

## Systemize!

**Most people work IN their business. But the real secret is to work ON your business so that you don't have to work in it.**

So what does working ON your business mean? Simply developing key systems—for everything your business does!

A number of things happen when you systemize your business's processes. First, YOU don't have to go through the process yourself—you can delegate it to others less skilled than you. And when you systemize, you automatically develop what we call "a way of doing it here".

That "way of doing it here" not only makes things happen in a totally predictable way, it makes

your business worth much more, because you have proven and successful ways for running the business so that anyone can continue to get the results (sales volume, profit, customer service) that you've been able to

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achieve—without you having to be there.

### **A proven system—with proven success**

When Ray Kroc first bought the rights to the MacDonalld brothers' hamburger store, he had no intention of spending his days

running a business making burgers. He began with a different end in mind. And he established systems that would ensure every McDonalds store would do the same things in a totally predictable manner. Down to the last detail.

Today, your local hamburger store may make an infinitely better burger, but you'd probably be more likely to want shares in a McDonald's store.

By applying this different way of thinking to your business, you can make significant impacts on your profitability, your productivity, and your own lifestyle.

## Flight of the bumblebee

**There's a story Walt Disney recounted about being asked if he still drew Mickey Mouse.**

"I had to admit I do not draw anymore," he'd answered, "'Then you think up all the jokes and ideas?' 'No', I said, 'I don't do that'. Finally, my questioner looked at me and said, 'Mr. Disney, just what do you do?' Well, sometimes I think of myself as a little bee. I go from one area of the Studio to another and gather pollen and sort of stimulate eve-

rybody. I guess that's the job I do."

In a way, this 'flight of the bumblebee' is another way of looking at the concept of working ON your business, instead of IN it.

By continuing in this approach to your business, you're in a position to take the time to plan for future growth, development and success.

The legacy (the bits of pollen if you will) that Disney left behind

was one of empowered people sharing a truly magic culture and passion for what they do. What sort of legacy do you see yourself leaving for your business?

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## The high cost of employee turnover

**Research suggests that people place a high value in their jobs on capability—which can be translated roughly as the latitude and ability to deliver results to their customers. High perceived capability can, in turn, lead to reductions in the rate of turnover of a business's team.**

Successful businesses have lower turnover of team members than their competitors. Even firms that have relied upon high turnover—for example, fast-food chains, which have tended to hire low-skilled employees at minimal wages and provide them with minimal training—are

beginning to understand that satisfied, long-term employees help build customer loyalty and satisfaction and cost less to manage.

Consequently, these companies are starting to question their traditional assumptions.

The visible costs of bad hires and high employee turnover show up in related costs:

- Additional recruiting and training expenses
- Lower productivity on the part of co-workers and managers.

A broad range of hidden costs can be equally damaging. High

employee turnover can have a negative impact on:

- The morale of other employees
- The quality of service provided
- Customer retention
- Productivity and profitability.

When you sit down and calculate the costs to your business of high employee turnover, it's not hard to see that it makes economic sense to hire, train, support, and reward loyal team members.

***“A leader faces the music, even when he doesn't like the tune.”***

***Anonymous***

## Targeting your customers by segmenting your market

**Many businesses typically serve different groups or types of customers, called “market segments.” It's important when you're developing marketing and customer service strategies to be able to define exactly what market segments you wish to focus on.**

There are several reasons for this: some groups of customers are willing to pay more for additional service or quality, some groups rely absolutely on your product or service—whereas, others are indifferent about it—and some groups are harder to please and are more costly to service than others.

The way you segment your market is crucial to your overall long-term business strategy. Here are a few characteristics you can use to identify your business's

market segments:

- For business customers—size and type of business, location, degree of competition.
- For personal customers—age, gender, income, lifestyle, family circumstances.
- Frequency of business, reason for buying, types of purchases.

While you may supply business customers exclusively, it's useful to consider their customers—the “end users”—as this can lead to valuable support initiatives you can offer to your business customers.

Once you've identified your market segments:

- Identify the different segments by name
- Look at your current sales as

a total and as sales for each segment

- List the products and services you offer to each segment
- Identify your pricing policy for each segment, e.g. retail, or trade + 10%, or cost + 10%
- Identify how and where the sale takes place, e.g. via wholesale agents, on site, or they come to you
- List the methods you use to market to each segment e.g. yellow pages, word of mouth, telemarketing, contests, exhibitions.

With a clear picture of who your best customers are, you can maximize your marketing dollar.



## The ‘Law of Exactness’

**There’s a fascinating piece of information about Mr. Heinz—that man of “57 Varieties” fame.**

When he was young, he used to sell fresh vegetables from a barrow.

What is fascinating is this: he had not 57 varieties, but in fact 60.

He had happened upon the power of exactness—or being specific. Clearly, 60 sounds like ‘advertising puffery’. 57 on the other hand, is a compelling FACT.

You can excite far more people to your advertising message by using specific facts about your product or service.

If your product is 23% stronger than the Standards Authority Specifications require, 2.65 times faster, comes in 16 fashion colors, or saves up to \$97 a month in fuel bills, then say so!

In a headline, such specifics tend to focus the reader’s attention. It gives them some reason to stop and read on, and it helps you target your message to the reader as if you were speaking

to just that one person.

Whenever you’re preparing an ad, keep in mind the “What’s In It For Me” principle and focus on the benefits to your prospective customers.

Headings like “7 reasons why you...”, or “24 ways you can...” talk to the reader and compel them to read the rest of your ad—and to pick up the phone and call you!

**“We can try to avoid making choices by doing nothing, but even that is a decision.”**

**Gary Collins**

## Tips for setting stress-reducing goals

**If the stress levels in your business are taking control and affecting your quality of life, approach it as you would any other issue and set yourself a goal to take back control over your stress levels.**

### 1. Choose a goal you value.

A stress-reducing goal should be one you care about, something you want to achieve, otherwise, you won’t work for it. If your main source of stress is from work overload, then your stress-reducing goal might be to start setting limits to new work you take on.

### 2. Make a formal declaration of your long-term goal.

Write your goal down and post it where you’ll see it every day. The

formal declaration gives the goal the importance it deserves, and you’ll be more likely to stick with it.

### 3. Start with short-term goals.

Long-term goals, such as becoming organized or maintaining a healthy exercise routine, take time to achieve. Short-term goals are steps on the path to that end goal. For example, if your long-term goal is to become organized, start with a short-term goal of making a To Do list as soon as you get to the office each day.

### 4. Set specific and achievable short-term goals.

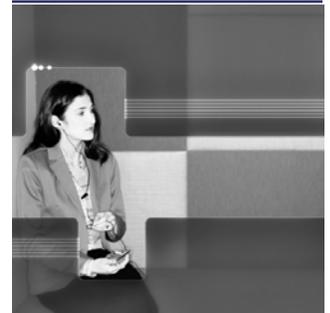
Don’t make your goals so vague that even you don’t know when you’ve reached them. If you’re

trying to get organized, one specific short-term goal could be making file folders for important projects.

### 5. Set reasonable time frames for your goals.

### 6. Reward yourself for each achievement—large or small.

Be kind to yourself! Don’t focus on the times you forgot to set a limit on a job; instead, give yourself a pat on the back each time you cross an item off your list.



## Leadership: communicating credibility

**While there's no single approach to leading people, effective leaders have three things in common: the ability to set direction, the ability to align people, and the ability to motivate people.**

The organizing and staffing processes critical to effective management illustrate the complex problem of designing a well-functioning system. However, its leadership counterpart, aligning people, is not a design issue, but rather a communications challenge.

To align people to a vision, a leader must:

- Get input from a wide range of people
- Help people understand a vision of an alternative future
- Get them to believe in and become energized by this vision

While organizing people to fulfill a short-term plan is difficult, getting a large number of people from inside and outside the company first to believe in an alternative future, and then to take initiatives based on this shared vision, is often even

more challenging.

Aligning people through successful communication

As a leader, you need to be able to communicate your vision to a wide audience in a way they can understand, relate to, and ultimately believe in.

Your audience is anyone who'll be affected by the outcome of your vision. These people may

### **Credibility derives from two factors: expertise and trust**

be your team, your suppliers, and business partners—even your customers. While they each may react differently to your vision, everyone needs to be properly aligned and focused on achieving the common goal.

The best way to achieve this? Effective communication.

Begin by looking at your visions from the other person's point of view. Try to identify what would most energize and inspire them

to achieve your desired end-state. Remember to clearly spell out the benefits of your vision in terms of its impact on them. Be sure to use terminology and concepts that they'll easily understand.

One prerequisite for communicating your vision effectively is the credibility you establish with your audience. Credibility derives from two factors: expertise and trust.

When you exercise sound judgment that proves you're knowledgeable about your ideas, and accumulate a history of successes, people perceive you as an expert. If you're candid and sincere and put others' interests ahead of your own, you'll earn people's trust. Only by establishing your trustworthiness and your expertise will build the credibility you need to get your audience to believe in—and follow—your vision.

## About our consulting services

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

Our membership in the Principal 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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