

Hire Winners - And Then Let Them Win

Many businesses understand the need for training frontline workers to be polite, empathic, and knowledgeable. But great frontline service is simply not enough. Everyone in the company is responsible for delivering the results the customer wants.

As a manager, you have the power and responsibility to strengthen the first link in the Service Profit Chain: the capability of your team members.

Most managers sincerely want to make changes that would "turn things around," but good intentions often fall by the wayside due to the pressure for short-term performance. How can a cycle of mediocrity be turned into a cycle of success?

You can create the cycle of success by starting at the beginning.

How can a cycle of mediocrity be turned into a cycle of success?

Select for attitude, train for skills – skills can be taught, but it's difficult to train someone to have the right attitude.

Invest in training—make sure new team members receive training in the skills and tools they need to perform their jobs well. Training should include an appropriate mix of interpersonal and technical skills.

Provide tools and support—once you've hired winners, you must give them the chance to "win" on their jobs. When you give your team the tools and support they need, they'll perform better.

Allow latitude within limits—micromanagement is demeaning and frustrating to capable people. A degree of latitude gives them the power and responsibility to make quick decisions and to recover decisively from mistakes.

Reward for results—recognise and reward your people for their ongoing contributions to service. Tie rewards directly to goals. Rewards should reflect the culture and values of your business and should take into account what motivates your team.

Experimentation Is Critical To High Performance

Every great business was once an idea in someone's mind. Of course, that's not all there is to it, but it's the idea that is at the source. And it's the continual stream of ideas that keep a business vibrant and give it a sustainable competitive advantage.

However, too often you'll hear people say "I don't know what else we could do to improve this business" or "we have tried lots of things and we've found that what we do now is the only way

for this business to operate properly."

People often say they have run out of ideas, and when you look at the performance of most businesses you'd have to agree that there's little evidence of anything new happening. Yet when people are exposed to new ideas they are more likely to reject them than to consider them. Ideas do not need to be huge to have a big impact. There are very few *big* things a business

can do to make it a success. But there are lots of little things.

That's why experimentation and innovation are so critical to high performance. Small ideas are often overlooked precisely because they are small ideas and people do not think they warrant doing anything about.

Do you have a formal process for capturing and evaluating the business growth ideas your team members have every single day?

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Back To Basics : The 4 Ways To Grow Your Business

Understanding that there are basically just four ways to create a better business can play a crucial part in your entire business planning process.

The four ways are:

- Increase the number of customers of the type you want to have
- Increase the number of times customers come back
- Increase the average value of each sale

- Increase the effectiveness of each process in the business (or, increase your productivity)

That's it. There are no more.

These four factors will give you critical focal points for growing your business. When combined together, they also give you enormous leverage.

For instance, given that you could increase each one of the factors above by just 10% (not too difficult a task), the total combined effect of that is an

impressive 46.4% increase in your business.

Is it possible to do that? Yes, it is.

By applying the four ways to grow judiciously, you can make that percentage increase not just possible, but highly probable.

We can help you discover dozens of strategies to help grow your business. And it all relates back to these four ways to grow. Ask us how today.



**The way a team plays as a whole determines its success...
- Babe Ruth**

Office Humor: Signs You Are Bored at Work

You decide to see how many Mountain Dew's you can drink before the inevitable explosion occurs.

People come into your office only to borrow pencils from your ceiling.

You've figured out a way to get Gilligan off the island.

No longer content with merely photocopying your butt, you now scan and enhance it with Photo-shop.

You now require only a single can of cola to belch the names of all seven Dwarfs.

The 4th Division of Paper clips has overrun the Pushpin Infantry, and General White-Out has called for reinforcements.

Quarterly Record Keeping Checklist

The following checklist outlines quarterly tasks for maintaining accurate accounting records.

1. File estimated tax returns. File federal and state estimated income taxes.
2. Remit sales taxes. If required, fill out a state sales tax report and send it in along with a check for the amount of sales tax

you've collected. You may be required to remit sales taxes monthly or annually instead of quarterly, depending on the amounts involved.

3. Prepare income statement. This will reflect the sales, expenses and profit for that quarter and for the year to date. Many larger businesses gener-

ate this report monthly as well as quarterly.

4. Prepare balance sheet. This will indicate the financial position of the business at the end of the quarter.

5. Prepare cash flow statement. This will reflect the cash activity and ending position for the quarter.

Critical Success Factors (CFS's)

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.

Who Could You Have A Strategic Partnership With?

Strategic alliances with other companies and professionals give you a increases your ability to serve clients.

They can also increase referrals and extend market reach. For example, a hair salon might team up with tanning parlour and offer a "spa package." You may want to consider mutual referrals, where you negotiate

agreements to recommend a suitable company to your customers in exchange for the same courtesy. These alliances can provide inexpensive ways to reach new customers.

Developing strategic alliances extends your market reach and provides a wider range of choices for your customers as well as to increases conven-

ience. But before you run out to every area business, think strategically.

What businesses seem like a natural partner to your type of business? For example, a contractor and a lumberyard or an architecture firm and an engineering firm are logical partnerships.

***Some men see things as they are and ask why.
Others dream things that never were and say why
not.***

-George Bernard Shaw

The Basics: What Is An Offer?

So, what is an offer?

Well, it's ANYTHING that a prospective client/customer gets by responding to a proposition that they would otherwise not get.

When you consider the definition, another factor emerges. Offers must be time-limited.

That is to say that a good offer would say directly: "when you invest in this service before June 30th, you'll receive a (whatever the offer is)"

Offers and how they are articulated, can make a huge difference to response rates.

Consider these variations of

offers: 50% off, half price sale, or buy one, get one free.

Which one works best? You would measure and test to find out. As a general rule by the way, the third one works best.

For more information about offers, contact your Principal Alliance member.



Peak Efficiency In Purchasing Increases Profits

When you sell physical products, the cost of your goods and materials for resale are typically substantial.

Because of the importance of the purchasing function, it offers considerable potential for cost savings. This is particularly important when (as often happens) the owners of the business spend more time and effort on sales and marketing than on refining the purchasing function.

In the short term your business may be able to realize greater profit improvements by raising purchasing efficiency than by boosting sales volumes. For example, a reduction in the cost of purchases could lead to a dramatic 35% increase in net profit. Let's take a look at how

that might work, assuming your business has \$500k in sales.

After 5%	Before
<u>SALES</u>	
500,000	500,000
<u>Purchase</u>	
332,500	350,000
<u>Gross Profit</u>	
167,500	150,000
<u>Operating costs</u>	
100,000	100,000
<u>NET PROFIT</u>	
\$67,500	\$50,000
= 35% increase in NP	

Calculating the relevant numbers for your business will give you and your team great insights into the importance in net profit terms of cost savings in raw materials and incoming supplies.

Questions to consider:

Is your purchasing office aware of the financial ramifications of cost reductions they receive—that is, their impact on raising net profit?

Is your purchasing office continually on the lookout for alternative suppliers who can give you the same products at a lower cost?

Where can you achieve savings without sacrificing quality?

Calculating the relevant numbers for your business will give you and your team great insights into the importance in net profit terms of cost savings...

When it comes to building business profits...

Knowledge is POWER.

'Power up' your business today with the Business DashBoard™. Ask us how.



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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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