

Special points of interest:

- Set sail—simple tips to harness the winds of change for your business.
- The Devil's in the detail—why you need strategic planning.
- Growing me, growing you—the link between the development of your team and building a successful business.

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Delegation is key

If you think about your business as a human being, it has its strengths and its weaknesses.

One of the major weaknesses facing firms today is the habit of 'systemic underdelegation'.

What would the result be do you think, if you were to ask every member of your team this one simple question:

“What percentage of your professional time is spent doing things that a more junior person could do, if we got organised and trained the junior to do it with quality?”

The answer—the honest answer—is pretty staggering: 40–50%.

Translate that across your entire firm, and that's 40–50% productive capacity consumed with a higher priced person doing a lower value task. Which means a business's delivery system is high cost. Not an ideal situation in anyone's language.

Many business owners are under the impression that if their customers are willing to pay for this, then it's fine. But the truth of the matter is very different.

The reason to change this pattern of thought? *Competition.*

When an owner's time is taken up doing lower-level work, as

opposed to adding real value to the work they do for their customers, they are unwittingly giving their competition an edge.

Overcoming the challenge of underdelegation can be difficult—even a little daunting—but by following a few simple steps, the results you'll get for your business, and for your customers will have made the exercise well worthwhile.

Does underdelegation exist in your business? Can you imagine what your team could achieve if you could eliminate it even partially?

Build a Unique Core Differentiator

A Unique Core Differentiator, or UCD, differentiates you from your competitors. It's what makes you, YOU, and why there is no one else who can replicate that. Some crucial points on UCDs in your business:

1. Build UCDs, focus on them, and articulate them constantly.

2. People buy the differences they perceive.

3. Differentiate or give the perception that you are different.

4. That difference must be at the core of the business and flow into everything that you do.

Here's some familiar examples from well known companies...

Woolworths—
The Fresh Food People.

Federal Express—
Absolutely. Positively. Overnight.

Canon Printers—
You can on a Canon.

Burger King—
The burgers are better at Burger King.



Getting better returns without cutting prices

Ever thought the best way to get more business through the door is by cutting your prices? It's one way, sure, but believe it or not, it's not price your customers are sensitive to. The answer? We touched on it briefly on page 1 in the article *Building a Unique Core Differentiator: Perception*. And in this case, it's what they perceive as value for money.

So how do you find alternatives to cutting the price?

There are a number of ways to go about this. Here's some

ideas you may like to use right away, or they may inspire your own creativity in coming up with solutions for your business. And remember—perception!

- Add 'extra value' to a product or service.
- Create 'packages' that help add value to less popular items, move end-of-season stock, or cross-sell other products or services.
- 'Closed Door Sales' or 'Exclusive Offers' can clear a

lot of old or dead stock without discounting.

- Send vouchers made out to your own business as a 'Bonus Gift'.
- Create packages to effectively cross sell and move old or less popular stock.

It's really all about communicating with your customers to determine their needs and how you can best fulfill those in a way they recognize as good value.

**"Begin
with the end
in mind."**

Stephen Covey
Seven Habits of
Highly Effective
People

Handling transitions

Change is a normal part of business today, but employees are often afraid of how major company changes will affect them. Here are 10 ways to help your team deal with transitions:

1. Communicate, communicate, communicate.
2. Adopt a positive attitude.

3. Share your excitement about the change with everyone you meet.
4. Involve employees in making decisions that affect them and their work.
5. Change only what needs to be changed.
6. Be honest and timely with good news, and with bad.

7. Be clear and consistent about your expectations.
8. Don't surprise your employees.
9. Once the process is started, make sure you follow through.
10. Fight false rumours with truth and information.

Shake it up!

Employees in any company can become complacent over time. Shake up the status quo with these tips suggested by John P Kotter in his book *Leading Change*:

- Create a crisis by allowing a financial loss to occur or an error to 'blow up'.
- Eliminate obvious excess like executive dining rooms.

- Set targets for income, productivity and cycle time so high they can't be reached by doing business as usual.
- Share information about customer satisfaction and financial performance with employees.
- Insist that people talk regularly to unsatisfied

customers/clients, unhappy suppliers and disgruntled shareholders.

- Include honest discussion of the business's problems in company newspapers and management speeches—curb senior management 'happy-talk'.

Critical Success Factors (CSF)—the mystery solved

Critical Success Factors are based on those processes that are necessary to fulfil the governing commercial purpose of the business.

For the business as a whole, these will be those processes necessary to implement the

strategies that have been or are being put in place to allow the organisation to achieve its vision.

These are the processes we must absolutely get right.

A great place to start is by looking at those processes that

have the greatest and most direct impact on ROI and cash flow.

Some examples are Marketing & Sales, Product Creation & Distribution, Customer Service, Cash Flow and so on.



The definition of a Key Performance Indicator (KPI)

Key Performance Indicators (KPIs) are a quantitative measure of the CSFs in a business. Here's a way for you to determine some of your different types of KPIs:

CSF based KPIs

Once you have identified your CSFs, you'll need to determine what KPIs you will use to measure those processes, eg. Cash Flow will inevitably be one of your CSFs.

Some KPIs for Cash Flow may be 'days in receivables' or

'receivables turnover'. You may balance this with a KPI for the number of clients lost due to aggressive collections policies. Gross Sales will inevitably be another. In this case you may want to balance this KPI with your KPI that measures gross and net margins.

Sub-System KPIs

For each of the processes you have identified as CSFs and determined appropriate KPIs for, there will be sub-systems.

For instance, a sub-system to your sales process may be

generation and conversion of leads.

For each of these sub-systems that directly impact the CSF system, you will invariably develop KPIs. In this example, your sub-system KPIs might be 'leads generated', 'conversion ratio', or 'average cost per sale'.

You will want to go through the same scrutinising process with KPIs as you did with the CSFs, as there's no point in doing well that which shouldn't be done at all!

*Set a challenge for your firm—
Build a learning organization by creating a reading list and/or a library with your team.*

Why hold a strategic planning session?

It's true we can sometimes find ourselves spending more time on planning a holiday than we do on planning our own business. The solution? Regular—and we recommend at least once a year—strategic planning sessions.

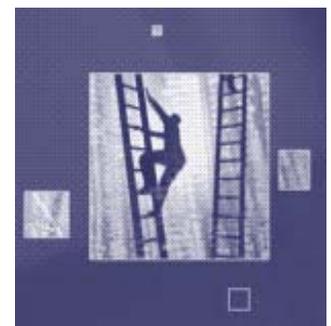
These sessions provide the ideal forum for you and your team to really come to grips with determining where you are now as a business, where you

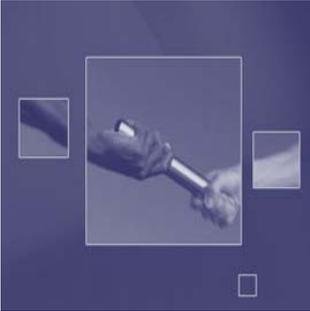
want to be, and how you will get there.

The fundamental notion of strategic planning is that if a business takes the time to brainstorm where it wants to be, what its challenges are, formalises a plan to address these areas, and then puts the action steps in writing, it is much more likely to achieve its goals. Indeed, a recent study conducted of a group of law

firms found those that did conduct strategic planning sessions experienced 3 times the growth of firms that did no planning at all.

So if you've not yet held a strategic planning session for your business, then this can be the ideal opportunity to review your firm's—and your personal—progress in the past year and set objectives and goals for the year ahead.





People power!

If there's one factor that will make the difference in the sellers' market, it's the opportunity for personal growth.

Companies that create the most nourishing environments for personal growth will attract the most talented people.

So what does a nourishing growth environment actually look like?

It's a workplace where people talk about their work and exchange ideas; where top managers know one another and often work together.

It can take a long time for some businesses to realise that their greatest assets are the people who work for them (and some businesses never get it!).

A business cannot grow unless all the people within that business are behind its growth. They need to understand the processes and procedures fully, and be kept up to date with any changes taking place.

Without this necessary dialogue, you simply cannot guarantee everyone's complete support. Can you imagine trying to implement change on any real

scale without your best assets on board?

A business's team members need to be stimulated and excited about what they do. Ongoing training and education is a key element to ensure this, and to keep your team motivated and secure.

The benefits aren't just restricted to your teams. Your customers will be delighted by the experience they have of your business by the way your people handle their requests. And that means better results for your business!

About our consulting services

We are not your average consulting firm. Far from it.

We are members of the Principa Alliance—an international network of accountants and business advisors.

So when you work with us to improve your business, you're gaining access to a global knowledgebase and a wealth of

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Combining our knowledge of your business, the personal relationship we share with our clients and the consulting tools, support and networking power of the Principa Alliance, we can help you achieve more with your business than you imagined possible.

Our goal is to help you build a stronger, more profitable business, and enjoy a higher quality of life and greater financial and personal freedom as a result.

We can and will do so much more for you than just 'keep the score'.

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