

# SMALL BUSINESS SUCCESS



September 2008

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## Right or Wrong

### Establishing a Code of Ethics for Your Business

*Greg owns and operates a plumbing business with five employees. While having his monthly lunch with a group of business owners he shared with them a situation that was going on in his workplace. He was struggling with whether something one of his employees was doing was ethical. A very lively debate ensued with a wide range of perspectives on the situation. Susan and Tom felt that it was no big deal and they told Greg he had an overactive conscience. Tom sided with Greg, agreeing that the employee's actions were highly unethical. Sandy wasn't sure and felt she needed more information before she could make a judgment call. Rob felt it was unethical for Greg to judge someone else's behaviour. After lunch, Greg was conflicted. What he had felt was clearly unethical behaviour, was perceived very differently by some of his peers. Now he wasn't sure if it was truly unethical, or simply something that he himself would not do because of his own ethical perspective. It got him thinking about what ethics really were and whether he could truly implement his own ethical standards in the way he ran his business.*

Greg's perspective of "right and wrong" came from his own set of ethical guidelines; ideals he was taught as a child and grew up believing. But it was clear to him after his meeting that not everyone saw right and wrong the way he did. The only conclusion Greg felt he could come to, was that ethics were fluid. And in fact, they are. Years ago, culturally, it was considered ethical to use African Americans as slaves. At some point in history, a group of people decided that slavery was unethical and began a campaign to end it that took dozens of years. In business, organizational ethics are a hot topic right now, and businesses are striving to present themselves as ethical employers to recruit and retain staff. But what is an ethical employer? If ethics can indeed be

different from person to person, how can one come up with an ethical standard that applies to everyone?

The simple answer is, you can't. As a small business owner you are in a unique position in that you can lead your organization in ethical behaviour that means something to you. Tom and Susan may choose a very different code of ethics than Greg did, but in running his business, he had the right (and I'd suggest the responsibility) to create an ethical standard he expected his employees to adhere to.

Having a code of ethics can make the running of your business so much easier. Had Greg developed a code of ethics, he could have clearly dealt with his employee's behaviour based on that code – the code he established for his business, and that his employees were aware of.



Creating a code of ethics doesn't have to be cumbersome, Curtis Verschoor in his 2005 Strategic Finance article, "Ethical Culture: Most Important Barrier to Ethical Misconduct" offers some suggestions as to how a business can create a strong ethical culture.

**1. Create a clear ethics or conduct policy for your business** – clearly expressed ethical expectations lead to less instances of misconduct and a higher level of reporting of misconduct. If your employees don't know what it means to you to put customers first, what you consider cheating, what you constitute a strong work ethic, or any variety of issues, they cannot comply with those expectations. Be as specific as you can in your code of ethics, and cover as many bases as you can think of. How does Greg expect his staff to behave when they are in customers' homes? Is it OK for them to ask for a drink, use the washroom, or accept a tip? Is it OK for them to offer a discount to a customer who provides a referral? Every plumbing contractor may have a different perspective on what is ethical, but what's most important is that your employees know what YOUR standards and expectations are. That is the way you create a business that reflects your ethical standards. Your code of ethics should form part of your policy manual and it should be mandatory for every employee to read it.

**2. Set the tone at the top** – an owner/manager who demonstrates consistent ethical behaviour is critical. You cannot expect your staff to do anything you are not prepared and committed to do yourself. Walk the talk, or you'll find a group of employees on your hands who aren't prepared to follow through and who will not buy in to the code that you have put before them.

The cost of unethical behaviour can be high. It can have legal and financial ramifications, as well as impacting the public perception of your company's credibility in a way that could cripple your business. Taking the time to prepare your code of ethics, and ensuring that your employees are clear on what it means to demonstrate ethical behaviour in your company, may save you from the agony and expense of a lawsuit and give you the tools to deal with unethical behaviour among your employees swiftly and fairly.

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## Recognizing and Rewarding Employees on a Small Business Budget

*Everybody likes to have their achievements recognized by others. While it is important to work to achieve goals and find personal satisfaction in a job well done, it is always more meaningful if success can be shared. Employees are generally willing to put out an extra effort when the business needs help in overcoming a problem or meeting a production deadline. But if the extra effort goes unnoticed, employees will wonder why they should bother. A thank you from the employer goes a long way toward showing employees that their efforts have been noticed, and that they helped make a difference to the business's success. Even a small business owner can do some things to reward employees for their efforts, and lack of money is no excuse.*

There are no rules about what types of occasions merit special recognition. Some of the more common reasons for recognition are: landmark service anniversaries (like five, 10, and 20 years of service for example), retirement, an outstanding safety record, attendance, exceptional customer service, and superior performance for outstanding effort and achievement on a specific project. Some of the typical recognition rewards given to employees are achievement certificates or plaques, pens or desk accessories, mugs, watches and clocks, cash bonuses, tickets to sporting or cultural events, or certificates to dinner at a nice local restaurant.

Even if your small business can't afford to go all out due to budget constraints, recognition is one case where the thought does count. Here are some recognition suggestions for shoestring budgets:

***Write personal notes to employees.*** It takes only a few minutes to jot down a thank you note to one of your employees recognizing them for performance on the job or for putting in extra time in the workplace, yet there is still nothing quite like a hand-written note to make someone feel truly special and appreciated.

***Purchase a bunch of dinner certificates from a local restaurant.*** If you bought five \$100 certificates to a nice restaurant and gave them out over the course of the year to employees who have shown extraordinary effort, that investment will pay you back in spades with employee loyalty and gratitude, and a willingness to work even harder for



you.

***Give courtesy time off.*** Grant employees an afternoon off, or even a day of leave to acknowledge how much you appreciate their extra special contributions. Nothing says thanks like letting your employee go home early to get in a round of golf, or spend time with the family.

***Make sure everyone knows who came up with great ideas.*** When someone comes up with a truly remarkable idea, like something that saved your company a significant amount of money, or a new production process that will allow for greater productivity, make sure everyone knows where the idea came from. This costs you nothing, yet builds a sense of pride in your employees that spurs them on to keep trying to find ways to improve your business.

***Surprise them occasionally, just because.*** While recognition for a specific job well done is nice, your employees work hard for you every day. Why not bring donuts on Friday afternoon, or a cake that says "Thanks for your hard work", or even bring in lunch for everyone one day? The few dollars it costs you to do this will more than come back to you in employee satisfaction.

***Buy season tickets to a local sports team or cultural organization.*** In my town, a season of semi-professional hockey costs a little over \$600 and season tickets to the symphony just under \$300. I can guarantee this token of your appreciation will come right back to you with employees bragging about how great it is to work for you.

## How to give recognition

In order for recognition to be meaningful, it must be given with sincerity and thoughtfulness, not like something you HAVE to do. Recognizing an employee makes him/her feel valued, and reinforces desirable behavior. While thank you notes can (and should) happen all the time and can simply be dropped on the employee's desk, generally speaking, if something is worth recognizing, it is worth recognizing publicly. A little celebration with your entire staff is a good way to give recognition. A brief impromptu staff meeting where you let everyone know that Joe came up with the latest great idea, or a lunch where you bring in sandwiches and recognize Irene for the extra hours she put in to implement the new computer system. Some employers even enjoy having their staff come to their homes for a barbeque or evening event (you'd have to be a really small business, or have a really large house). This would be a great place to deliver some recognition rewards. Sensitivity is always important, and there are those who are more introverted and do not like public attention. If the employee is shy and likely to feel uncomfortable, you may choose to send an email or a memo publicizing the achievements of the employee instead of having an in-person gathering.

Remember that you don't have to spend the wad the first year you try this. Start small. Start with something you can afford. Maybe this year it's mugs, pens and lunches with the occasional restaurant certificate, next year throw in a few hockey games or concerts. Build your employee recognition program slowly, as you can afford it. It won't take long before you'll be wanting to spend more because the response you'll get from your employees will positively impact your business, not to mention make you an employer people want to work for! Is that worth the investment? You bet it is.

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## 7 Strategies to Overcome Your Fear of Asking for the Sale

*You started your business because you are a fantastic furniture maker and you make high quality furniture. It might even be the best furniture in the world. But even the best furniture in the world needs to be sold in order for your business to be successful. And while small business owners are good at what they do (for instance, making furniture), they are often not so good at the “business” part of running their small business. It’s just the way it is. Many small business owners – even after years of being in business – suffer the sweaty palms, the heart palpitations and shaky voices when it comes to asking a potential customer for their money. It’s downright scary. The fear of asking for money is the #1 thing that keeps sales people from being successful. If you can overcome this fear and take ownership of the sales process, you’ll go from doing well, to doing exceptionally well. But it means identifying the fear, feeling it and pushing past it toward success. Here are some steps you can take to get over that fear and come out the other side meeting and exceeding your sales targets.*

**Strategy #1 – Understand that selling is a numbers game.** It may be hard for you to believe, but you have to accept the fact that rejection is part of the deal. Everyone has to experience a certain number of no’s in order to get to a yes. It’s simple math. The more people you ask, the closer you are to making the sale. There’s no getting around the part about ‘asking’ for the sale. The most recent sales statistic I read said it’s 10-1. That means you’ll hear “no” nine times before you’ll hear “yes”. The good news is, every “no” you hear brings you one step closer to that “yes.” And if you get really good at it, you can cut that ratio down to 8-1, or 7-1. And, don’t get too hung up on the 10-1 ratio; every industry, and every product is different.

**Strategy #2 – Don't take it personally.** How many times has someone said that to you? And yet isn't it one of the hardest things to do? You've put your heart and soul into the presentation, you've laid it all out on the line, your best efforts are at stake, and still the customer says no. Remember, they are not rejecting you. There could be a hundred reasons they are saying no. It's not the right time. They truly can't afford it. Your product just isn't right for them (yes, it's possible!). Whatever their reasons, their "no" is not a reflection of you. So get over it, and move on to the next customer which will get you closer to that YES!

**Strategy #3 – Recognize that NO isn't always NO.** While you don't want to be pushy, there are times people say no, when they really mean "not yet", or "maybe, but I need more information." Learn to get good at reading people. Is their NO firm, or reluctant? If there is hesitation, it may mean they just need to hear more. Or it may mean that they really love it, but now's not the right time. In any



case, seize that moment to give them what they need. If it's more info – come back again. If it's not now, ask them when will be a good time. Is it really money that's the obstacle, or are they afraid because of a previous bad purchasing experience? Don't be afraid to ask questions to find out the truth behind the no. Good probing is intrinsic to good selling.

**Strategy #4 – Use reverse psychology.** Think about all the things you personally dislike when someone is selling something to you. Is it feeling pressured to buy? Is it smooth-talkers you just can't trust? Is it feeling like they're not telling you everything? Make a list. Don't hold back. Then strive to create a sales experience for your customers that is the opposite of those things. Because you will believe in what you're doing, it will come across and genuine and you may be surprised at how well people will respond. Another way to use reverse psychology is to pull away – take the potential of buying away from them by saying something like, "I can see that this may be too big of a purchase for a company of your size. Perhaps I came come back when I have something that's more within your price range?" It's very unlikely that you would lose the sale by using this approach, but it may just spur them on to make the decision to purchase sooner than later.

**Strategy #5 – Do your homework.** Know your product. But more importantly, know what potential objections might come your way from customers. You should keep a list of every objection anyone has ever made about what you sell, and have a response to overcome each and every objection. The more prepared you are to deal with those objections, the closer you'll be to a sale. And if a customer comes up with one you've never heard, be grateful. It's one more to add to your list that you'll be able to overcome the next time. The important thing about this strategy is that it makes you incredibly confident about dealing with objections, and confidence is the key to increasing your closing rate.

**Strategy #6** – Be yourself This may sound simplistic, but people who aren't comfortable selling often feel like they have to develop a sales “persona” to be effective. Nothing could be farther from the truth. People can see through that. Your best strategy is to develop a style you feel comfortable with – one that is authentically you. Don't assume customers want a certain style or character, because you'll be pretending, and authenticity is one of the strongest selling features you have.

**Strategy #7** – **Make no apologies.** Pricing is one of the biggest fear factors for most business owners. They are great at telling customers how good their product is, but almost cringe when they get to the point where they need to tell them the price. Customers sense fear, and they will try to negotiate a better deal. It's human nature. You should be confident in the price you have set and make no apologies for it. That shows integrity and a belief in your product. You may have some wiggle room in your mind to be able to negotiate with customers, but whatever that number is, don't go beyond it just to get the sale. Your compromise will only undervalue what you have worked so hard to achieve. Bottom line – not everyone can be your customer. If they are not willing to pay a fair price, maybe they need to go to your competitor who sells furniture for less. They may also be getting less (in quality and service), but ultimately it's their choice. Choose to walk away rather than give up the store!

Fear of asking for the sale is natural, but don't let it hold you back from moving your business forward. Make a decision today that you'll acknowledge the fear, allow yourself to feel it (the adrenaline actually makes you sharper if you let it), and then go for it! You've got nothing to lose, except of course, the sale, and there's always another one just around the corner!

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## Print or Online Advertising...

### Which Strategy is Right for Your Business?

*When it comes to marketing your small business, one size definitely does not fit all. Choosing a marketing strategy that's right for you, and is the best fit for you, is as important as what you are selling. What you need to consider is who your market is, and where you can reach them. The effectiveness of print vs. online advertising is a business decision you'll need to make, but regardless of which method you choose, a planned, well thought-out approach is a must or, you'll be throwing your money away. Before you spend money on either, think about who your potential customers are, and what helps them make decisions to buy. Do they live right in the vicinity of your business location, or could they be anywhere in your town? Are your customers from across the country, or even from around the world? Do you have products that you can “show” in your marketing? Will this influence your customers' buying decisions? Answer some key questions before you begin.*

## Print Advertising

While many people think print advertising is going the way of the dinosaur, it is still very effective for many businesses. The cost of print advertising is much more reasonable than it used to be, and with many copy and print centres offering discounts to “self-serve” customers it can be very cost effective.

**Who Should Use Print Advertising?** Businesses who sell primarily to a local market. Businesses that provide services can have strong results from using print materials like brochures, and a well produced product brochure can also be very effective.

### *TO DO's for Print Advertising:*

- Get prices from several printers; you'll be surprised at how competitive the pricing can be and what you can get when you shop around.
- Consider what collateral is right for you. Do you need a glossy 3-fold brochure, an ultra simple rack card, or a portfolio? If you primarily make one-on-one presentations that require a lot of information and photos of your workmanship, you may be wasting your money on brochures.
- Have your pieces professionally designed; poorly designed marketing collateral isn't worth the paper it's printed on. Professional graphic design is a must if you want to be credible. Use only high quality photos (although your graphic designer probably won't let you get away with anything less), and have them printed professionally as well (no matter how good your laser printer is – it's not as good as a professional printer).
- Decide on a distribution strategy that makes sense for you; will you be blitzing the neighborhood or even the city, or will you just have brochures or rack cards available in your business storefront? Are there complementary businesses with whom you can do reciprocal marketing?



## Online Advertising

Online advertising is quickly becoming one of the biggest marketing tools for small businesses. While online advertising isn't necessarily for everyone, if you have an online presence at all, you should consider it.

**Who Should Use Online Advertising?** Businesses who have a website and who actively sell products on their website (people offer services through websites as well but

generally a service is more difficult to sell online than a product). Online advertising happens naturally when people come to your website, but there are other ways to maximize your exposure on the web, and bring more traffic to your site. If you sell anywhere outside your local market, you should consider online advertising.

### ***TO DO's for Online Advertising:***

- Spend some time searching the net for businesses with whom you can reciprocate links. These would be businesses who are complementary to you and/or share a similar target audience. For example, someone who sells handmade chocolates might share a link with a company that sells coffee. These two businesses could be half way around the world from each other, but their similar audiences bind them together. While browsing on the coffee site, you see the link to the chocolate site and a natural flow of traffic is established. The more reciprocal links you can have, the more successful you'll be in attracting traffic to your site.
- Consider paid advertising particularly on relevant industry sites. For example, if you sell hot tubs and there is an industry hot tub association that has a web site aimed at educating the general public, your advertising dollars would be well spent on that site. This type of advertising is relatively inexpensive, but you can reach a huge audience by selecting web sites that attract your potential customers.
- Consider pay-per-click advertising. Have you ever wondered how businesses end up in the top 3 or 4 spots on a browser like Google or Yahoo? It's called pay-per-click, and yes, you can buy your way to the top of a Google search. You need to be somewhat Internet savvy as this method requires you to understand key words and search engine optimization, but many businesses have found this an effective way to get higher search engine success.

Both print and online advertising can be right for your business, as long as you know who you're trying to reach and are choosing the right method to reach them. In fact, you may even choose both. If your business provides a product or service to both local and regional, or global clients, spread your advertising dollars around. The bottom line is, do what makes sense for you – use the method that will be most effective in reaching your potential clients.

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## **Kim's Maui Rules**

### **Words to Live (and Run Your Small Business) By**

*As a writer, you never know where your inspiration is going to come from. It often shows up in the most unusual places. Like last week. I was standing in a rather long line-up at the deli counter at my grocery store. The man in line ahead of me was wearing a T-shirt with a lengthy message on the back. But hey – I wasn't going anywhere, so I took a moment to read it. By the time I was finished he had collected his spiced ham and was on his way, but I was completely taken with what I had read. So I came home and looked it up on the internet (what CAN'T you find on the internet these days?) and sure enough, I found it. It was called Kimo's Maui Rules to*

*Live By. I found myself thinking about it over the next few days. It was such a simple, positive way of looking at life that I found myself wondering if it might be fun to apply these principles to my small business. The exercise actually turned out to be more valuable than I thought. I hope you enjoy this little foray into Hawaiian business wisdom!*

**1. *Never judge a day by the weather.*** I must admit, I'm one of those people who is really affected by weather, and am often guilty of letting the weather dictate my mood. Those close to me tell me not to waste my emotional energy on something I can't control, and they are right. In your business, the weather changes all the time. Some days things go really well, sales are high, everyone's getting along, customers are happy. Those are the sunny days. But there are also days when things aren't going well. Your employees are grumpy, customers are complaining, sales are failing. Those are the rainy days. If you allow your attitude to be coloured by the circumstances of the day instead of keeping the big picture of your goals in mind, you'll be up and down like a yo-yo, and probably be a very difficult person to work for!

**2. *The best things in life aren't things.*** When you run a business, making money can seem like the most important thing in the world. In some ways it is – it feeds your family, allows you to do the things in life you want to do, and fulfills your dreams. But entrepreneurs tend to get obsessive about their businesses, and if we're not careful, the "thing" of our business can become too important. When we're gone we will measure our lives by what we invested in others, not how much money we made. Working hard on our business is important, but we need to keep in mind there are more important things in life.

**3. *Tell the truth - there's less to remember.*** What a simple truth. If you've ever been caught up in a little white lie – personally or in your business – it gets more complicated with every step. In life and in business, be honest and show integrity.

**4. *Speak softly and wear a loud shirt.*** Have fun! Don't be so concerned about what others think. You started your business because it was something you loved to do – something you had FUN doing. Somewhere along the way have you lost your sense of love and adventure for what you're doing? If you're not having fun, at least some of the time, what's the point?

**5. *Goals are relative - the unaimed arrow never misses.*** While I would never say we shouldn't have goals, life – and business – should occasionally allow for the unexpected. Take a risk, do something different, move in a new direction without knowing where you'll end up. Those are the places in life where we learn the best lessons.

**6. *He who dies with the most toys - still dies.*** It's true! We may believe we're going to be the exception but all of us one day are going to breathe our last breath on this earth. All the things we acquired won't stop it from happening, nor will they make our life any richer. Keeping this perspective in mind helps us to stay balanced.



**7. *Age is relative - when you're over the hill you pick up speed.***

Life is short. I'm sure all of us have known people who passed away at what we would perceive as a young age – too early – but as we get older, that line moves. What we consider “over the hill” is relative. While for most of us, “over the hill” is somewhere around 60, for someone who passes away at 40, over the hill might have been 25, and to a teenager, over the hill is about 25! The point is, where we are in life at this moment is what counts, because we have no idea when our “over the hill” is. Planning for the future of your business is important – even vital, but never forget that your future is not within your control. That means all you can do with any certainty is choose today what you will do to make your business the best it can be. Times does seem to “pick up speed” as we get older, but if we are planning for the future and living effectively and passionately for today, we'll be winners.

**8. *There are two ways to be rich - make more or desire less.*** I love this one. Striving to have more isn't always what really fulfills us. Some of the happiest people in the world are those who have very little. The next time you get caught up in feeling like you have to push harder, run faster, make more – ask yourself if you can desire less – and be just as happy. Do you really need that \$25,000 fancy new piece of equipment, or do you just want it because your competitor has it and it would make you look good? If you can make do without it and continue to produce your product with the same quality and less hassle (setup, training etc.), is it worth the stress of the additional debt? In six months will you be happier because you simply desired less? Will your business be any worse off for not having it?

**9. *Beauty is internal - looks mean nothing.*** This one speaks to me of being a whole, balanced human being. Appearances mean nothing. Looking good on the surface means nothing. What has true value – what outlasts us is the kind of character we have. Are we running our business to make an impression, to have others think we're successful? Or is our goal in life to demonstrate integrity and good character in our business activities? I believe doing the latter will make your business more successful.

***10. No rain - no rainbows.*** Nobody wants adversity. Most of us would choose an easier life. But the truth is, growth doesn't happen in times when life is easy. It happens when we go through struggles and really difficult times. Coming through adversity gives us new perspectives, helps us to appreciate things we may not have seen before - something as beautiful as a rainbow! When you hit those tough times in your business – and you will – keep your faith in what you have committed to do and your eye on the big picture. The rainbow will come, but you may have to get a little wet first!

These little truisms are worth considering as you move through your day. Who knows, some days having them in front of you may make a difference in the choices you make, and you and your business may be better for it.

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