

Becoming a lightning rod for talent

Attracting and retaining people is a critical success factor for any size business – but the smaller you are the more damage the loss of a good team member or failure to attract good team players can do.

Ron Baker explores the issues facing the management of talent in his white paper 'Human Capital (not Cattle)' and what to consider in attracting and retaining good people. In his view, critical to the success of any firm is its ability to understand the following:

People – are they assets, resources, costs or investors? Do

your own litmus test and determine what your employee is to your firm. Ron explodes the myths of what people think...."people are this firm's greatest asset" is now replaced

'Human Capital (not Cattle)'

with "people are this firm's greatest investor" – their knowledge and resource are the means of production for your business. If your team members decide not to invest or stay

invested in your business then you do not have enough critical human capital.

Good Versus Great – does your organization attract good people and turn them into great people, or does it attract good people and turn them into average – or worse - poor performers. As an investor your people expect a return on their investment – salary is perceived as a dividend, but how are you dealing with the capital growth they expect? If they feel like they are static or worse going backwards in their capital value (skills level and...

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Guidelines for good record keeping

Keeping good records is a tough chore at any time, but a few basic guidelines can help make life easier for both you and your accountant.

1. Pick an accountant and plan your bookkeeping system before you start the business.
2. Leave plenty of tracks –write things down logically and consistently (i.e. systematically).
3. Don't use scraps of paper to jot down figures – use proper forms in bound booklets.
4. Deposit all cash received daily (if possible) and make all payments by cheque or petty cash.
5. Don't take cash from the till for personal use. If unavoidable, draw and cash a cheque.
6. Reimburse petty cash by

cheque, not by taking cash from the cash register.

7. Keep very strict control over cash, especially overnight and in transit to the bank.
8. Check prices, extensions and totals on all accounts payable - initial them as being checked
9. Attach together all related forms such as delivery dockets, invoices and statements.
10. File all records and original documents in a logical and systematic way.
11. If necessary and at all possible, physically take stock of inventory every six months. Also keep good stock records.
12. If using a computerized record system, always use backup data storage and keep backups away from the business in case of fire or burglary.

13. Keep up-to-date and accurate records of accounts receivable.

14. Keep your business and personal financial records separate.

15. Talk often with your accountant, financial adviser and/or tax agent. They are vital resources. When you can find the time, why not do some basic studies in bookkeeping and financial management? At least then you will have a better understanding of the language of accounting and will be better prepared to ask important questions. If time won't allow this, have your accountant explain exactly what your financial reports mean, in simple English. Over time you will become comfortable with the numbers and begin to understand how to use them to stay in control of your business.

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Becoming a lightning rod for talent (Cont'd)

opportunities for personal growth) but still receiving a dividend then they will hang in there until they find a better dividend (salary). And there are certainly plenty of competitors willing to offer better salaries.

Loyalty Given or Demanded – Ron suggests that 'Loyalty is not dead in the business world, but a reason to be loyal may be fading'. It is easier for human capital to move on – certainly 20 years ago this wasn't the case. But this is actually positive from

society's point of view. No longer do people have to *suffer a job* – they have choices and opportunities to ensure they are happy and engaged at work. Is your business designed to encourage people to be loyal or is it assumed that a salary pays for labor and loyalty?

In the end, there's really only one test you need to apply to your business. You might call it the reality test - Ron Baker refers to it as the one-dimensional

test – 'Would you want your son or daughter to work in your business?' Your challenge is to make this assessment objectively. One of the ways you can really discover the 'vibe' of your team and determine if you have the right environment to attract and retain talent is to conduct a Team Advisory Board. This process allows you to tap into the opinions of your team – if you would like to learn more about how to run this type of event give us a call to discuss.

Challenge your paradigms??

Take a look at these two quotes reflecting business leaders' paradigms:

'Just about everything that can be invented has been invented'. Commissioner of the US Patents Office in 1898

'Who the hell wants to hear actors talk?' Harry Warner, Warner Bros Pictures in 1927

It seems ridiculous to us now that in 1898 some people thought that almost everything that could be invented had been invented. Thankfully, people challenged that paradigm, which has opened up a world of opportunities for us today.

The truth is that we all tend to think and behave in accordance with the paradigms we are most comfortable with. Most of us have some paradigms we adhere to without much, if any, logical thought about whether or not they are really 'right' or 'wrong' – we just accept them, use them and believe and act accordingly; this is called the paradigm effect.

Many paradigms are passed on from one generation to the next – e.g. allegiance to a particular

political party or football team. Your paradigms include:

- your entrenched habits or fixed routines
- the 'conventional wisdom' that you accept and believe about some matter
- rules that you accept about what you should or shouldn't do in various situations
- sets of guiding principles and assumptions about how to behave
- sets of beliefs and ideas
- self-imposed boundaries or standards that determine what you do, and how you do it

Having a strongly held set of paradigms can mean you are strong-willed (usually good) or pig-headed and unreasonably obstinate (not so good). The latter description typically characterizes people who are usually very change-resistant and see the world only through their entrenched paradigms. Therefore, they tend to be blind to opportunities, to the possibility of new ideas and creative solutions to problems. They see the future only through the myopia of their paradigms, and that future tends to be repetition of the past.

One of the greatest and most difficult challenges facing every business is what to do about change. Many owner/managers ignore it, others actively resist it, and for many that's the reason for their business failing. If a business doesn't make adjustments to meet the challenge of change in their industry or market, it will become less able to satisfy buyer wants and increasingly irrelevant to buyers. Becoming irrelevant to buyers means becoming obsolete.

Owner/managers who suffer from the paradigm effect tend to ignore or resist change, fail to see opportunities and become ever more vulnerable. Capitalizing on change, by avoiding threats and exploiting opportunities, demands a willingness to do a paradigm shift. The vast majority of highly successful businesses are operated by men and women who refused to accept that something 'can't be done'. Ask yourself if your thoughts and actions are under the influence of entrenched (and often illogical) paradigms that may be preventing you from moving your business into the future it deserves. Don't become obsolete by believing something different and better can't be done.



Stress and how to avoid it

If you are in business you can expect to be stressed at some time. It just goes with the territory! Stress is a mental/emotional condition brought on by a perceived (or even, imaginary) inability to handle (i.e. cope with) whatever demands and problems a person faces. Stress starts in the mind but affects the mind, emotions and body. It can be a killer – of people and businesses!

For stress to develop:

1. there needs to be a problem or demand (either real or imaginary),
2. you need to be aware of it,
3. you need to believe that the perceived problem can be harmful in some way, and
4. you're unable to prevent, avoid or cope with the perceived problem, and the consequences of not preventing, avoiding or coping with the problem are serious.

Each of us has a different ability to handle stress. The medical consequences of heavy and prolonged stress can be devastating – over 100 illnesses are identified as possible outcomes of stress – both psychological and physiological. Owning and running a small business is a very fertile source of stress. Far too many owner/managers find themselves 'out of their depth' in terms of experience and expertise. When they become aware that they can't handle the job, the fear of failing becomes very real. Although every situation is different, the following causes of stress in small business are common.

Task Ambiguity - If you lack experience and expertise in running or managing a business, it's likely virtually every task will be difficult, confusing and stressful. Your best option is to seek ad-

vice from your accountant - and do it before both you and your business suffer.

Work Overload - Many new and/or growing firms lack enough funds to hire all the employees that are needed. Owner/managers will find themselves wearing many different hats, which results in impossibly long hours and work overload. Time becomes a critically scarce resource, especially where experience and expertise are lacking, and every job takes longer to do than it should.

Role Conflict - Stress can develop from trying to balance the heavy demands of a new and/or growing business with those of family, friends and recreation – the other major life roles. When the demands of several important roles come into conflict, you can be pulled in two or more different directions, which can lead to indecision, internal conflict, guilt, and stress.

Fear of Failure - Many owner/managers have an unhealthy (but quite understandable) fear of failing and this can cause stress. When you start a business there are usually plenty of spectators, critics and cynics, and insensitive criticism can add to the distress of an over-worked owner/manager. If need be, get counseling, but don't let stress get you down.

Supervising Others - One of the most difficult and frustrating management tasks is to oversee or supervise the work of others. Lack of people management experience often results in high employee turnover; which, in turn, adds to the workload and stress level of any owner/manager.

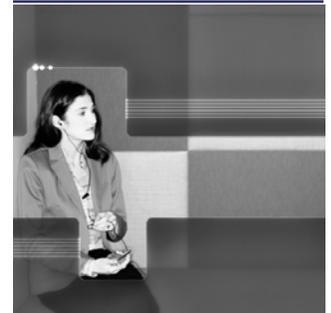
Boundary-spanning Problems - Owner/managers not only have to deal with problems from within the business, but also need to cope with demands and pressure from a number of sources outside their business –

customers, suppliers, government departments, the tax office, banks, trade unions and more. They become the 'meat in the sandwich' by having to deal with boundary-spanning problems, i.e. competing expectations from both inside and outside the business.

Going into Business for the Wrong Reasons - Unless you go into business for the 'right' (for you) reasons and do so with realistic expectations about what issues you are about to confront you can easily end up 'shell-shocked' and stressed. Being sacked from a job, or being pressured by others are not (of themselves) good reasons for starting a business. If the driving force behind your decision to go into business is desperation, conflict, personal disagreement or frustration, the extra tension, worry and stress will only make the task harder.

Stress has a cyclical effect. Not being able to cope causes stress which then (among its various detrimental effects) leads to further inability to cope and so on. Unless fixed, stress can become a bottomless pit.

What can you do to avoid (or, more realistically, reduce the effects of) stress? Obviously proper preparation before starting a business is essential. But, if you've taken the plunge and you are 'trying to drain the swamp while up to your neck in alligators', the obvious solution is to go for help. This may mean bring in a partner, employ more staff, delegate more, use a business adviser, get training (but this needs time!), take a holiday, or – if things are too bad, get out of business, whatever the cost. Until you address the underlying problem(s), the cause of the stress will persist.



Retail store image and the problem of crowding

Some broad guidelines for building a good image were given in an earlier issue of Profit Builder, but one factor not specifically mentioned was crowding. This is especially important for retailers where customers want little fuss and frustration when navigating their way around stores.

Although individual customers will react to crowding differently, studies show that most people dislike being crowded. Retail store layout and design must be aimed at maximizing sales volume by attracting customers and facilitating their movement through the store.

The actual shape of your retail premises must be determined when considering site selection. Physical layout will depend partly on shape and partly on general principles relevant to the kind of business method you want to use, e.g. self-service, boutique (specialty shop) or supermarket. However, no matter what layout you opt for, traffic patterns need to be consid-

ered as a possible cause of crowding.

Destination traffic are those shoppers who know what they want to buy and will aim directly for it, while shopping traffic are those people who want to browse and will wander without any particular destination in mind. Browsers tend to move to the right after entering and wander in an anticlockwise direction.

'Place merchandise to facilitate the traffic'

Destination shoppers try to avoid congestion caused by slower and less predictable shoppers and therefore prefer to travel clockwise. All merchandise should be placed to facilitate traffic movement.

For every retail store the challenge is to increase sales by attracting more customers, persuading them to spend more and keep coming back. Crowd-

ing can be experienced if there are 'too many' other shoppers in the store, poor placement of merchandise, displays, and advertising placards, narrow aisles or too few checkouts. These 'barriers' are felt more acutely by destination shoppers wanting to make their purchase(s) and then leave. Personal factors can influence a person's level of discomfort (or even distress) from crowding - age, previous experience with crowds, time pressure and traits such as impatience and aggressiveness.

For many people, feeling crowded can cause anxiety, confusion, frustration, anger, difficulty in making choices, and poor buying decisions (from excessive information and pressure). Lack of crowding can lead to a more relaxed approach to shopping, better comparison of goods, more impulse buying, more satisfaction with the shopping trip and the intention to come back - all of which means increased sales.

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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