spend (on average). Then take this figure and estimate how many times they buy from you in one year. Finally, estimate

the number of years you believe they will be your customer. You should also know the profit margin per customer. Granted, much of this is guess work. Replace these guestimates with actual numbers when they are known. For purposes of this example, we will assume that your margins hold over time, meaning that price increases keep pace with inflation.

CLICK HERE
to return to
Table of Contents

According to a Harvard Business School report, "Researchers discovered that a 5% increase in retention rates translates into 25-95% improvements in profit! 'Retention rates' is a code word for 'lifetime value.' A customer retained is a customer whose lifetime value must by necessity increase. The longer a customer is a customer, the more he or she will spend."

**What is considered great?**

If you acquire a customer for $100 and that customer spends $500 over their lifetime, then your ratio of LTV to CAC is 5:1.

This ratio will help you determine how much you should spend to acquire customers and how those customers translate into revenue and profits.

It's a good idea to segment revenue streams of originating business through various channels such as e-commerce, mobile apps and other means.

According to the website GeckoBoard, a ratio of 1:1 means you are losing money.

CLICK HERE
to return to
Table of Contents

A good benchmark for LTV:CAC is a 3:1 ratio or better.

Better yet, a ratio of 4:1 indicates a great business model.

Here are five ways to bring in more customers, according to SuperOffice CRM: 1. Offer a free newsletter; 2. Ask for opinions; 3. Maintain excellent customer service ;4. Keep your website content fresh; 5. Promote your business on social media networks. Implementing these five steps should help you to build a solid customer base for your product or service.

# Chapter 267

# How to win in negotiations

**Published: Monday, April 8, 2019**

Most of us take negotiating for granted. This skill is so basic, yet so important for your success in business.

Negotiating permeates all aspects of your business relationships. You negotiate wages with employees, pricing with suppliers, services with clients, and strategies with your partners. Every time you enter into a discussion aimed at reaching an agreement and attempting to get what you want from another person, you are negotiating.

CLICK HERE
to return to
Table of Contents

Negotiation is a method for settling differences. It includes compromise, and hopefully, an agreement is reached while avoiding argument and dispute.

Individuals aim to achieve the best possible outcome for their own or their company's position.

If you're a business owner or manager, then knowing how to negotiate is non-negotiable. What are the best ways to negotiate?

Let's look at some components of negotiation and some techniques.

**My way or the highway**

This extreme attitude represents an absolute non-negotiable position. If you don't do as I want you to do, you may as well leave. There are no negotiating skills on display here.

**Do what you think is best**

CLICK HERE
to return to
Table of Contents

This is the other extreme. Having the freedom to do whatever you think is best. In this situation, you had better consider what would be a good choice and acceptable behavior. Even though there is a lot of leeway to make good decisions, the person in power is leaving it up to you to make the decision for the good of the company.

**Compromise**

Compromise can lead to either great decisions or poor ones. Both sides may feel there was give and take, but the resolution may be washed out and ineffective.

With compromise, both sides get some, but not all, of what they want. Sometimes, no decision is better than a bad compromise.

**How will it benefit them?**

In any negotiation, it is important to stress how the other side will benefit from the final decision. Everyone is interested in their favorite radio station, WIIFM, What's In It For Me.

**Some rules of the road**

Being patient in the negotiating process builds trust. Be confident as you work towards a solution. Listen carefully, ask open-ended questions and confirm your understanding of the other side's needs. Identify their key objections. Be comfortable with silence. Know when to walk away.

**Take proactive steps a/k/a "Giving In"**

CLICK HERE
to return to
Table of Contents

Assess the other side's objections, such as statements, questions or actions that indicate resistance, or an unwillingness to buy. Many objections are raised to make a better deal. Understanding these objections will help pave the path to success. Make slight adjustments to your price and/or terms.

Identify concessions made during the negotiating session and summarize them. After negotiation, if successful, summarize your agreement verbally and in writing. Thank the person (customer), for their input and reinforce the decision.

**Win/Win is the goal**

When both parties are satisfied with the terms and a good business relationship develops, then you have a win/win situation. Avoid win/ lose, lose/win and lose/lose deals.

**Negotiating experience?**

When asked, about 6 percent of business people think they are good negotiators but could improve. A majority (60 percent) avoid negotiating even when it is to their detriment.

CLICK HERE
to return to
Table of Contents

According to David Finkel, author of SCALE, the five most important negotiating skills are:

1. Have Clear Goals. Most people who go into a negotiation haven't thought about what they want. Consider, what's the best possible outcome and what is the least acceptable offer. Or, what's the most you are willing to pay. Have a plan B and know what you will do if you don't reach an agreement.

2. Determine Your Negotiation Strategy. By asking focused questions, you can usually obtain a better price and/or terms.

3. Understand Your Negotiation Style. Everyone has a unique style in negotiations; it's the habitual behavior you use in this process.

4. Discover Motivation. Draw out why the other party wants to make a deal. You can do this by asking questions.

5. Be the Reluctant Party. It's human nature that in any negotiation, one party will be eager and the other will be reluctant. It's probably true 80 percent of the time. It's to your advantage to be the reluctant one. You should "care less."

Use body language to communicate your reluctance. Sit back from the table and keep the tension low. Communicate that you are not too eager to make a deal. Use your voice to sound reluctant. Eager parties talk quickly and at a higher volume and pitch; reluctant parties speak slowly and softly.

Qualify your language. Say things like, "I don't know if we could do x;" or "Would this work for you if we could do it?" Ask questions and pose challenges. Don't say, "Yeah! Let's do it!"

CLICK HERE
to return to
Table of Contents

Don't show excitement. Everything should be qualified and subdued.

**Mistakes to avoid**

The biggest mistake you can make is being unprepared. Don't try to use intimidating behavior. Don't be impatient or lose your temper. Don't argue or talk too much. Remember, the one that talks too much is losing.

**Strategies to employ**

Pinpoint the other party's needs.

If you need to buy more time, then advise that you have limited authority or that you need time to reevaluate positions. Smile and keep it friendly.

**Use good communication skills**

Don't interrupt the other person.

CLICK HERE
to return to
Table of Contents

Show non-verbal support with head nods and make eye contact. Take notes, be specific when asking or answering questions. Be a good listener and ask for clarification if ambiguity exists.

Pay attention to both your and their non-verbal tells. Look at facial expressions, body gestures, the type of language used and how something is said (volume, rate, rhythm, pauses, sighs). Be assertive, yet flexible.

Think about opening offers, because these form the pillars of your negotiating range. Consider how much the other side will pay or how little they will accept. Remember, if you don't ask, you won't get! Use smart tradeoffs as pawns to concede points that are not important to you. Don't counter too low.

**Additional suggestions**

Obtain multiple offers simultaneously (think real estate).

Don’t use deceptive or manipulative tactics. Read the book “Getting to YES” by Roger Fisher, William Ury and Bruce Patton.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 268

# Are you a visionary leader?

**Published: Monday, April 15, 2019**

Do you have a vision for your business that only you can plainly see? Your vision may be illusory or unreal, and perhaps you are merely a dreamer. But your vision may be prophetic foresight and a prognostication of what will actually happen in the future.

If you are indeed a visionary leader, then your job is to verbally paint a picture of the future for your employees. Explain what you and they are in the process of accomplishing with the business. If you do a credible job in this area, you will cultivate loyal followers who will help your business get to the promised land, wherever that may be.

**CLICK HERE**
**to return to**
**Table of Contents**

But if you do a poor job of internalizing and explaining your vision, you may fail to achieve your goal.

Let's face it, you can't do it alone.

Why is being a visionary leader important in the success formula for your company? Simply put, people want to follow a leader: someone who knows where he or she is going; someone with a compass, who understands what it takes to succeed. People want to follow a person who creates, sustains and achieves long-term goals. Are you that person?

Visionary leaders have mastered the following skills:

• Communication — A visionary leader is an inspirational communicator who is able to define both individual and team goals. These goals must be specific and achievable, while instilling confidence that the team will succeed.

• Empowering relationships — A visionary leader assembles the best team for the job, an A-team. He must assess the team's strengths and weaknesses, and choose team members based on complementary skills. The leader must have self-confidence, believe in the team, and allow for mistakes. Hopefully, these mistakes will not prove to be expensive.

**CLICK HERE**
**to return to**
**Table of Contents**

• Strategic planning — A visionary leader will develop and implement a strategic plan and have buy-in from all team members. A believable, achievable plan and a focus on results is essential. Progress in achieving success with this plan must be continually tracked. Adjustments must be made when deviating from the plan. Purposeful pivoting is acceptable and encouraged. It's a good idea to solicit input from employees on tasks, which will help to establish their buy-in.

• General excellence — A visionary leader has high standards, lives up to them and measures them. He is also prepared to revise them, as needed, without sacrificing integrity.

• Action — Without action, nothing happens. A visionary leader leads with purpose, and the followers must want to follow their leader. There has to be a higher calling than money. Engagement is a must. As in war, the leader is the general who must be visible, determined, sensitive and protective of his front-line soldiers. “The boat won’t go if we all don’t row, together.”

• Charismatic persona — A visionary leader exhibits a charismatic personality that unites the members in their cohesive, singular purpose, which achieves the desired results. Enthusiasm goes a long way toward achieving success. It is infectious. A telltale sign of a leader’s charisma is employees flocking around the leader as opposed to ducking him when he walks by.

• Cultural fit — A visionary leader creates, maintains and embraces a healthy corporate culture. He instills a positive mindset and attitude, believing that success is only a matter of time, with a journey of getting from here to there.

CLICK HERE
to return to
Table of Contents

A company’s founder establishes its culture as an extension of his or her personal style, beliefs and values.

The culture and the behavior engendered are aligned with the company’s mission and goals. But the company must be able to adapt. Because every time you add a new employee to the mix, you change the culture, albeit slightly. The addition of many new hires in a short period of time can have a significant impact on the culture.

Bruce Bachenheimer of Pace University says, “A definition of a leader is someone with followers.

The top quality of a leader is the ability to attract top-quality followers.”

Visionary leaders to emulate include Bill Gates, Michael Dell, Richard Branson, Mark Cuban and Walt Disney. Apple’s “Think Different” commercial in 1997 told us: “The people who are crazy enough to think they can change the world are the ones who do.” I can’t think of a more impactful, visionary leader than Steve Jobs, can you?

CLICK HERE
to return to
Table of Contents

# Chapter 269

# Severing severance pay

**Published: Monday, April 22, 2019**

Under Florida law, in the absence of a requirement in an employment or collective bargaining agreement, the employer is not required to offer or provide severance or separation pay upon an employee's termination of employment.

If a company pays severance, it is a common practice that laid-off workers will delay applying for unemployment compensation. This may not be the best move for the laid-off employee, because Florida uses as its "base period" the first four of the previous five completed quarters prior to filing the claim to calculate the weekly benefit amount. Waiting could lower the benefit payments received.

CLICK HERE
to return to
Table of Contents

Under a law signed by former Gov. Rick Scott in June 2011, HB 7005, an employee cannot collect severance pay and unemployment compensation at the same time. This new law was promoted as an enhancement to the Unemployment Compensation program's efficiency for claimants, businesses and the state. In actuality, this law was projected to save the State of Florida $103 million annually. Gee, thanks.

According to HB 7005, Severance Pay, if a claimant's severance pay per week is equal to or greater than the claimant's weekly benefit amount, the claimant is not entitled to benefits for that week.

Severance pay does not impact the total amount of benefits that can be paid on the claim.

Unemployment benefits have been reduced to between 12 to 23 weeks from 26 weeks as of January 1, 2012.

### Why pay severance?

CLICK HERE
to return to
Table of Contents

Severance pay may be thought of as "guilt pay." Goodwill may be the primary reason to consider paying severance. An employer may negotiate severance pay in order to have a release signed or to reinforce a non-compete agreement. Violation of a severance agreement may risk forfeiture of the severance payments and a claw-back of money already paid.

### How is severance typically paid?

A severance package may include a lump sum payment or continued paychecks for a finite period. Continuation of insurance benefits is often a component of a separation agreement.

### Can an employer stop severance pay?

Federal and most state laws do not require employers to pay severance to departing employees. However, if the employer has contractually agreed to pay severance, it must honor that promise. Otherwise, they can be sued for breach of contract.

**How severance is taxed in Florida**

Like any other pay, severance is taxed as wages and it is subject to withholding and employment taxes. Severance pay should be included on the W-2, not a 1099-MISC. For FUTA, Social Security, and Medicare taxes, severance pay is taxed at the usual rates. For federal income taxes, the amount withheld depends on the amount of the payment.

What about a 401(k)? Because the dismissed employee is no longer an employee, they will not be able to make deferrals into the 401(k) program from their severance payments. Internal Revenue Code Sec. 415 spells out exceptions such as pay after termination for regular compensation owed, commissions and bonuses. There are some time restrictions about when payment has to be made to the former employee for these exceptions to qualify.

**CLICK HERE**
**to return to**
**Table of Contents**

**How much severance is expected?**

A typical severance pay package offers one or two weeks of salary for every year the employee worked at the company. In some cases, executives may receive up to one month's salary for each year worked. Approximately two-thirds of companies cap the amount they will pay.

**An Exit Strategy**

When an employee quits a job, it results in no paycheck, no severance, no unemployment insurance benefits, and possibly a negative reference.

A better plan for both the employer and employee would be to negotiate an exit strategy. An exit strategy can avoid burning bridges and enable parties to move-on with dignity and professionalism. An exit strategy will help cut losses and remove the employee from the work environment in a professional way.

**CLICK HERE**
**to return to**
**Table of Contents**

**What to negotiate with an Exit Strategy**

Items to negotiate include length of notice time, accommodation for job interviews, transfer to another department, buy-out of an employment contract, accrued sick leave payout and outplacement services.

Most employers will spell out their employer exit methodology and provide an overview of how severance pay is calculated.

According to Salary.com, typical severance agreements include: 1. Severance pay terms; 2. Vacation pay terms; 3. COBRA benefits information; 4. Return of company property; 5. Non-competition agreements; 6. Confidentiality agreements; 7. Unemployment information; and 8. A general release of claims and covenant not to sue. Small companies often do not have the financial ability to pay large amounts of severance. If the employee has been with the company for less than two years, one or two weeks of pay should suffice. I have seen companies pay severance to an employee, only to help finance a new competitor who may also cause disruption with your remaining employees.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents

# Chapter 270

# Benefiting from economies of scale with roll-ups

**Published: Monday, April 29, 2019**

If your business is in a fragmented industry and someone offers to buy your company, there is a possibility that your business may have been targeted for acquisition in a roll-up.

A roll-up is a merger and acquisition strategy used by investors to acquire multiple small companies in the same market. The purpose of a roll-up is to reduce costs through economies of scale; and, just as important, to increase valuation multiples by achieving greater scale.

CLICK HERE
to return to
Table of Contents

Roll-ups may be part of the consolidation process during an economic downturn or as market sectors mature. Complementary or unrelated companies can help to achieve vertical integration and diversity.

Characteristics that make a roll-up attractive include many small players in fragmented markets, or industries with small margins where technology can impact growth and profits. In a roll-up, the whole is greater than the sum of its parts, and the opportunity for higher earnings multiples is attributed to businesses with larger scale.

## Increased purchasing power

As an industry matures, the number of competitors diminishes. Businesses have an incentive to combine and reduce overhead, thus gaining purchasing and pricing power.

Roll-ups may involve combining dozens or even hundreds of small businesses into a larger one with monopolistic tendencies to create greater brand recognition, lower capital costs, and more effective advertising.

CLICK HERE
to return to
Table of Contents

## Cultural impact

Buying companies can be a risky undertaking. For starters, the acquirer can pay too much money for the target.

More than two-thirds of roll-ups fail to create value for their investors. There are several reasons for this. One important issue is cultural integration. Corporate cultures often clash and earn-out deals may unravel.

Buying a company or several companies intertwines the cultural and operational issues, thereby complicating continuity. Profitability of individual units may be difficult to ascertain, and the focus morphs to revenue and revenue growth. Operating costs may initially increase until management gets a handle on the acquired units.

**Earnings multiples**

Acquisitions look great as long as the acquiring company with the higher Price/Earnings (P/E) multiple buys a lower P/E company. This results in an arbitrage of earnings multiples. Regardless of the economics of the deal, companies artificially create earnings growth through roll-up acquisitions.

If companies are purchased with stock, the share price must stay high to keep the acquisitions binge going. If they're purchased with cash, then debt piles up. Momentum is therefore an important factor in a roll-up success.

CLICK HERE
to return to
Table of Contents

As industries mature, the number of companies decreases. Potentially huge rewards for breakthrough products and services inspire many companies to become the next Google, Apple or Uber.

**Industry fragmentation**

A classic roll-up strategy is to buy smaller competitors with the stated goal of achieving greater scale in a fragmented market. Making horizontal acquisitions can be lucrative — especially in industrial sectors that are obscure, not sexy and overlooked. There must be plenty of small family-run companies to buy. Acquisitions should be relatively inexpensive, paying profit multiples of three to four. The acquisition strategy should devise a process for finding, negotiating and integrating target companies. The composite group should be able to achieve economies of scale through purchasing, distribution and/or administration.

Roll-ups work best when savings can be applied to the operations of the acquired companies, and where duplicated overhead costs can be eliminated. The merger side (the buyer) must have seasoned leaders focused on identifying the best partner companies. They must also pay attention to the cultural and organized integration into the combined company.

CLICK HERE
to return to
Table of Contents

**Benefits from economies of scale**

A strategic roll-up creates an entity that benefits through economies of scale. Significant benefits are derived from developing regional or national brands and the leveraging of best practices.

The biggest challenge is in the execution. Roll-ups differ from conventional merger and acquisition activity in distinct ways. They occur in highly fragmented industries, usually service- or distribution-related, and occasionally in manufacturing.

The companies acquired are generally owner-operators. This makes integration much more complicated.

Decision-making and control are suddenly changed to team-play dynamics.

Small businesses use many diverse accounting systems and numerous technologies that make it more difficult to consolidate. Roll-up strategy often reinvents an industry, creating a new entity with a fundamentally superior value proposition.

The underlying theme of a roll-up is to reduce costs and drive growth to create value. The market rewards this kind of growth with a higher P/E ratio, enabling the availability for more acquisitions in an endless loop.

**Stages of a roll-up**

The stages of a roll-up consist of creating an acquisition system, competing as a combined new entity, and achieving market leadership.

CLICK HERE
to return to
Table of Contents

Former owners remain independent and the acquired company's owner is asked to stay and "earn out" an acquisition premium over months or years. This positions the business as a separate unit so that performance can be measured accurately. At the same time, this isolation undermines rapid integration, although cultures can remain intact. An important factor is knowing what functions to centralize and which to keep intact.

**Not every roll-up rolls**

Frequently, there is a lack of a common operating vision or a business model. The remedy is strong leadership with a clear, well-articulated vision and an operating plan shared across the entire organization.

Information systems may be hard to integrate.

Multiple systems in place at dozens of smaller companies can wreak havoc in billing, financial reporting, and customer service.

**Value creation is possible**

Strategic roll-ups continue to offer significant opportunities for value creation. And for the most successful rollups there is the promise of reinventing an industry and being rewarded with higher valuations.

CLICK HERE
to return to
Table of Contents

# Chapter 271

# Buying or selling a business?

**Published: Monday, May 6, 2019**

There's a great online tool for those interested in buying or selling a small business. BizBuySell.com, based in San Francisco, is the internet's largest business-for-sale marketplace. It offers an online marketing platform to list and, hopefully, to sell businesses. The site also features an extensive franchise directory as well as a business-valuation tool.

At any given time, BizBuySell.com lists over 45,000 businesses spanning 80 countries. BizBuySell's Insight Report tracks the health of the U.S. small business economy.

CLICK HERE
to return to
Table of Contents

For sale and listing prices are tracked across 70 U.S. markets.

This service provides a free shopping tool for prospective buyers, with a $50 fee for a base ad for three months to selling companies.

If you want to get an idea of what similar businesses in your industry are selling for, or perhaps you want to buy a business, the information includes listing and selling prices, the number of businesses sold and the median cash flow of those companies.

**Businesses for Sale**

A summary of the Tampa-St. Petersburg-Clearwater market, including the following counties: Hernando, Hillsborough, Pasco and Pinellas. For the first quarter of 2019 the median asking price for businesses for sale in this market on BizBuySell was $240,000 versus $220,000 in Q1 of 2018, a 9% increase. These businesses had a median annual revenue of $444,942 up from $398,335 in Q1 last year for a 12% increase, and a median cash flow of $109,797 versus $100,000 last year for a 10% increase. Owners asked for, on average, a revenue multiple of 0.79 and a cash-flow multiple of 2.73.

CLICK HERE
to return to
Table of Contents

Of the 1,041 companies listed by asking price, only 14% were listed for sale at $1 million or more. Just under half, (46%) were listed for sale at $200,000 or less.

**Businesses Sold**

BizBuySell analyzed 107 closed transactions during this period.

Businesses sold for a median sale price of $345,000 in Q1 2019 versus $325,000 in Q1 2018 for a 6% increase. These businesses had median revenue of $622,657, up substantially (up $230,663) from Q1 2018 when it was only $391,994 for a 59% increase. The median cash flow was $139,174 versus $128,791 up $10,383 or an 8% increase. Business buyers paid on average 0.72 times revenue and 2.58 times cash flow in Q1 2019.

The business with the highest multiple sold was at 3.01 for a website and internet commerce business. The lowest multiple was 0.11 for a local pack and ship retailer.

The widest spread from asking price to sale price was a health-conscious restaurant natural foods cafe fetching 50% of the asking price.

The number of businesses for sale was up 2%; median asking price was up 9%; median revenue was up almost 12%; the average multiple of revenue was down 0.6%; the median cash flow was up almost 10%; and the multiple of cash flow was up 3.7% to 2.73.

CLICK HERE
to return to
Table of Contents

Owners who can show improving financials will be better positioned to find interested buyers and gain more leverage in consummating a deal.

**Nationally**

Total transactions decreased slightly, and most industries followed suit. The retail industry saw a significant bounce after Q4 2018. Total retail business transactions increased 25% compared to last quarter, but the increased transactions were accompanied by small declines in sale multiples and the sale-to-ask price ratio resulting in a drop in the median sale price from $229,000 to $187,000 quarter over quarter.

Restaurant transactions grew from Q4 2018. Unlike retail businesses, sale prices took a nice jump from $152,500 to $180,000 quarter over quarter.

Other good news in the restaurant category includes over a 10% increase in both median revenue and median cash flow for all listed businesses, showing a healthy supply of quality restaurants remains available for purchase.

Bigger deals (over $1 million) received higher valuations with an average revenue multiple of 0.93 (compared to 0.58 for all deals) and an average cash flow multiple of 3.83 (compared to 2.33 for all deals). Here, size does matter.

CLICK HERE
to return to
Table of Contents

Beyond a recession, other business concerns included talent shortages (17%), larger competitors (12%), and government regulations (12%).

According to BizBuySell, “A number of factors could be tempering the strong transaction growth rates seen in recent years. Most notably, these include the recent government shutdown, low unemployment, record profits, deal financing, and general uncertainty around the impact of administration policies relating to tariffs, immigration, and health care.”

SCORE Business TV has just completed a series of episodes on Exiting and Buying a business, including Franchises. The link is https://manasota.score.org/resource/ buying-business-score-business-tv.

# Chapter 272

# The formula for section 409A

**Published: Monday, May 13, 2019**

Recently, an HT reader, Stuart Sinai, an attorney with Kemp Klein Law Firm in Troy, Michigan, suggested that I consider doing an article on Section 409A.

This is not to be confused with Formula 409, the cleaner/degreaser that gets its name from the 409th try before the inventors were satisfied with their batch formula.

CLICK HERE
to return to
Table of Contents

Arguably, many consider the IRS Code to be greasy; at the least, a slippery slope. Section 409A of the Internal Revenue Service Code has to do with regulating non-qualified deferred compensation paid by a service recipient to a service provider.

Service recipients may be employers or those who contract for work using independent contractors.

Service providers may be executives, general employees, some independent contractors, board members and entities such as LLC's.

In 2005, under Section 885 of the American Jobs Creation Act of 2004, Section 409A was born.

Because "deferral of compensation" can be broad and far reaching, Section 409 was added, in part as a response to tax-timing abuse and constructive receipt issues in the tax code.

**What is Constructive Receipt**

The doctrine of constructive receipt is used for federal income tax purposes to determine when a cash basis taxpayer has received gross income. Constructive receipt occurs when a taxpayer has control of the timing of when the funds are paid. Thus, the taxpayer may pay taxes on income that has not been received.

CLICK HERE
to return to
Table of Contents

According to IRS Publication 538, income is constructively received when an amount is credited to "your account" or made available without restriction, even without possession.

**Privately Held Companies**

Section 409A does not apply to incentive stock options (ISOs) or nonqualified stock options (NSOs) granted at fair market value. However, if a company issues options to a service provider at a valuation below fair market value, section 409A will apply.

The fair market value of an option on common stock is defined as the fair market value of the common stock on the date of issuance, making the valuation of the common stock essential.

There is a set of valuation standards. A safe-harbor valuation is one where the IRS must accept the valuation as valid unless the IRS can demonstrate that the valuation is "grossly unreasonable." The code provides three ways for companies to achieve a safe-harbor valuation of their common stock: 1. Securing an independent appraisal.

2. Using a generally applicable repurchase formula.

3. In the case of an illiquid startup, securing a valuation by a qualified individual or individuals at a time when the corporation did not otherwise anticipate a change in control event or public offering of the stock.

CLICK HERE
to return to
Table of Contents

**Tax Treatment of Qualified and Non-Qual Plans**

Tax treatment is the main difference between qualified plans such as 401(k), SEP, SIMPLE, and IRA's that accumulate tax free, and are not considered income until the funds are distributed. Whereas, a non-qualified plan is a tax-deferred, employer-sponsored retirement plan that falls outside of employee retirement Income Security Act guidelines.

These plans are designed for specialized retirement needs for key executives and other select employees. The main difference to the employer is that a nonqualified plan is not deductible to the employer until the employee takes a withdrawal and is taxed on the income.

**Deferral of Compensation**

Under regulations issued by the IRS, Section 409A applies whenever there is a "deferral of compensation," which occurs whenever an employee has a legally binding right during a taxable year to compensation that is — or may be — payable in a later taxable year.

There are various exceptions from the Section 409A rules compensation that would otherwise fall within this definition, including: qualified plans like pension and 401(k) plans, benefits including vacation, sick leave, disability pay, and death benefit plans. There are other exceptions, including stock option, stock appreciation rights, and certain separation pay plans.

CLICK HERE
to return to
Table of Contents

**409A concerns**

Section 409A adds complexity and cost to some business transactions that do not create tax advantages. The 409A footprint is broad and includes nontax- motivated transactions. The complexity can be a problem for the unsophisticated and may limit the ability of people to engage in legitimate deferred compensation transactions.

This column was not meant to cover all of the details in this complex topic, but rather to shed light on a greasy subject.

# Chapter 273

# Are you stealing money from your own company?

**Published: Monday, May 20, 2019**

"I've heard a rumor that some people have quasi-business expenses on their balance sheets, in order to lower their tax burden," says Eric Robinson, partner with Robinson, Gruters & Roberts, a Venice, Florida, CPA firm (excerpt from SCORE Business TV on Business Valuation https://manasota.score.org/resource/cashingin- business-valuation).

CLICK HERE
to return to
Table of Contents

**Shhh — No one talks about this!**

No one really knows how much money fails to be reported by small businesses on their taxes. Taking cash directly out of the register and not declaring it as income results in a lower tax bite in the current year.

I would venture to guess that half of all cash-based small businesses show significantly less revenue than actually earned on their books. It has been estimated that small business owners underreport their income by as much as 40%.

So, what happens to the cash? Aside from the savings realized on unreported income taxes, the money may be used to pay for regular business expenses, discounts for current accounts payable or for personal products and services, including vacations, restaurants, and perhaps gambling.

**Then, there are owner benefits**

According to Robinson, "Owner benefits could be anything from Tampa Bay Bucs tickets to driving a nicer car. The owner simply runs these expenses through the business. Basically, anything that's not ordinary or necessary in running the company could be classified as an owner benefit. You probably would want to take these expenses out and not have them show up on your income statement. That's going to increase the value of the company. If that person wants to obtain an SBA loan, or get a loan from the bank, it's going to increase the chance that they're going to be able to get a loan, because the bottom line's going to be higher."

CLICK HERE
to return to
Table of Contents

If you are planning on selling your business anytime soon, Robinson continues, "Let's face it, the bottom line's higher, so you probably will get a better price for the business. Since you're not expensing $20,000 for the car, because of the multiple factor, you may end up getting $60,000 more in your pocket (using a three-times selling multiple). Although spending $20,000 for the car may create $8,000 savings in taxes, would you rather have $8,000 or $60,000? It doesn't take a CPA to figure it out. I'd rather have the $60,000."

**How the IRS can tell**

Unreported income is a big deal to the IRS. The agency recently estimated that the U.S. loses hundreds of billions of dollars per year in taxes due to unreported income. Unreported income fraud occurs when a person intentionally fails to report their income when the law requires it.

When the IRS suspects a taxpayer is failing to report a significant amount of income, it may conduct a face-to-face examination, also known as a field audit.

There are clues that the IRS uses to determine if a taxpayer isn't being honest.

The IRS can compare your sources of cash with your personal living expenses to see if you have other sources of income or can explain a large imbalance. They may view bank account deposit activity and verify that this income was properly reported. Website and e-commerce activity provide a trail of clues about income sources. The IRS uses automated computer matching of forms 1099, W-2, and K-1 to confirm that these have been properly reported.

CLICK HERE
to return to
Table of Contents

If your business generates gross income but little or no profit — and takes large deductions for travel and other expenses — you may be asked additional questions from the IRS.

IRS agents compare financial ratios such as gross income and profit ratios for your business to those ratios as reported by similar business. Sites such as BizStats.com by BizMiner contain financial benchmark reports for gross and net profit ratios, as well as ratios for expenses to sales.

**Failure to report income**

Failure to report cash income or payments received for contract work can lead to fines and penalties from the IRS on top of the tax bill.

Purposeful evasion can result in jail time, so get your tax situation straightened out even if you have been behind for years.

In an audit, the IRS can include returns filed within the last three years. If they identify a substantial error, they may audit additional years, but usually don't go back more than six years. However, there is a 10-year statute of limitations on IRS collections.

CLICK HERE
to return to
Table of Contents

For many obvious reasons, pay taxes on all of your income. It's especially important to report everything accurately for at least a year or two before you consider selling your business.

---

**Efforts to combat an escalating tax fraud problem are keeping thousands of legitimate filers from receiving their much-anticipated injection of tax return cash. Tax filers who opt to have their refund deposited directly onto debit cards are finding their cards frozen. The IRS said refund fraud caused by identity theft is one of its biggest challenges. In 2015, it stopped 1.4 million confirmed identity theft returns, totaling $8.7 billion.**

# Chapter 274

# Are you throwing good money after bad?

**Published: Monday, May 20, 2019**

One of my favorite business tips is, “Pull the plug if you know it’s not working.” If you own a business and you are feeding it on a regular basis, then it may be time to consider whether the time has come to end your misery.

Many entrepreneurs lose their life’s savings because they are stubborn. Be honest with yourself. If you determine that the business is broken, then, take the loss and move on. The sooner the better.

CLICK HERE
to return to
Table of Contents

But how do you know when that time has come? You may have a start-up that has yet to turn the corner of profitability, or perhaps you have been in business for decades.

There are two significant reasons that may arise, lack of profits or a change in industry trends. These two factors may be joined at the hip.

**Scenario #1 — Your new business** is not expected to be profitable from day one. Between start-up costs, licenses, fees, deposits, etc., it seems like you are shelling-out money at every turn.

You have no income yet, and you are just beginning to obtain customers.

Hopefully, you have created a well thoughtout business plan or business model and you have considered all sorts of contingencies. Certainly, you have deep enough pockets to keep your new business afloat until you are profitable. You are committed to the success of your new venture and will do whatever it takes to succeed.

Great, you are on the right track.

CLICK HERE
to return to
Table of Contents

But for reasons that you just can’t get a handle on, you are not profitable when you thought you would be. In fact, you are not even close to your original budget projections. Do you continue to contribute more money into your, thus-far, losing venture; or, should you cut your losses?

**Scenario #2 — You have been in business for decades** and you have, overall, been happy with your financial results. You make a nice living and have been able to save enough money for a comfortable retirement. Recently, however, business has been off, profits are down or non-existent, and the trend in your industry is bleak. In fact, your business is tanking due to new technology, or more competition, or online retailers, or decreasing margins or other assorted bad timing issues.

You are considering bailing out, but you can’t afford to shut down.

Furthermore, you may not have much to sell. What should you do?

**Get help—** But not from your spouse or friends. This is, after all, your baby, and you are too close to your business to be objective. I suggest you go to SCORE.org and request a free mentor. SCORE provides free one-on-one mentoring from experts in diverse areas of business to startups and in-business clients. A SCORE mentor will provide an independent sounding board.

The first step is to understand what is happening, stop the hemorrhaging and decide what can be done to increase revenues, decrease costs, or change your business model. A cashflow analysis will help you get a handle on the bloodletting. If the business appears to be salvageable, perhaps you need an infusion of cash from a funding source. Or, you may need someone from SCORE's Exit Strategy team to help you look at alternatives. In any event, you need help.

CLICK HERE
to return to
Table of Contents

**Here is a sampling of questions to discuss with your mentor.**

1. How much have revenues declined over the past year?

2. How many units have you sold this year versus last year?

3. What is the average price per unit sold?

4. What is your gross margin and how has this changed?

5. What is your profit margin?

6. How much money and owner benefits are you personally getting out of the business this year versus last year?

7. How many employees do you have? What do they do and have their salaries increased in the last year?

8. What is your current marketing plan to acquire new customers? Has this changed? 9. Is your customer base up or down from last year; by how much?

CLICK HERE
to return to
Table of Contents

10. What can you do to diversify, add additional income streams?

11. How are you positioned in comparison to your competitors?

12. How many locations do you have? Can you break-out profits (or losses) by each location?

13. What has been the trend of your business and your industry for the last three to five years?

14. How many hours do you work on your business? 15. Are you open to a merger or acquisition?

16. What are your liabilities if you close the business? Are you a guarantor for the office or store lease, equipment leases, bank loans, etc. What will it cost to shut down?

After you have explored your options, you must face the elephant in the room and ask, “Do I now have enough information to make a sound decision on what to do next?” These are not easy choices, but clarity will help you make an intelligent decision.

CLICK HERE
to return to
Table of Contents

CLICK HERE
to return to
Table of Contents