

Have you ever thought about...

...whether you are a good listener?

There is a reason why the Almighty gave us two ears but only one mouth.

LISTENING IS A SKILL. There's really no magic involved — just a willingness to receive what another person is saying.

As we all know this is harder than it sounds! But once you are able to receive you open yourself up for a lot more than simply words — you have insight into the way another person perceives the world.

Wait, and then wait some more.

Listening isn't waiting for the person to stop talking so you can chime in. Wait twice as long as you feel is comfortable for them to speak and give them ample space to think.

Resist telling your story. You risk upstaging them. Wait until they ask for your input before offering your story, and even then, be brief. Keep the emphasis on them, don't hijack the conversation: "That reminds me of the time I..."

Ask them lots of questions about the small (rather than big) picture. Ask for all the details. People like to be very specific when prompted. It shows you're engaged and brings clarity to their situation.

Be honest. Tell them if you're lost or don't understand. They'll appreciate the interruption instead of losing you.

Put yourself in their shoes. Don't criticize or give advice, just see it all from their point of view. Resist trying to fix things.

Under-react. Don't get picky, instead be tolerant, be patient. Don't correct or judge. Don't act like you've heard it all before. Even if you have their story is unique and has something to teach you.

Use short promoting phrases to let them know you're there. "Um," "a-ha," "yes," "I know what you mean" — all short but very sweet. Choose them wisely, insert them carefully and don't just repeat them over and over. What you're really saying is: "I'm listening, carry on."

Use humour and laugh. Lighten the tone with a humorous reflection. Don't be scared to laugh at them or the situation.

Reflect. Periodically summarize what they've said. This will clarify, keep you both on track and let them know you've understood. They'll also be able to hear what they've said and take it deeper.

Decide to give. Make the choice that this conversation is about them talking and you listening. Don't expect to get your point across or to teach them something; that will come with time. **BAI**

SOURCENOTE: Submitted by Alex Fitzpatrick, MA, who can be reached at Alex@4CornersCoaching.com, or visited on the web at <http://www.4CornersCoaching.com>

BUSINESS

ALERT!

"Practical Advice That Works" Vol 4 No 3

Money makes the world go 'round

The price businesses charge for their products or services can have a huge impact on the success or failure of an enterprise.

BUSINESSES EXIST TO MAKE MONEY — regardless of an owner or manager's motivation for setting up on their own. If a firm does not generate sufficient revenue it will fail.

With a third of all new businesses failing within the first three years of trading and business bankruptcies up 7.2 per cent on last year, the importance of managing profit margin levels has never been more crucial.

The price businesses charge for their products or services can have a huge impact on the success or failure of an enterprise.

Charge too much and a business may lose customers, charge too little and profits will be too low for survival.

In order to help business owners and managers strike the right balance, find the optimum price and maximise profit margins, a leading business finance firm has developed the following top tips:

(1) Reduce operating costs — Look at where your business spends its money in producing its product or service. Are there any areas that can be cut back without having a negative effect on profits?

(2) Review your supplier base — Is the business paying for external suppliers to provide a service that could be carried out more cost-effectively internally?

(3) Examine expenditure — Carry out an internal audit of your costs encompassing everything from staffing to stationery orders.

(4) Learn to negotiate — Talk to your key suppliers and ask about early settlement discounts or loyalty bonuses. You don't get if you don't ask!

(5) Shop around — Research your supplier's competitors and find out what prices they charge and what discounts they are prepared to offer.

(6) Buy in bulk — Consider buying raw materials and supplies in bulk at a cheaper price per unit.

(7) Diversify your product range — Try to sell new lines to existing customers as well as attracting new ones by adding to your product range.

(8) Know your worth — Are you charging enough for your products or services? Review your pricing to ensure that you are keeping up with inflation and the broader market.

(9) Work smarter — Investigate whether marketing or promotional funds can go further. Are there complementary firms or organisations that you could pool marketing spend or resources with?

(10) Consider incentives — Look at ways to incentivise staff or customers who exceed sales targets or introduce new customers.

David Robertson, Chief Executive of Bibby Financial Services says, "Running your own business is one of the most exciting, challenging and rewarding things that you can ever do and requires motivation, entrepreneurial flair and creativity. Regardless of why you decided to set up on your own in the first place — be it to seek

better job satisfaction or to be your own boss — at the end of the day, if the business does not make any money it will collapse like a deck of cards.

"In order to be successful it is vital that you know how much your product or service is worth and manage the fine balancing act between charging your customers the right prices and making enough profits to meet your revenue targets." **BAI**

Sourcenote: Bibby Financial Services is wholly owned by the Bibby Line Group, a business-to-business services group with interests in ship owning and operation, shallow-water accommodation, oil field services, contract logistics and business finance.

Words of Wisdom

"What we anticipate seldom occurs; what we least expected generally happens."

— Benjamin Disraeli

HIRING — Seek out a diversity of skills levels

AS THE WORKPLACE becomes more technologically complex, you need people with in-depth skills in narrow specialities.

But you also need people with broader knowledge who are skilled in more than one area.

Harvard Business School Professor Dorothy Leonard-Barton suggests you seek a mix of employees who possess what she calls I-, T- and A-shaped skills.

I-shaped skills constitute deep functional expertise in one domain of work. You need people who know both the underlying theory and the innovative cutting edge of the work they perform.

T-shaped skills top off an I-set with a cross-bar that represents the ability to apply that deep knowledge across situations.

A T-shaped person can speak two or more professional 'languages' or understand how an esoteric theory applies in a practical context.

An I-skill can be deep knowledge of a discipline such as ceramic materials engineering and the T's crossbar can be knowledge of how that discipline interacts with others, such as polymer processing.

"The need for T-shaped skills surfaces anywhere problem-solving is required across different deep functional knowledge bases," says Leonard-Barton.

"People possessing those skills are able to shape their knowledge to fit the particular problem at hand rather than just insist that the problem appear in a particular, recognisable form," she adds.

Researcher Marco Lansiti found companies that developed products using team members with T-shaped skills needed fewer than one third the engineers and completed their projects an average of 2.6 years sooner than companies designing competing products.

Those superior performing companies deliberately created T-shaped skills by carefully planning employees' careers so they had training in several areas.

Whereas T-shaped skill implies deep know-how within one discipline (the stem) and more superficial knowledge about how it interacts with others (the crossbar), A-shaped people learn more than one discipline thoroughly, and so have two solid disciplinary 'legs' to stand on. **BAI**

SOURCENOTE: Dorothy Leonard-Barton, WELLSPRINGS OF KNOWLEDGE: BUILDING AND SUSTAINING THE SOURCES OF INNOVATION.



Chris Nabavi

The view from where I sit

LIFE IS FILLED WITH OBVIOUS TRUISMS that are demonstrated every day in many ways.

But there are also many truisms that are not so regularly demonstrated...random thoughts that suddenly appears and equally suddenly disappear.

Here are a few of these thoughts.

- 4 out of 5 of the voices in my head tell me to go back to sleep.
- A bird in the hand makes it difficult to blow your nose.
- After eating, do amphibians have to wait one hour before getting out of the water?
- All I ask is a chance to prove that money can't make me happy.
- Always borrow money from pessimists. They don't expect to be paid back.
- Christmas is weird. What other time of the year do you sit in front of a dead tree and eat candy out of your socks?
- Fishing is the sport of drowning worms.
- For people who like peace and quiet: A phoneless cord.
- How come abbreviated is such a long word?
- I almost had a psychic girlfriend but she left me before we met.
- I bought some powdered water, but I didn't know what to add.
- My repairman said, "I couldn't repair your brakes, so I made your horn louder."
- I just got a physical and asked the doctor, "How do I stand?" He said, "That's what puzzles me."
- I just got skylights put in my place. The people who live above me are furious.

- I just let my mind wander, and it didn't come back.
- I went to a general store, but they wouldn't let me buy anything specific.
- If swimming is so good for your figure, how do you explain whales?
- If you can't convince them, confuse them.
- In order to avoid criticism, never do anything. Ever.
- It's not an empty nest until they get their stuff out of the attic.
- I'm just working here till a 'good' fast-food job opens up.
- I'm still not sure if I understand ambiguity.
- Keep cities clean. Eat a pigeon.
- Most packages say "Open here." What is the protocol if it says, "Open somewhere else"?
- Never put off until tomorrow what you can avoid doing altogether.
- No matter where you go, there you are.
- Not afraid of heights...afraid of widths.
- Nothing's impossible for those who don't have to do it.
- Nothing is fool-proof because fools are so ingenious.
- Okay, so what's the speed of dark?
- On the other hand, you have different fingers.
- One nice thing about telling a clean joke is there's a good chance that no one has heard it before.
- People will accept your ideas much more readily if you tell them that Benjamin Franklin said it first.
- Please, Lord, let me prove that winning the lottery won't spoil me.
- Some people are like blisters. They don't show up until the work is done. **BA**

Effective managing

Rotating jobs boosts efficiency

HAVING EMPLOYEES SPEND TIME doing different jobs offers a dual payoff: They learn new skills and find out more about how the whole organisation operates. And they do so without losing any time at training sessions.

But mandating such job rotation probably won't work because most people don't learn as well when you force them to do something.

For a better approach, consider this job rotation program used at a Nortel plant in North Carolina:

Work teams post temporary-help positions for which any employee can apply.

The notices describe jobs, list their requirements and say how long the rotations will last.

For example, the MIS department was falling behind one quarter.

They posted a notice that they needed someone to fill in for a couple of weeks.

The host team interviews candidates and chooses one.

For the MIS job, the team selected Jennifer, who worked in production.

She had taken some programming classes at night, so it was a chance for her to test her new skills.

The "rotators" receive no change in salary and no one fills their regular position.

So while Jennifer was gone, others in the production department compensated for her vacancy.

Those who rotate jobs tell co-workers about their temporary assignment.

When Jennifer returned to her production job, she described in detail what she had done—and learned—at MIS.

Suggestion: Limit rotations to minimise schedule disruptions that too much job switching might cause. **BAI**

Sourcenote: CONFESSIONS OF AN UNMANAGER; by Debra Boggan and Anna VerSleg



Stealth threat to business

THE THEFT OF CUSTOMER IDENTITY information by individuals who deliberately seek employment with companies holding large numbers of records is one of the fastest-growing criminal trends in the UK today, says Simon Foster, Associate Director of leading specialist IT consultancy, Detica.

Foster notes: "Companies are extremely vulnerable to this kind of attack because traditional security technologies are based around the assumption that employees who have been granted access to information, are trusted to use it legitimately and not to defraud."

Identity theft in itself is not yet a crime in the UK.

CIFAS, (the UK's not-for-profit Credit Information Fraud Avoidance System) reports that, in the 3rd quarter of 2002 false identity fraud was up 59% and impersonation fraud was up 25%, and that these are the most rapidly-growing types of fraud in the UK.

Whilst the value of an individual customer record may not seem to be high, the threat of reputation damage from a series of identity thefts will soon focus the attention of the executive.

Some organisations have already successfully deployed analytical tools to monitor systems activity for behavioural patterns and anomalous user activity, and have therefore moved from reactive to proactive fraud management.

For most organisations, however, understanding internal fraud is largely uncharted territory.

As Foster warns: "Today, identity theft can no longer be ignored.

"Recent well-publicised cases show that, in addition to direct financial loss and reputation damage, a well-executed fraud can severely damage or even destroy the largest company." **BAI**

"You live and learn. At any rate, you live."

— Douglas Adams

Future planning

Groomed for Succession

Companies are preparing key employees to be their future leaders.

COMPANIES EMPLOY LOTS of managers but few leaders — leaders who can make a company's vision, "something living, not something that's hanging on a wall," said Jeff Greene, group manager for global animal care programmes with Iams Co.

Still, succession planning is a task too few businesses do well — if at all — even though experts say it's crucial to a business' long-term health.

"It's too much work," said David Ramey, president of Strategic Leadership Associates. "Most people look at succession planning as, 'What am I going to do with my company when I retire?'

But if you start looking at succession planning at (age) 62 when you're a business owner, you're too late to really build these practices into your work environment early on.

The research is overwhelming that companies that have a plan for the future do better."

The reality of business today is that a number of

key executives are coming up for retirement. It's a talent crisis!

To handle this crisis, companies should integrate succession planning with their strategic business plans and view it as a long-term, continuous process.

Business owners should define and develop key positions where the company's next leader could come from, establish professional development plans for people in those positions and always use a competitive hiring process when those positions are vacated so they're filled with the best available talent.

- Link compensation to goals so the people who are clearly contributing to the company's success are compensated.

- Develop the leadership structure of the company's board of directors or advisors.

In addition, succession planning should —

- Receive visible support from companies' chief executive officers and top management

- Include clearly defined leadership criteria and measurable results and

- Be kept simple.

If you're not focused on succession planning, you are not going to grow your business, and you're not going to be prepared talent-wise. **BA**

SOURCENOTE: Chartwell Consulting newsletter, by Kristen Wicker - DBI Staff Reporter

When the chips are down...

Should you always blame management?

SO OFTEN THE CAUSE OF BUSINESS FAILURE is put down to management. Is this really fair? Are external factors such as the strength of the pound more often than not to blame?

The answer is, of course, not simple. However, it is generally agreed that a business will often get into difficulties because management does not recognise changing conditions and fails to react as necessary.

The strength of sterling has often been cited as the reason for failure of businesses, especially recently.

Yet there are other businesses often in the same industry, which seem better able to cope with the increased pressure of external factors.

To be successful, management has to react and adapt to change with ever-increasing speed. The time between the start of the deterioration of a business and the failure of the business is in many cases shortening. Management has to recognise its limitations and be prepared to supplement its skills and expertise as necessary on either a temporary or permanent basis.

So how do we identify a winning management team? Numerous books and articles have been — and continue to be — written on the subject. Yet we continue to see companies fail because of management-related issues.

Since the last recession there have been considerable improvements in systems designed to help bankers and others make more informed lending decisions. Barclays have:

1. Better databases to monitor sectors;
2. Sector policies;

3. Peer group comparisons by industrial classifications;

4. Systems to monitor trends in annual financial information;

5. Systems to monitor bank account movements and behaviour.

However, the assessment of management still remains a largely subjective area where the rating of individuals within a management team is in the hands of the relationship manager for the business.

All banks have systems in place to assess managements. For the purpose of this article we will use Barclays.

When a business banking with Barclays exhibits trading problems, a member of the bank's Corporate Business Support team is normally introduced to the customer to work alongside the relationship manager.

The Corporate Business Support Manager can help to identify the key business issues requiring a resolution and provide the support necessary to achieve a lasting solution. During the early meetings with the customer the Corporate Business Support manager will try to form a view of management.

Barclays place considerable importance on the assessment of management and are currently developing a more structured form of assessment to try and make sure that their managers, both new and experienced, make their assessment as comprehensively and consistently as possible.

They want to try and add value to the management

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To get people to do what you want, start doing it and then ask if it's okay.

SPEAKER D. JOEL WHALEN learned this lesson early in his career, when he sold water conditioners door-to-door.

His sales appointments were set in the evening, so both husband and wife would be present to hear the pitch and could make the decision to buy.

When Whalen arrived at a prospect's home, frequently the family would be watching television.

He knew this distraction would interfere with his sales pitch, so he wanted that set turned off.

He learned that if he asked, "Do you mind if I turn the TV off?" and then waited for an answer, the husband would look at the wife and usually reply, "Let's leave it on."

But if he moved toward the set, as if to turn it off, and simultaneously asked, "Do you mind if I turn off the set?" they would always say, "Sure, no problem."

Whalen suggests, "Be in motion, already doing what you want, when you ask permission. People will rarely stop you, nor will they resent you for doing so."

If you say to a meeting chair, "Do you mind if I step out for a minute?" while you're getting up from your chair and heading for the door, she will answer, "Of course not, go right ahead."

When you're about to give a speech, and you want people seated in the back of a room to move to the front, walk to the chairs you want them to occupy, pull one out, and ask "Would you sit down here?"

As Whalen asserts, "If you expect it to happen, it will happen. If you truly communicate what you want, your request will be honoured." **BAI**

SOURCENOTE: D. Joel Whalen, I SEE WHAT YOU MEAN: PERSUASIVE BUSINESS COMMUNICATION

Words of Wisdom

"Treat all disasters as if they were trivialities but never treat a triviality as if it were a disaster."

— **Quentin Crisp**

Maintaining an edge

Six habits for business success

Learning and instilling new habits in your daily business life can have a dramatic effect on your level of success.

Habit 1. Cultivate Inner Networks:

Entrepreneurs practising the art of business success know the power of networks. They take the time to identify and build relationships with key peers, mentors and advisors. This inner network provides support, direction, and an increased number of people to assist. Having an inner network of 5 people who have a network of 5 more, grows the network exponentially.

Habit 2. Customer Centric: Business success requires an unwavering commitment to the customer. This commitment encompasses a mindset of understanding the customers' world. Understanding the customer's wants and needs provides the business with a greater opportunity to earn a loyal customer base.

Habit 3. Humble Honesty: Business success requires the ability to know your strengths and weaknesses. Being open and honest about yourself and your business creates growth as an individual and as a company. Do not spend time developing weaknesses. Find help for weak areas, enabling you to focus on

strengths.

Habit 4. Adaptability: Business success requires the ability to adapt to changing situations. Nothing ever goes as planned. The world of business is full of surprises and unforeseen events. Using the habit of adaptability allows business owners to respond to circumstances with the ability to change course and act without complete information. Being flexible allows us to respond to changes without being paralyzed with fear and uncertainty.

Habit 5. Opportunity-Focused: Problems are a regular part of business life. Staff issues, customer misunderstandings, cash crunches—the list is endless. To achieve business success, look at both sides of the coin. Every problem has an opportunity. Being opportunity-focused makes the game of business fun and energizing.

Habit 6. Finding A Better Way: Productivity is the cornerstone of business success. Formulate the habit of finding a better way to make your business more productive. This will create more time to focus on the critical issues that drive sales and profit.

Productivity can be enhanced by technology, automation, outsourcing and improving business processes. **BAI**

SOURCENOTE By Darrell Zahorsky, Small Business Information, Copyright © 2003 About, Inc. All rights reserved.

Blame the management? (concluded)

of the businesses. If they are to stand a chance of convincing a customer that there is a problem which needs addressing they first have to identify both the strengths and weaknesses within the team.

Grant Thornton has assisted Barclays Corporate Business Support develop a template which leads them through the key areas.

The objective is to obtain a detailed understanding of the management team and the way they work to establish whether there are management issues to tackle as part of the solution to the company's problems.

Structure

Is the management structure appropriate for the size and complexity of the business? Do the management understand what their roles are? Is there a balance within the management approach in terms of level of participation and balance of power? i.e. a good team, not autocratic.

Expertise

Is the management aware of the forces affecting their industry/market? Are those fulfilling the critical functions sufficiently skilled? Do they recognise the problems facing the business?

Decision Making

Do they have a clear strategy/vision and is it appropriate? Are the management of high integrity and honesty? Are decisions made in a way which is

appropriate for the business?

Systems

Is the business plan appropriate for the size/type of business? Are the management information/key performance indicators adequate for the business? Is the management information produced on time?

Style

Is there a balance between optimism and realism? Are they open and co operative in discussing and addressing the issues facing them? Are they customer focused and do they understand their needs?

Succession

Is this an issue for the company? Have adequate plans/arrangements been made?

Commitment

Is the management committed to the company? Do they have a stake in the business? Are they good leading and motivating their workforce?

The real strength of Barclays' approach is not just within the template. It is rather what this demonstrates — a recognition not just of the importance of management but a commitment to using a focused approach in all cases to assist with the assessment.

The more the bank focuses on using a structured approach in this area, then the more its ability to make the assessment and so to assist under-performing companies should improve. **BAI**

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