Profit Builder

Your path to a more profitable business

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Steps to developing a 'win-win' compensation plan

Creating a compensation plan is a critical component of your team development program. Regardless of your business type or size, having a clearly defined compensation plan can help prevent team conflict, dissatisfaction and turnover.

Document and group positions

Write down the responsibilities and functions of each job in your business. Then have each team member complete a job questionnaire detailing what they do. Use both to create written job descriptions.

Rank each job in terms of value to your organization. Look for clusters in this hierarchy, and group the positions in appropriate grades.

Collect market data

Look at recent surveys containing pay data for your line of business and location. Much of this information is available online now. Don't expect perfect matches, but use other positions for comparison.

Create salary ranges

Now you should create levels and ranges of pay. Use the data to fix a salary midpoint and range for each grade of position in your business. For instance, information you gathered for an administrative position may suggest a mid-range salary to be $30,000 but can vary anywhere from $25,000 to $35,000. There will most likely will be overlaps in ranges between grades.

A compensation plan is a critical component of your team development program.

Implement your system

Now you've taken the time to devise a system, it's important to implement it. You may find that some of your employees' salaries fall well under the range. Make a point to devise a plan to adjust these team members' pay.

For those who are above range, you may want to institute a salary cap or limit future increases. But consider also whether these people are excellent team members who perform beyond expectation. Those are the team members you don't want to lose.

Whatever you decide, be sure to explain how thorough you've been in devising your system and your means and methods for arriving at the current system.

7 Habits of highly effective emailers

1. Make your subject line clear so that your reader doesn't mistake your message for junk mail.
2. Cover only one topic per e-mail.
3. Where possible, keep important information to the first screen so your reader doesn't have to scroll down.
4. Send e-mails only to people who really need to receive them.
5. Include a closing, whether your reader is internal or external.
6. Edit and spell-check your message before you send it.
7. Insert the recipient's address just before you click "Send" to reduce the chance of sending an unfinished message or a message to the wrong person.

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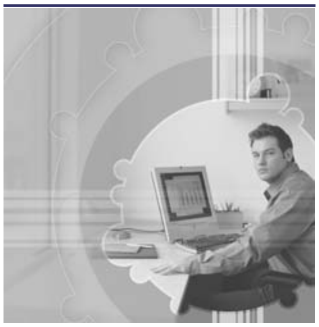

Managing debt

Debt. The very word can inspire a sense of doom and hopelessness. But there are several strategies for small businesses with large debts or financial struggles.

Consumer credit counseling

Consumer credit counseling organizations offer education, advice and credit management strategies. Some also offer debt consolidation and repayment programs.

It's critical however that you read all of the fine print and do a thorough background check on any organization that claims to help you with your finances. If in doubt, check with a better business bureau or look into any legal records.

The most reputable organizations require an education component to any service they offer so that you or your business avoids falling into debt again in the future.

Step up the collections process

Consider running credit checks on potential customers or offering a discount for early or prompt payments. Hiring an outside agency to collect on some of your most delinquent accounts is another strategy. They usually take a percentage of the accounts that they receive payment on.

Carefully consider before selling assets

While excess property can be converted to cash, finding a buyer for specialized equipment can be difficult and it may be sold at a loss.

Weigh the pros and cons of debt consolidation programs

If you have few creditors or stand to benefit from much lower interest rates, a loan consolidation program can be a good idea. However, consolidating widespread debts can be unattractive to potential lenders, and might reveal that a business has overextended itself.

Liquidation and bankruptcy is the last resort

For small businesses especially, bankruptcy can be the ultimate death of a struggling business.

"As a small businessperson, you have no greater leverage than the truth."
John Greenleaf Whittier

How to prepare a budget your business can grow by

Running a business without a budget is like navigating a ship without a compass. Setting aside time to examine and revise your budget periodically gives you more options when making important decisions about where your company should be going, and growing.

Assess your finances

The first step in developing an accurate and reliable budget is to take a look at your finances. Review income and expenses. Previous records, financial statements and tax returns are important documents for reviewing.

List expenses

Consider whether you want to develop a budget for 3, 6 or 12 months. Create appropriate categories for all of your expenses—rent, wages, inventory and so on. Always remember to set aside money for emergencies, slow business periods and economic downturns.

Examine spending habits

Analyzing your spending trends and considering your finances will help you project amounts for each category of your budget. Always remember to routinely re-examine your budget.

Review the numbers periodically and adjust them if your business conditions change.

Stick to your budget

Once you have a working budget, it's important to stick to it. Sharing it with your team, financial advisors and accountant can help you cruise successfully into the size of business you've envisioned for yourself.

What's your style in business?

We all have different work and communication styles. What makes some styles naturally work well together, while others clash?

One key to managing difficult work interactions is to identify and understand your style in business, and that of others you work with—your team members, your suppliers, and your customers.

Directors—are 'task-oriented' people who like to take charge of people and situations. They tend to be competitive. They do things their way and will go to extremes to work independently. Give them information quickly, so they can make an expedient decision.

Thinkers—are 'task-oriented' people who are methodical and thoughtful about the hows and whys of the project. They tend to like complex, contemplative tasks. They do things carefully and cautiously and decide on issues after they've had time for private contemplation. Approach them in a non-threatening way. Give them time to gather information and deliberate.

Socializers—are 'people-oriented' people who seek approval from others. They tend to like spontaneous and expressive activities. They're ideas people who use persuasive communication to get others to work with them. Give them information and allow them to make it clear that the decision is collaborative.

Relaters—are 'people-oriented' people who seek stability and security. They tend to enjoy teamwork and need to know step-by-step plans. They're diplomats who can find ways to come to common solutions. Give them information and ask them for their opinion.

"You must do the things you think you cannot do." Eleanor Roosevelt

3 crucial points for hiring family

It's a reality that small businesses often couldn't operate without the support of family. But if not well thought out, actually hiring family can lead to resentment among other team members, result in lower productivity and strain family relations.

Hire the right person for the job

You need to be sure you're hiring the right person. If you have a vacancy you'd like a family member to fill, be sure they have the skills you need. Otherwise, you run the risk of creating more work for yourself by doing their job, breeding resentment amongst other team members who end up having to do it, or worse still—firing a family member!

Avoid special treatment

Once you've hired a family member, remember to avoid any special treatment or privileges that the rest of your team doesn't have. If family members begin taking advantage of their personal relationship with you and show up late, leave early or work against your company standards, address the problem immediately.

Equal pay for equal work

The key to employing family is fair treatment, and this goes for payment too. Pay should always be related to skill level and work contribution.

Tips for creating an inspiring workplace

- Let your team members know how important their work is in achieving the company's 'big picture' goals.
- Relay your vision for the business in terms that appeal to what's important to your team members, so they're motivated to work towards this common goal.
- Take the time to talk to your team members one-on-one to make sure they feel heard, challenged, and recognized.
- Help your team by breaking long-term assignments down into clear, achievable, short-term goals.
- Demonstrate your confidence in their ability to overcome challenges and meet goals.
- Always balance any negative feedback with comments that accentuate the positive.
- Where possible, work with your team to find ways to improve the physical environment.

What information does a manager really need?

The performance of a business depends on the quality of its decisions. In turn, these decisions depend on the quality of information available to the people who make them.

An accounting system generally only summarizes the financial consequences of the variety of processes that are involved in doing business.

It focuses on the outcome rather than the process, so it fails to provide information in sufficient enough detail to monitor the performance of activities critical to the success of the business.

A business's Critical Success Factors (or CSFs) are those factors the business absolutely must get right in order to prosper and grow.

From the customer's point of view, quality is the dominant issue—It's what dictates their perception of value.

From the business's point of view, productivity is a critical factor as it ultimately determines the cost and the margin between revenue and expenses.

The performance of a business depends on the quality of its decisions.

A business's CSFs are ultimately determined by its strategy—in other words, by the way in which management decides to compete. It's worth noting in this instance that unless the company's strategy is based on being the lowest-cost producer, it's unlikely that cost would be very high on the list of CSFs.

Identifying and monitoring CSFs in conjunction with KPIs helps businesses effectively manage performance and the key processes that contribute to their financial outcomes. And with quality information, these businesses are in a better position to make decisions about their future growth and success.

"One of the prime requirements of leadership is the ability to manage change as it is taking place."— Franklin Cooper

About our consulting services

We're not your average advisory firm. Far from it.

Our membership in the Principa Alliance means you have access to the collective knowledge and expertise of an international network made up of hundreds of professionals who specialize in consulting to small and medium-sized businesses, just like yours.

When you add to that our experience, support and guidance, you can be confident you'll have all the help you need to make your business truly extraordinary.

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

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

Contact us today to discuss how we can help you build a business that delivers on its promise—to you, your team, and your customers.

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