

# SMALL BUSINESS SUCCESS



July 2006

5 E's for Increasing Workplace Productivity | Management Tips for New Supervisors  
Establishing Core Values for Your Business | Appreciating the Angry Customer

## Increasing Your Global Perspective (Part II)

### *Growing Your Business in Changing Times*

***Last month we took a look at how the world is changing and how what happens globally can have an effect on our small business; the business we thought was sheltered from the whims and ways of the rest of the world. This month let's look at what this means to our business, and investigate ways we can be proactive, stay ahead of the game, and create new business opportunities.***

Whatever industry you are in, someone, somewhere is talking about it. Experts are making predictions about the future, commenting on technological advancements, and discussing new competitors. It is wise to listen to them.

I knew a business owner who, some years ago, decided to upgrade all his equipment. He refitted his typesetting business to the tune of \$165,000 with the help of a small business loan to be paid back over five years. He researched extensively the equipment he needed and purchased the best and most up to date system available. Within two years he was in serious trouble. If he had bothered to listen to what the pundits (those industry soothsayers) were saying, he would have learned that computer programs were being built that would allow individuals to do their own typesetting on their PCs, quickly, easily and without the need for a typesetter. Unfortunately, in very short order, he went the way of the dinosaur.

In today's fast-moving world we need to find out what the experts are saying about our industry and how it's going to change over the next few years. Is technology going to change the way you operate? Is China or some other emerging nation going to become your competition? Are raw materials going to be hard to come by? Are you going to be able to get qualified staff, or is there going to be some other local threat?

One thing that can affect many businesses is the rise of e-commerce. The value of Canadian Business to Consumer (B2C) e-commerce sales in 2004 was \$8.5 billion and Business to Business (B2B) was \$19.8 billion. Some 42.5% of Canadian businesses used the Internet to purchase goods and services. However, only 7% of Canadian companies actually sold goods or services online. What does that tell us? It indicates that either a very small percentage of Canadian companies are doing a great deal of business, or a lot of sales are going overseas. What is obvious is that 93% of Canadian businesses are not exploiting a growing market. Don't let that be you!

## **Changing Demographics**

The Canadian labour force is growing extremely slowly; this, coupled with a declining birth rate, present significant challenges to Canadian businesses. Are you ready for a radical change to your customer base?

In 1965, 30% of the workforce was female; in 2005 it was 46%. In 1965 only 25% of mothers with children under six were in the labour force; today this figure is over 70%! The Canadian labour force continues to experience less than 1% annual growth; this has led to an increased reliance on immigration to fill the gap. In fact, Social Development Canada (Federal Department of Human Resources and Social Development), says that it expects by 2011 that the entire net labour force growth will come from immigration! Yes, you read it right, the entire growth.

As if this did not pose enough of a challenge, the country of origin of immigrants has changed significantly over the last thirty years. In the 1960s, over 75% of the immigrant population in Canada came from the United States and Europe. The proportion is now approximately 20%. So, who will your customers be in the future? They will be new Canadians primarily from Asia and the Pacific (69.8%); just 12.3% will be from Europe and the UK; 9.8% will come from Africa and the Middle East and only 4% from the U.S. with 3.8% originating from South and Central America (Source: Immigration Canada).

What this means to you is that you need to start to increase your cultural intelligence quota, and become familiar with the way people from other cultures shop, buy and do business. In many cultures, for instance, nodding is not a signal that the person wants to purchase what you are selling, but rather they hear and understand you. Other cultures do not believe in mixing business and pleasure, so an invitation to a barbecue is not an invitation to pull your host aside and discuss the deal you are currently negotiating. How well we understand the changing world around us, and the changing people in it will determine our long term success.



## **The Consumer Revolution**

Regardless of a changing cultural demographic, consumers in general are becoming increasingly sophisticated. They have access to more information about your industry, your product lines and your competitors than ever before, and those competitors are not necessarily the ones close to you, they can be half way across the world. I looked on the Internet today for an antiquarian book for a friend's birthday and could have bought from any one of 13,500 professional booksellers around the world ([www.abebooks.com](http://www.abebooks.com)).

The modern consumer has a thirst for knowledge and is increasingly likely to purchase goods and services online. The CEO of Starbucks recently estimated that it is possible to make 19,000 beverage variations based on the menus posted at any of their outlets. This incredible range of product was not created by Starbucks but by you and me. My specials are a double-shot, extra-hot, Grande latté and an Americana with an inch of steamed milk (no more, no less, or it's ruined!). Starbucks have made their business, as much as possible, into a buffet. People want to graze; they want to have a level of control. This is why the Internet is so popular - there are no sales people and the consumer can mix and match and create a product or service that meets all their needs and expectations at a price they are willing to pay.

So, how do we cope with this new demanding generation of customer? We need to provide greater choice and offer our customers the ability, wherever we can, to create their own product or service. There will always be a demand for 'off the shelf' solutions, especially when they are offered at a good price, but today's consumers want something unique, something that they have had a say in developing. More than this we have to provide a unique experience, a personal experience.

We have to show we care and understand our customers and relate to them as unique individuals. We have to expect them to be knowledgeable about what we are selling and respect their desire to tailor it to their needs and possibly their culture. To do this we have to develop an awareness of our place in the global community, both in a business and a personal sense.

My best advice is to try to keep up with the global economy, learn from it and search for ways you can take what you learn into your business to make it stronger and more attractive to the modern consumer.

## 5 E's for increasing Your Workplace Productivity

Jake S. owns a finishing shop. He's built his business from a one-man operation to a staff of 13, and although he's only been in business for 5 years, he's on target for reaching and exceeding most of his business goals. Still, he sometimes finds himself wondering whether his staff is as productive as it can be; whether his systems are functioning efficiently; and whether there is any way he could increase productivity in his workplace and boost his bottom line. It's a common question for small business owners, who for the most part, are too busy taking care of business day to day to be thinking such lofty thoughts. Most workplaces could use a productivity overhaul from time to time, and if you've found yourself wondering how you might increase yours, here are a few ideas.

### 1. Evaluate Systems

Your business is full of systems – how you run your meetings, how you take orders or do installations, how you keep track of your files, how you run the equipment, or how you deal with customers. Take a day to just observe how those systems are working. Are your meetings always taking an hour longer than they should? Find ways to keep them on track and end on time. Do you spend way too much time looking for files – either paper or electronic? Perhaps your filing system needs to be reorganized. Do the staff in your shop take too many breaks because the equipment is too physically taxing? Look at the way your equipment is set up and evaluate whether there is a more efficient way to use it. Do you spend ridiculous amounts of time dealing with unhappy customers? Maybe you need a customer service policy or other system to deal more effectively with your customers. You would be amazed at how many day-to-day operations are really mini-systems at work in your business. Find ways to increase the efficiency of those systems and you'll see a marked increase in productivity. Take a tip from successful franchises who systematize every aspect of their business to maximize efficiency (if you haven't yet read Michael Gerber's book – ***The E-Myth Revisited*** – on this topic, you should definitely add it to your list of "must read" business books).

### 2. Eliminate Distractions

Distractions can literally steal hours of productivity from your workplace – both from yourself and your staff. Take note of what distractions exist in your workplace. Do you have a storefront where customers come and go during the day? If so, are there people specifically assigned to customer service detail, rather than customers interrupting a regular workload dozens of times a day? Are your staff being distracted by email rather than staying on task (see last month's article on efficiency in this area)? Is your lunchroom close to other offices and does what's going on in there distract people from their work? Do you have an efficient system for taking telephone calls and messages during the day? Are people staring out the window for hours because what's going on outside is too interesting? Look at where you and your staff are being routinely distracted and you'll find sources of productivity drain. Address those distractions and you'll stop the bleeding and boost the productive energy.

### **3. Exercise Ergonomics**

Sometimes productivity suffers because it's just an uncomfortable work environment. If you've ever had to sit on a hard chair for a prolonged time, you'll know that when your bottom starts to hurt, it's hard to concentrate on anything else. Assess the comfort of the workstations in your business. Is the lighting appropriate so as not to induce eyestrain? Are computer monitors positioned in such a way as to reduce back and neck pain? Do you have comfortable chairs for your staff? If you run other kinds of equipment, is it set at heights and levels that won't create unreasonable physical strain – especially on the back and neck? You'd be amazed at how discomfort affects productivity. Sometimes making just a few adjustments in this area can make a big difference.

### **4. Establish Expectations**

It's possible that your productivity is suffering because people don't know what is expected of them. Do they know what your productivity goals are, and how they can meet them? Do they understand what you expect in terms of their role in your overall business plan? It's amazing how productivity can be boosted, by simply saying what you're thinking. Let your staff know clearly what you expect, and they'll often rise to the challenge. If they don't know, they may think they're already fulfilling your expectations.



### **5. Energize Employees**

Finally, look at the morale in your workplace. Do people seem glad to be there? Are they coming through the door full of energy with smiles on their faces? Do they go about their work, even if it's a heavy load, with optimism and positive energy? If not, you may be looking at a huge source of productivity drain. The more energized your workforce is, the more productive they will be. If you'd like to infuse energy into your workplace, try a few of these ideas.

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1. Make sure there's no deep-rooted source of negativity among your staff. If there is, deal with it firmly and swiftly.
2. Add elements of fun to the day-to-day grind – have contests,
3. Plan an occasional staff social. Take them out to lunch (or do a pot-luck staff luncheon) from time to time. Schedule a staff movie night or a staff and spouse barbeque. Doing things together outside of work helps to form bonds that create a more positive atmosphere at work.
4. Allow your staff to be part of the process of business planning and goal setting. The more they are involved, the more they'll be invested, and investment will lead to increased productivity.

Remember these five E's when you want to do a productivity check on your business. Making just a few changes could bring about big results. And remember, you don't have to do them all at once. Evaluate and implement a few changes at a time, watch them take root and then try a few more. Take small steps toward big results.

# Management Tips for New Supervisors

So you started your business as a one-man/one-woman show. You had nothing more than a computer and a spare bedroom when you began building your empire, and blood, sweat and more than a few tears were shed as you navigated the waters of a home-based business. But now you're in the big league. You've moved into a building beyond your home and hired staff to accommodate your business growth. Except now you find yourself thinking, "I've never supervised anyone before!" You've always been able to manage yourself, but no one ever taught you how to manage others. Going from flying solo, to overseeing a staff is a monumental leap; one that many people are not prepared for. If you find yourself in that position, you may want to pay attention to these tips on how to be a good supervisor/manager when it's your first time.

## ***Find a Mentor***

If it's your first time managing others, it's a good idea to find someone else who has been doing it for a while. Managing people is not something that comes naturally to everyone, and benefiting from the mistakes and successes of others who have walked that road can be your best source of education. Seek out someone who has successfully managed a group of people in their business for a number of years. Ask them if they'd be willing to meet with you regularly for a specified period of time (6 months to a year) as you navigate this uncharted territory. During those meetings, let them know what issues you're struggling with. Ask them for examples of how they dealt with similar situations. Pick their brains about how to be effective in this role. If you can take advantage of someone else's wisdom and experience, you'll find your supervisory learning curve much shorter.



## ***Accept Your Role***

Many people don't like the idea of being a "people manager". They just want to run their businesses. But the fact is, as your business grows and demands more staffing, you don't have that luxury. The sooner you can accept the fact that this is a part of growing your business, the sooner you'll be able to let go of the things that hold you back from being a good manager – like the fact that you won't be popular all the time.

You will, from time to time, make decisions that won't be popular with your staff. You'll have to review their performance and offer constructive advice on how they can perform better. You may need to fire someone. You'll almost certainly be in a position of managing unpopular change. If you recognize this as part of the package – you won't get so tied up in knots when your staff is upset with you. Trust yourself to make good decisions for your business, do your best to be fair with your staff, and then move on.

## ***Be Fair, but Firm***

This is one of the toughest parts about being a manager. Most of us want to be liked – even by the people who work for us, so being fair, but firm, is difficult. I liken it to parenting teenagers. You can only win the battle if you are both fair, and firm. If you waver on decisions you've made because of the

pressure they exert, you're sunk. Or, if you're a dictator and make rules that aren't fair, you'll find subtle and/or not-so-subtle rebellion on your hands. Your staff needs to know that you will always be fair with them. They need to know they have a voice and that they will be heard; that they are safe to express their opinions with you; and that when it comes down to it – you will treat them fairly. They also need to know that when you've made a decision, or given direction, you will stand by that, and won't change your expectations because of a disgruntled staff member.

When they learn that's what they can expect from you, they'll fall in line (just like the teenagers do – most of the time anyway).

## ***Be Patient with Yourself, and with Your Staff***

Learning how to be a good supervisor takes time. It doesn't happen overnight. You'll make mistakes, you'll say things you wish you hadn't said, you'll make decisions you wish you could take back. That's OK. It's all part of the journey and your learning process. You will get better at it over time, and with practice (and with the help of your mentor!). If you give yourself permission to grow into this role, you'll be better off than if you expect perfection right away. By the same token, be patient with your staff. Bear with them when they make mistakes, and be honest about yours. You're in this together, and although you may be the boss, if you travel the road as partners invested in your business success, you will be more successful.

## ***Learn All You Can***

Every other day I get flyers in my mailbox advertising courses on how to improve your management or supervisory skills. Take advantage of those opportunities. Go to the library (or if you're like me, use it as an excuse to visit your local bookstore) and check out some books on this topic. There's so much advice out there that can help you with your areas of struggle. A great manager realizes they never stop learning how to be a great manager!

It's not easy to be a first-time supervisor or manager, but it is possible to avoid some of the biggest pitfalls that can really set you back in your business plan. Take some steps to give yourself the best advantage in this new leadership role. You may find after a while, you even enjoy it!

# **Establishing Core Values for Your Business**

I was recently hired to write a Policy Manual for Company X. This company had 130 employees, in 14 locations throughout the Province. Although each satellite location was part of the company as a whole, it operated from day to day autonomously. The company had been struggling with how to pull all its people from different regions together, to form a common bond and develop a corporate vision. The Policy manual was going to be part of this process, but it wasn't enough. This was a young but wise company, who realized that it took more to draw people together than a common set of rules. They embarked on a core values process that I was privileged to be part of. I learned a lot, and this process impacted the entire organization in a powerful way. They're on their way to a stronger corporate culture, a unified work force, and I believe, amazing success. Whatever the stage of your business, you can launch a core values process. If it has only half the impact it did for Company X, it will be well worth it!

## ***What Are Core Values?***

A definition for core values is - a set of attitudes and beliefs that uniquely define a culture and pattern its behaviour. In other words, it's a set of beliefs that drive your goals and behaviour, and impact how you do business every day. When you look at successful businesses, it's not hard to determine their core values. If your auto body shop consistently goes the extra when it comes to customer service - you can probably bet customer service is one of their core values. What about your favourite restaurant - the one that always has you leaving with a smile because it's so much fun to eat there. It's possible that "fun" is one of their core values. Or what about the boutique you love that only carries the finest imported garments - chances are quality is one of their core values.

## ***Why Establish Core Values?***

Whether you realize it or not, your personal values guide you through everything you do. Your business is to some degree, built around your personal values. They are important motivators for how you live your life. It makes sense that your business should also have a set of values that it stands behind and

that drives everything you do in it. When you operate your business out of a set of core values, it's easy to make decisions. It's easy to set goals. It's easy to plan for your future. It forms the foundation for your business success. Company X realized that, and they are currently reaping the rewards of a diverse team that's drawing together in a unified corporate culture. I'll share with you how Company X did it. You may want to follow this very successful model or adapt it to suit your particular business.

## Step 1 - Define

The first step happened with the company leaders (CEO, President, and Vice-Presidents). They got together and discussed what they felt their own personal values were, and what their vision for the company was. They came up with six simple words that they felt exemplified the values they wanted their company to embrace. They were: customer service, growth, community leadership, ethical workplace, excellence/professionalism, and teamwork. They knew that their personal values would easily help them define those six things, but they wanted input from their staff before they determined the final definitions.

## Step 2 - Invite

Next, the Executive members sent out an email to the entire company staff list (yes, that's 130 emails!) and invited each staff member to participate in the process by sending in their thoughts, ideas and definitions of those six values. They were asked to do three things: define the word or concept, explain how they would live that value out in their particular position, and describe how they felt that value could be applied company-wide. The response from the staff was amazing. Some sent mini-essays on their philosophical take on each of those things, and what it meant to them. Some sent short notes that addressed each item. Many expressed their gratitude at being asked for their opinion. The information the Executive received from reading dozens of pages of thoughts from their staff on those important issues, provided insights they will use for years to come (not to mention how it helped them to get to know their staff better). The reaction from staff to being invited to participate was overwhelmingly positive.



## Step 3 - Distil

The hard part came next - taking all the wonderful ideas and carefully crafted words that had been sent and gleaning the best, most precise way to define the core values in a way that would say it simply and in a way that would motivate and inspire. The Executive worked hard on distilling the information, and finally came up with a brief description of each value. Here's an example of just one of those definitions:

**Excellence/Professionalism** - *We demonstrate pride in our company through a passionate commitment and dedication to high work standards and levels of professionalism in all that we do, in order to create trust and stability with clients and among staff.*

## Step 4 - Distribute

Once the statements had been defined, they sent out another email to all the staff, thanking them for their participation, validating their contribution, and delivering the final statements. Staff were encouraged to print them off and put them up on their walls or workstations so they could read them daily, and be impacted by those values.

This process brought unity within a very diverse and disparate group of people. It brought focus into company planning, and strength in the corporate culture. It gave a wide range of people the feeling of being valued, and that brought about company loyalty. If you've ever felt there's something missing from your business - something at its core - try going through this process and see if it will do for you, what it did for Company X.

## Appreciating the Angry Customer

Not many of us would put the words "angry customer" and "appreciation" in the same sentence, never mind the same thought, but that's exactly what successful businesses do. One of my business mentors told me a long time ago, that an angry customer is your best opportunity to make a loyal one, and that learning to appreciate those expressions of anger was my first step toward customer service excellence. If a customer is angry enough to tell you about their dissatisfaction - consider yourself lucky. That's right - I said lucky. It means you have the opportunity to make it right, exceed expectations, prove yourself, and win them over for life.

**1. Check your attitude at the door** - realize that although they may be behaving irrationally (even unreasonably) and pushing every button you have, it's not about you. If you can set aside your own triggers and just approach the situation with a desire to learn and to provide solutions, you'll be way ahead of the game. Remember, the key word is "appreciate" the fact that you have an opportunity to hear what they have to say.

**2. Listen first, and don't talk unless you have to** - most angry customers just need to be heard. In fact, once they feel they've really been heard by someone who cares about their situation, they most often calm down to where you can approach reasonable solutions to their complaint.

**3. Don't say things that will escalate** - the worst words you can use with a person who is upset or angry are "calm down". Telling people they are being unreasonable, or that they need to get a grip on their emotions only fuels their anger and discontent. Why - because those words actually say "I'm not listening". Remember - don't talk unless you have to! Allow them to vent

and say what they need to say.

**4. Read the lines, between the lines, in and around the lines** - hear what they're actually saying, but listen also for the things they're not saying but that are implied. Maybe they're expressing anger over what they perceive was you selling them a bad product. That may be part of why they're angry, but are they also upset because that faulty product caused an accident that's going to cost them money, or because it caused injury to someone. The deeper you can go into the core of the problem, the more creative and satisfying your solutions will be.

**5. Don't tell them what you can't do, tell them what you can do** - it may be entirely impossible to give them what they are asking for in the heat of the moment, but saying "I'm sorry, I can't do that" will only escalate the situation. Instead, offer what you CAN do. If people sense you are offering them genuine compensation, most often they will be willing to negotiate.



**6. Provide solutions that satisfy** – it may go against every fibre of your being to kindly compensate a customer who has been making you miserable through their angry tirade, but doing so will bring the situation to a close more quickly, and with a better result.

**7. Exceed their expectations and watch them melt** – a customer who is angry usually feels they have been cheated, wronged, or treated unfairly. If you are able to let them tell their story, care about their plight, and offer solutions that will surpass their expectations, you may have won yourself a customer for life. Not only that, they'll tell every friend they have about you.

Recently, my husband realized our bank had been overcharging us on service fees for four months. It wasn't a huge amount of money – but it was obviously an oversight on their part that he felt should easily be made right. He contacted the bank's service department by phone, and was told abruptly that there was nothing they could do, and that he should have come in the first month he noticed the charge. He tried to reason with the service representative, that if he had realized it was occurring he certainly would have come in right away, but as he just noticed the error, he wanted it fixed. The person continued to argue that there was nothing he could do.

From the next room I could hear my usually mild-mannered husband raising his voice, demanding to speak to a supervisor. Suddenly the line went dead - the customer service rep had hung up the phone. Now, completely infuriated, he called back and spoke to another person who gave him the same information. By now he was yelling to speak to a supervisor. Moments later, a manager came to the phone, and asked him to tell the story again. Within a few minutes, she had erased the charges, apologized for the trouble, and asked if there was anything else she could do. My husband's anger was immediately dissipated. He had been heard. He had been validated, and his problem had been solved. For \$40, that bank almost lost our business forever. Instead, we're still banking there!

The point is, sometimes your angry customers DO have a point and you'd do well to listen for the good of your business. Sometimes they don't, but you'd still do well to listen for the good of your business.

Finally, know when to draw the line. There are circumstances when a customer becomes abusive to the point where reason cannot prevail, and where you are not willing to accept their inappropriate behaviour. On the rare occasion that this should happen, feel free to firmly ask them to stop their behaviour (swearing, screaming, intimidating gestures etc.) or let them know that you will hang up the phone (or ask them to leave if they are on your premises) if they do not stop, and then follow through. If you follow the seven steps above, you can usually avoid this kind of end result, however, there are times when your own safety and that of your staff must prevail.

So, next time an angry customer comes in to complain, how about writing them a thank you card to let them know how much you appreciated them expressing their concerns, and giving you the opportunity to make it right? It might be interesting to see what happens!

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