

SMALL BUSINESS SUCCESS



July 2008

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Be a Lighthouse, Not a Weathervane

Standing Out in a Changing World

I am currently reading a fascinating little book titled "The Other 90% - How to Unlock Your Vast Untapped Potential for Leadership and Life" by Robert K. Cooper. The title of this article is one of the chapter titles in the book. Cooper recalls his grandfather telling him a story about the great lighthouses of Scotland, and quotes him as saying, "Imagine a vertical axis running through the centre of your heart, from your deepest roots to your highest aspirations. That's your lighthouse. It anchors you in the world and frees you from having to change directions every time the weather shifts (like a weathervane)." As I read that it reminded me of a small business owner who recently asked me for some advice. He had a successful business but was in an industry that was constantly changing. He was wondering whether he should take his business in a new direction, or stay the course with his current business plan. While I would never suggest that business owners should not be flexible and proactive, and to anticipate changes in this incredibly shifting global economy, I do see a danger in trying to adapt to every whisp of wind that comes along. A weathervane certainly has its purpose - it tells you which way the wind is already blowing - but it doesn't provide you with direction. Cooper offers the following advice for those who want to stay true to that vertical line - that anchor in the heart.

Know your individual distinguishing values

In business (and in life actually), it's easy to put our best foot forward when others are watching. We do and say all the right things, but when no one is looking, are we living the same way? Cooper says, "Every one of us has inherent qualities that anchor us to the world and enable us to shine. To live that way, we must clarify our own values and understand those of others. It's one thing to be alive. It's something else altogether to live - and work - according to who you are, deep down." Do your business decisions reflect who you are, deep down? Are you consistent in what you say and

what you do, or are your business practices different, depending on who's looking? Remaining true to our own deepest values will help to guide us in all our decisions and keep us firmly anchored to those things that are important to us. Whether we are all alone, or there are thousands looking on, our light will shine with consistency.

Know your individual distinguishing values

It's kind of difficult to live according to our values if we aren't clear about what they are. Many of us think we are living according to our values, but when we really look at it, we are farther from them than we'd like to admit. Cooper suggests the following exercise. Think of five words or phrases that best describe who you are and what you stand for. Think of who you are when no one is looking. Think of how deep your roots go and how high your aspirations extend. Think about what you want others to remember about you when you are gone, or what you want them to see when they think of you. Once you have come up with five values, write them down on 3 x 5 cards and carry them with you. Whenever you are faced with a decision, a course of action, or any situation really, take them out and ask yourself how those values might impact what you do.



Rate how well you are living within your values

Once you've identified what your values really are, it's time to look at how you're doing at living by them. We all know that when the way we live and our values are not congruent, we feel stressed, out of place, and often unsettled. Take the previous exercise one step further. Write those five values in the margin of a page, and across the top of the page write the days of the week. At the end of each day, evaluate on a 1-10 scale, how well you lived according to your values that day. At the end of the week, evaluate how well you did overall. If you scored lower than you would like, ask yourself what you will change to live more connected to your values in the coming week. What caused you to score low, and how can you move higher? Then, evaluate yourself every day the following week. Taking this kind of hands-on, self-directing approach to really walk the talk, will help you to gain an awareness of where exactly you are living apart from your values, and gives you the opportunity to realign your actions with those values.

Know and understand the values of those you work and live with

What would it be like if you sat your staff down (or your family) and asked them to go through the previous exercise? How differently might you look at them if you truly understood their values? How differently might you interpret their actions? How important would it be for you to know those things as a barometer for how you treated them? One of Stephen Covey's 7 Habits is "seek first to understand, then to be understood." Applying this habit in the area of values might just change your life - and your business.

So what advice did I give my friend? Check the axis. If you are living a life true to your values you will always know what the right decision is. Rather than being a weathervane that shifts according to the prevailing wind, you will remain firm knowing that your decisions are based on who you are, and what you stand for. And without even realizing it, you will cast a light to others around you.

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The Importance of Documentation in Performance Management

Paul owns and operates a successful hardware store. He has never had trouble with employees in the past and prides himself in hiring great people and creating a cohesive, positive team who buy in to his values and want to help him grow his business. He is what most people consider a good employer who offers benefits, flexibility, and generous wages, in addition to valuing his employees for their contribution to his business. Because of his past success with employees, it is disturbing that he is facing a termination conversation with George, who has been unsuccessful in job performance and fitting in with the business culture. George does not take the news well, and begins asking questions about specifically why he is being let go. Paul struggles to find the words because many of the circumstances have been forgotten, or are unclear in his memory. He tries to talk about George's negative attitude towards the rest of the staff and his unwillingness to go the extra mile and pitch in when others needed help, but George counters that he put in his eight hours a day and wasn't required to work any more. Paul tells George that he has already had several conversations with him about these issues, but George denies those ever took place. A few weeks later Paul finds himself facing an unlawful dismissal suit.

Unfortunately this is not an uncommon scenario for many business owners, but it is one that can easily be avoided if proactive and preventative measures are taken. In Canada, the courts side with the employer in unlawful dismissal suits alleging incompetence, 25% of the time, misconduct 40% of the time, and insubordination 54% of the time. The reason is primarily because the burden of proof rests on the employer, and they often do not have the evidence to prove their claim of lawful dismissal. Proper documentation is one of the keys to successfully avoiding, and winning unlawful dismissal suits. A proper paper trail will save you hours of aggravation and thousands of dollars down the road.

I have spoken to many small business owners who say they just don't have the time to document conversations with employees, but I can guarantee that the 10 minutes it might take to jot down notes from a meeting will be far less expensive than the lawyer's fees you'll pay when dealing with a law suit. It boils down to making the choice to protect yourself now, in case you need it down the

road - kind of like insurance. In consultation with business owners, managers and supervisors, I suggest documenting every single conversation you have with an employee regarding performance issues. Even if it was a hallway chat letting them know you noticed they were late again that morning. Your documentation should be progressive - start with casual brief notes that will form the foundation for a formal performance improvement letter should that be required. This way you don't have to rely on your memory, or find yourself like Paul, struggling to come up with specifics on how and when disciplinary conversations took place, and ending up in a who-said-what battle, in which the courts generally favour the employee. Here are some suggestions.

Use your calendar, daytimer or palm pilot as a recording source - when you've had a brief conversation with an employee about a performance issue, jot down an overview in your calendar on the day the conversation took place. It doesn't have to be lengthy - just the date, time and issue discussed, and whether any action items were agreed to. This is something that shouldn't take more than five minutes, but will be worth its weight in gold should you ever need to recount those meetings.



Use email to confirm the content of conversations - this is a huge time-saver and provides both you and the employee with written confirmation of what was discussed. This is something that can't be denied down the road. Simply send an email thanking the person for meeting with you, reiterating the items you discussed, confirming any action that needs to be taken, and letting them know if and when you will meet with them to follow up. Again, something that should take no more than ten minutes will save you much more grief in the end. This allows both of you to have a record of the conversation, and also allows for the employee to come back to you if they disagree or interpret differently, the outcome of the meeting. The email should be concise, factual, and contain no personal commentary.

Use performance improvement letters if your conversations are not bringing about change - this is the first step in formally advising the employee that their performance issues are serious. You will need this documentation to prove that you did what you could to bring the employee around, and that you provided notice to the employee about what would occur if they did not make the requested changes. This letter should contain:

- A brief, concise description of the performance issue or behaviour with measurable, observable actions. Do not use phrases like "bad or negative attitude" as this is not observable or measurable. Identify specifically what the person is, or isn't, doing in a way that is clear and cannot be misinterpreted (i.e. "I have on several occasions observed you speaking rudely {give example} to your co-workers behind their backs.").
- A statement of expectation, letting the employee know exactly what you want to see them

start (or stop) doing. Start this section with the statement "I/we expect you to ..." Again; ensure that the instructions are measurable. Ask yourself if, and how, you will know when the person has done what you've asked. (i.e. "We expect you to speak respectfully to your co-workers at all times, and if you have a problem with them - to go to them directly to work it out rather than talking about it to others on the team.").

- A statement of outcome, letting the person know what will occur if they comply with your request (no further action will be taken), and if they don't (disciplinary measures up to and including dismissal may occur).
- A supportive statement, letting the employee know it is your desire to assist them in dealing with the performance issues, and letting them know what you appreciate about them and their contribution to the company. This one can be tough, especially if the person has been very difficult, but it does show that you have made the effort to support and retain the employee, should you ever end up in a law suit.
- A follow-up date, identifying when you will meet with the employee again to review their progress.
- An opportunity for the employee to add their comments or rebuttal. Again this shows you are trying to be fair and consider their perspectives in the process.
- A signature line for the employee to sign, agreeing to the contents of the letter.

It is generally expected that employees will receive at least three warnings prior to dismissal. If you have had documented conversations prior to the writing of the letter, you can consider this the second warning. If you have not documented any previous conversations, this will only be the first warning. You would repeat this process for the second or final warning. Your final letter should be clear that if the employee does not comply, the result will be termination.

Every employer hopes they will never find themselves in Paul's shoes, but if you have shown the discipline of proper documentation, you will be on solid ground and chances are, the employee will not be able to prove you have been unfair in your dealings with them. It's worth the small amount of time it takes. Start this practice today and soon it will be a habit well worth the effort.

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Strategies to Win the Sale

Selling is a part of every business, and whether you're good at it makes or breaks the profitability of your company. Some people are natural at sales, and some people need to learn how to get good at it. But even the most successful people in the world will tell you that they never stop learning how to do their job better. And those same people will tell you that sometimes it's the obvious things that can get you into trouble. It's in the basics of selling that you most often allow

yourself to slip into bad habits, do things the easy way. We can get all caught up in new methods and strategies, and they are all a necessary part of your growth as a sales professional, but getting back to basics from time to time is a good thing for even the most seasoned sales professional. These strategies may be familiar, but every one of them bears repeating routinely, because if even one of them slips, you'll find yourself in that dreaded sales slump. Take this Sales 101 refresher course and make sure you're rating a 10 out of 10 in each area.

1. **Pay attention to how you look** - obvious right? First impressions count and your appearance does make an impression. So on Friday you're going to make a presentation to your old friend Joe at the trucking company and decide jeans and a T-shirt are OK because after all, you're still dressed better than the truckers. But you stop for coffee on the way and run into that big business client you've been trying to land for weeks and suddenly you have no control over the impression you're making with him. The motto "dress for success" really is a good one, and ensuring your dress is always professional when you're on the job as a sales person is paramount to your credibility. Sure people should appreciate you for your knowledge and skill, but the bottom line is - they look at how you look to determine whether they'll trust you with their business.
2. **Listen more than you talk** - since sales people are generally extroverts who love to talk, it can be tough to tone it down and listen to what the client has to say instead of blabbing on about your product. You'll be twice as successful if you listen and tune in to what's important to them rather than trying to convince them that you have what they need. If you've listened, you'll be able to offer them something meaningful, and that's money in the bank.
3. **Watch your words** - when you do speak, make sure you aren't using words that can kill the sale. Never undermine your competitors. Never undermine your boss (well, I'd love to give you that deal but my boss would never go for it). Never use profanity - even if your client does in speech or in joking with you. Never use words that will make your client feel stupid (well, anyone who knows anything about business would see this is a great deal). Never dismiss or minimize their concerns or objections.
4. **Always build rapport first** - if you walk in, say hello and launch into your presentation, you'll walk out without the sale. People buy based on two things - emotional connection and trust. Building rapport builds trust. This doesn't mean you need to spend 15 minutes making small talk - your clients are busy too - but it does mean you should take an interest in them



personally prior to telling them why you think they should spend their money with you. Find out about their interests, if appropriate, their families, their pets, their hobbies. "So how's the golf game going - played any interesting courses lately?" "How are the puppy classes coming along?" "Isn't your son graduating high school this year?" Rapport is an incredibly important part of the process. The better you are at creating it, the better your sales results will be.

5. **Forever presenting, never closing** - your presentation is important, as is making sure it looks professional and presenting the information in an articulate manner, but if you never get around to asking for the sale, you may be left wondering why your presentation didn't do the job. Make the connection, present the information, and then ask for the sale. People expect you to ask. Look for the signs that the person is ready, then ask. If they still need more information, they'll let you know. Knowing when to stop presenting and start asking is a key to a sales success.
6. **Leave your ego at the door** - at its core, selling is about service and if you're more concerned about what you're going to get, you're not going to succeed. Customers care about whether you care. They care about whether you'll deliver on your promises. They care about whether you can be trusted and that they'll get value for their money. They don't care about your sales stats. They don't care about the prestigious companies you've worked for in the past. They don't care about how many other people you've sold this product to. Become a customer, view the world from their perspective, and consider yourself a servant to your client. That is what will build your reputation in the industry, and in the end give you the success you want.

Whether you learned something new or just refreshed what you already knew, challenge yourself to excel at these six sales strategies and you'll see your sales success grow!

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Pricing Strategies for Small Business

One of the challenges small business owners face is how to determine what price they should charge for their product or service. There are all kinds of strategies out there, including competitive analysis, determining your industry's ceiling price, and looking at the demand for your product or service. However, these simplistic measures don't always help us to determine the best price because they leave out one important factor - and that is the value that customers place on that product or service, as well as what they value in relation to what you offer. For example, we expect to pay more for dinner in a fine restaurant than we do for fast food. We expect to pay more for organic produce than regular. We expect to pay more for import cars than for domestic. What's the difference? Perceived value. One person might think that something brand new would hold great value, while another would find more value in an antique in mint condition. When determining price, value must always be considered.

Many marketing experts have suggested that the three aspects you need to look at when pricing are your costs, what you need to earn, and what the market could bear. Not a bad place to start, but what's missing is the intangible value people feel they will get from your product or service. That intangible value can make the difference in whether your prices fit your clients and customers.

Master Certified Coach Molly Gordon, a specialist in solving the dilemmas of accidental entrepreneurs, outlines key best practices to help the small business owner set prices that convey the intangible value of a product to the buyer.

Transparency - fairly priced regular retail prices; no fake sales or gimmicks

Clarity - accurate, non-hyped descriptions of products

Simplicity - prices expressed in whole dollar amounts

Trust - simple returns and exchanges

These key practices convey authenticity, respect, courtesy, and honesty to values-driven consumers. They respect the buyer's intelligence and taste. They are indispensable when selling to people who are turned off by pressure tactics and gimmicky pricing. They meet the needs of conscientious, even frugal, buyers who are not afraid to pay a high price for something they feel has high value.

Molly developed a pricing matrix that helped her determine the best price based on value for her specific marketing demographic. The matrix is printed here with her permission*:

	Low Price	Medium Price	High Price
High Value	Underpriced: value undercut by price. "What's wrong with this picture" pricing strategy."	Attractive pricing: ideal for market penetration. "More for your money" pricing strategy.	Premium pricing: prestige, prominence. "Connoisseur" pricing strategy.
Medium Value	True bargain: may be a temporary special to raise revenue or to move discontinued items. "Inventory sale" strategy.	Price and value are in balance, exclusive of other factors. "Square deal" pricing strategy.	Overpriced: informed buyers will stay away; sales may be made to unsophisticated market. "Infomercial" pricing strategy.
Low Value	Cheap stuff. Often sold with lots of "bonus" items or features. "Tourist trap" pricing strategy.	Turns sales into complaints. "Caveat emptor" pricing strategy. ("Let the buyer beware.")	Don't even think about it: the "Fleece 'em and run" pricing strategy.

When determining pricing for your product or service, ask yourself the following questions:

- What do my customers/potential customers value?
- What is important to them about my product or service?
- What marketing strategy will they respond to positively?
- What marketing strategies will turn them off?

Once you have answered these questions, use the matrix to help you determine where your price should sit. Recognize also that you may choose different pricing for different groups of clients. You may have some clients who value high price for high value and have a set of "gourmet" prices for those clients. You may also have clients who simply want the lowest price and create "dollar store" pricing for those clients. You may also have certain seasonal considerations where pricing and

value come in to play, or demographics might factor in. Product pricing cannot be effective with a simple numeric formula that does not account for value, and understanding how value plays in to what customers are willing to pay is the key to determining your product/service prices.

If you don't know what's important to your customers, it's about time you found out! Conduct a customer survey and make sure you are basing your decisions on facts, not conjecture and assumption. Have fun with it - this process may just change how you do business - in a positive, profitable way!

**Excerpted from Price-Value Matrix: Is The Price Right?*

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Promote Your Home Business Web Site on Search Engines and Directories

When you launch your home business, you will almost certainly want to have a website and begin marketing on the Internet either for prospects or customers. After you have built your website, the next step is to make sure that it is well optimized. That simply means that its content, body text, title and metatags all have the keywords you are trying to have come up on the search engines. While the search engines are very important for your website and the focus of this particular article, you should not rely entirely on the search engines and directories for hits to your website. You will eventually want to try other tools like opt-in lists, online newsletters, free and/or paid online classified ads and message boards.

Doing search engine promotion yourself will save you much needed capital that can be better spent elsewhere, and if you're even remotely Internet savvy, it's not as difficult as you might imagine. Even though there are numerous automatic submission programs on the Internet, it is generally better to submit your site to the main search engines manually. This is because the main search engines are so important, and some of them automatically reject any submission made from an automatically generated software program. In addition, each engine has different allowable numbers of keywords and they vary on how long your site description can be. Submission software, even if it was universally accepted, is not flexible enough to cover all these basics. Furthermore, manually submitting your website is so easy anyone can do it. You basically just go to the search engine you want to submit to and click the "add url" button. Then insert the self-explanatory information. Actually, a few are a bit more complicated than that, but most are really that easy. That is what some people are paying others big bucks to do, except those individuals are often using mass submission software that is generally less effective.

Some search engine spiders or crawlers will ultimately find your site whether you submit your web address to them or not. They will find your site by following links from other websites. For this reason you should consider setting up some reciprocal links to other similar but non-competing websites; doing this will also give your website a higher ranking on some of the major search engines. Certain search engines, such as Google and MSN, rate your website partially on its "link popularity" with other websites. This is also a free way to help your site receive more hits and being a home business without wheel barrels full of venture capital, you will need all the free methods you can get. Ironically, these free methods are often more effective than more expensive strategies and do not necessarily take up much more time.

Although meta tags are not as important to your website as they once were, they are still of some value. Concentrate mainly on the title and description tags and make sure the keywords that you want to come up are there. To find out if your meta tags are optimized, go to scrubtheweb.com as they have a free meta tag checking service. They will automatically spider your website and give you suggestions on how many keywords each of your tags should have, etc. Some search engines, such as Inktomi, still give a relatively high relevance to these tags. The main Search engines and directories you should focus on for your home business site include Google (which is perhaps the most popular), Yahoo (you need to pick a category to submit your site if you are submitting to the directory portion. Some categories are free to submit to and others are not), alltheweb.com, Inktomi (used in several search engines). Pay for inclusion, or you can wait until the spiders find your site for free - use Open Directory Project (dmoz.org), Looksmart.com (free and paid listings) and AOL Search (search results are "enhanced" by Google).

A web site is as important to a business now as a business card or brochure used to be. In fact, many people don't even consider you a credible business unless you have a web site. So don't let the expense of a web developer prevent you from getting started once you have your site ready to go. While you may get a more comprehensive approach to your website optimization by using a professional web development company, it is not always financially feasible for small businesses to pay for this service - especially at startup. The good news is, you don't have to wait to get your website up and running until you can afford it. Start with these tips on your own, and as your business grows you may want to consider contracting a professional web developer to use what you've started and take it a step further.

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The logo for Yahoo!, featuring the word "YAHOO!" in a bold, red, sans-serif font with a registered trademark symbol.The logo for MSN, featuring the word "msn." in a white, lowercase, sans-serif font on a blue rectangular background, with a colorful butterfly icon to the right.The logo for Google, featuring the word "Google" in its signature multi-colored font (blue, red, yellow, blue, green, red) with a trademark symbol.

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Published in cooperation with Your Corporate Writer - www.ycw.ca