
Day to Day Management

Managing Your Business

Hiring and Firing - Hiring

Advertising for Help

Always begin by trying to fill a position internally. Then try word-of-mouth within employees and contacts. Depending on your situation, you may then want to consider family or referrals from family. This last option should be carefully considered, however. See the notes on working with family in Chapter 1. Advertising should be your last option. When advertising, be specific, aiming to weed out casual inquiries or applicants whose background only partially fulfills the requirements.

Where to Find Employees When You're Just Starting Out

Ironically, the time you most need to have the best, brightest, most reliable people is when you're just starting out. Start within your own network of people. Put the word out and look for referrals from friends, family members or business associates. Even if your business is up and running, this is still the best way to begin the hiring process. The important thing here is not to evaluate referrals any differently than other job candidates.

Methods that cost money include classified want ads, employment agencies and online job sites search firms. Small businesses usually qualify to participate in OJT (On-The-Job-Training) programs at high schools and universities. The student pool is an especially valuable resource for temporary or peak-season work like Christmas or in the summer months. Just call the career centers at your local college(s) or career counselor at the high school level to be set up as an internship provider.

Don't forget an often over-looked source of staff...Senior citizens. This is a great group of people for filling part-time openings. You get decades' worth of work experience and add a lot of qualities to the mix of your staff. I've always just posted my notices for part-time help at senior centers and clubs.

Applications & Interviewing

Most often hiring starts with the job application. Seemingly harmless questions on traditional job application forms can be construed as discriminatory today. I actually

overheard a client ask all of these questions.

“Do you have any children?”

“What’s your minimum salary requirement?”

“Are you married?”

All three are prohibited. There are two sample applications you can use in the Forms section of this book. Yet interviews have the potential to be even more dangerous for the uninformed, or casual interviewer. One well-meaning, but frankly stupid client, whose payroll was 90% Caucasian, earnestly pointed out to a racial minority applicant that he and his staff would “go out of their way” to see the applicant was comfortable. Subsequently, when that applicant wasn’t hired, based strictly on education, references, and experience qualifications, the employer was slapped with a suit for discriminatory hiring practices. That client paid dearly for his well-meaning but ignorant insensitivity.

Many interviewers use casual chatting as a tool to draw out the applicant a bit. This is a great technique, but be careful not to drift into using many of the questions you’d naturally employ to get to know someone personally. This tactic can also backfire if you drift into casually-asked questions. To be safe, follow these two general rules: Make no assumptions, especially about how an applicant is feeling or thinking. If a question doesn’t have anything to do with the job, or doesn’t directly relate to assessing the applicant’s ability to perform the complete job description, don’t ask it. A non-discriminatory job application or interview should **not** contain questions about the following:

A woman’s pregnancy or related condition. This is the most common complaint filed.

The existence, nature or severity of a disability. You should only concern yourself with the applicant’s ability to perform specific job functions. You can ask an applicant questions about ability to perform job-related functions, as long as the questions are not phrased in terms of a disability. You can also ask an applicant to describe or to demonstrate how, with or without reasonable accommodation, the applicant will perform job-related functions.

After a job offer is made and prior to the start of duties, you may require that an applicant take a medical examination if everyone who will be working in the job category must also

take the examination. You may condition the job offer on the results of the medical examination. However, if an individual is not hired because a medical examination reveals the existence of a disability, you must be able to show that the reasons for exclusion are job related and necessary for conduct of your business. You also must be able to show that there was no reasonable accommodation that would have made it possible for the individual to perform the essential job functions. Be specific about the responsibilities and requirements of the job, as opposed to simply asking if the applicant is capable. This is the second most common grievance filing. (If any of this applies to you and you just glanced over the section in Chapter 3 on the American Disabilities Act, be sure to read it thoroughly now.)

An applicant's height and weight, unless your business requires that information and specific guidelines have been established for national organizations. Some occupations have minimum height or weight requirements, such as security, construction, technical trades or law enforcement.

Race, age, sex, religion, and national origin. You shouldn't ask their age, but you may ask if they're 18 older and have a legal right to work in this country, through citizenship or status as a resident alien.

Maiden name, marital status, number, names, and ages of children or other dependents.

Organizational affiliations unless they relate to the specific job. You can't ask if they're a member of the Knights of Columbus, The Masons, the National Pilots Association, or the Ku Klux Klan.

Military history unless the job requires that background and related skills.

Lowest salary acceptable for a specific position.

Some questions are alright, as long as you ask them of both male and female applicants. For example,

Details of the applicant's educational history.

Employment of the spouse and child-care arrangements. This one should only be asked if the applicant willingly volunteers marital status and family information.

Of course, all of this is in addition to the questions you need to ask about the applicant and the job itself, the queries that allow you to get a sense of the applicant's personality, abilities and competency. Be sure to ask all the applicants the same questions, or you won't have a baseline for comparison. Often in an interview, one question will lead to another, or the applicant will ask something and it's easy to get sidetracked. Always start with a prepared list of questions to ask all candidates and make sure you get through that list before ending the interview.

Write Job Descriptions

A clearly-defined job description makes a huge difference, both during the hiring process and in day-to-day management. When used or excerpted in advertising for a position opening, a well-written job description reduces the number of people who inappropriately apply for a job, saving you time and money. Detailing in writing what specific duties new employees are expected to fulfill, tells them what you need and expect from them up front, both in the training phase and long-term. This prevents problems as additional responsibilities are placed on them. During the life of your business, it functions as a structure for rating and evaluating an employee. Should you have to work with or even dismiss an employee, it allows you to pinpoint weak areas. You'll find a standard job description worksheet in the **Forms** section.

Non-Compete Agreements

This is more of a problem for small businesses and retailers than most people imagine. One retail client in Nevada saw an employee of two years quit and open a competing store at the other end of town. That the new competitor was obviously only a pale copy of the original article didn't lessen the loss of business for my client in the beginning. It hurts to lose a valued employee, worse when they transform into your competition, using everything you've taught them. It's equally appalling to find they've defected to a competitor, taking along confidential information. Whether it's a list of suppliers, prices, projected sales, sensitive financials or even merchandise, the damage doesn't go away

overnight. In fact, it's one of those situations that almost always gets worse before it gets better. Most offensive is that the employee's action hands an unfair advantage to your competition, or creates new competition. No matter what size business, you should consider developing a strategy to reduce the risk of losing more than an employee.

A common remedy is requiring new employees to sign a non-compete agreement. This agreement between you and the employee says if, for any reason, the employee chooses to leave or is terminated, they won't go to work for a competitor for a specified period of time. Depending on the nature of your business, this could be as short as a year, but is frequently longer. A non-compete agreement is recommended for employees who interact socially with owners or management or have access to critical information. A signed document is your best reminder to an employee of their sense of responsibility. Much like a security system in a retail store, this agreement forces the employee to think twice and resist temptation.

No matter if you're working with a staffing contract, lease agreement or media contract, remember this: No agreement is fool-proof protection, as no legal document is. Don't be lulled into feeling totally secure about any document, from a media buying contract to your lease, to a non-compete sheet. Anybody can get a lawyer to look for loopholes. Take your time and be as thorough as possible in reviewing any document that requires a commitment between two parties.

Here's a boilerplate non-compete text sample:

"_____ agrees as a condition of employment that, in the event of resignation or termination for any reason, s/he will not contact or solicit any customer with whom Employer conducted business during his/her employment nor will s/he engage in a similar or competitive business for a period of two years. This restrictive covenant shall encompass an area within a __-mile radius of Employer's place of business."

You might also want to specify certain items or properties. Remember the debate over "intellectual property" when the David Letterman Show changed networks? Here's a small-business version sample clause:

“Employee agrees that Employer’s price lists, customer lists, sales materials, management systems, manufacturing techniques, and marketing information constitute the sole and exclusive property of Employer, and are “trade secrets” under the law. Employee promises that under no circumstances shall s/he disclose same, and upon violation of this provision Employee agrees that Employer shall be entitled to an injunction, compensatory and punitive damages, and legal costs.”

Research the law before you do anything. There is no federal law regarding non-compete agreements, but they are, or have been illegal in Montana, Nevada, and Oklahoma. As of this writing, their scope is limited in Colorado, Florida, Hawaii, Louisiana and Oregon. Some types of service industries require careful and detailed pre-screening processes to match up candidates with required tasks or skills, such as a day-care center, teaching facilities or consulting companies.

Work for Hire

If an ad agency produces a successful series of ads, or a slogan that becomes a part of the vernacular, who owns the rights to that material or elements of it? If you hire someone to create a new ice cream flavor, who owns the rights to that creation? This is further complicated if the employee works on this project at home, or even claims to. There’s thousands of cases where employers and employees tangle over work developed and produced by the employee. The key here is to strictly define in advance what products, ideas or services the employee will help create and apply.

Here’s a boilerplate “work for hire” clause assembled from several versions at area office supply stores.

_____, hereby certifies that (the “Work”) was specially commissioned by and is to be considered a “work made for hire” under the Copyright Act of 1976, as amended, for (“Company”), and that company is entitled to the copyright thereto. Without limiting the foregoing, for good and valuable consideration, receipt of which is hereby acknowledged, the undersigned hereby assigns and transfers to the Company, its successors and assigns,

absolutely and forever, all right, title and interest, throughout the world in and to the Work and each element thereof, including but not limited to the copyright therein, for the full term of such

copyright, and any and all renewals or extensions thereof, in each country of the world, together with any and all present or future claims and causes of action against third parties arising from or related to the Work and the copyrights therein, and the right to use and retain the proceeds relating to such claims and causes of action.

Questions Employees Often Ask

- What kind of training will I receive?
- What happened to the person I'm replacing?
- What's the potential for advancement?
- Should I concentrate on learning systems, working with customers or getting to know the staff?
- Can I come to upper management if I have new ideas?
- How concerned is the company with the problems of employees?
- What if I have a conflict with other employees?
- What's the company's long-term goal?
- Why are some procedures set up the way they are?

Sexual Harassment Questions

The primary thing to keep in mind about sexual harassment is this: Harassment begins with behavior that makes someone uncomfortable. It becomes harassment if the person makes their discomfort known to management and there is no response, and the behavior continues.

- What kinds of behaviors are considered sexual harassment?
- Who should a victim of harassment go to first and will charges be kept confidential?
- Will the person making the charge be protected from retaliation by the person doing the harassing?
- How will the investigation be handled?
- What will happen if the charges are found to be true?
- What will happen if the charges are found to be false?

Firing

Knowing When To Dismiss Someone

It's important early on, preferably before you hire anyone, that you list and define what you simply won't stand for. Firing someone for committing any of these violations is often

called dismissal “for cause”. Here’s my personal list of reasons that constitute justifiable termination. Larger companies generally spell them out in a personnel manual, or employee handbook. Small businesses can give a copy of “Cause For Dismissal” to each employee when they are hired.

- Physical violence
- Sexual harassment
- Theft
- Falsification of records
- Drunkenness or drug use on the job
- Incompetence or failure to respond to training
- Gross insubordination
- Repeated unexcused absences or lateness
- Verbal abuse

Finally, beware of firing someone on the spot. Knee-jerk reacting to a situation forces you into handling it emotionally instead of logically. It prohibits accurate documentation later. One client wound up getting into a fistfight because tempers were flaring so dramatically.

Evaluating Staff Weaknesses

Most often, you’re faced with nothing as glaring as the list above. Failing employees usually become intolerable through a combination of weaknesses. You need to divide qualities out for easier assessment at a glance. Answer this short quiz about any problem employees. It serves as a great basis for analysis.

- Has frequent visitors and personal phone calls.
- Not only always has an excuse for errors, but a pattern of excuses that rise on an escalating level.
- Never volunteers ideas or steps up for challenging jobs, yet freely tells other employees how they’d do things differently.
- Is conveniently ill on days when large, or unpleasant projects occur.
- Strictly and consciously limits efforts to “on-the-job” hours; rarely offers or takes work home.
- Takes as few risks as possible, often delegating tasks as a way of passing on unpleasant chores.
- You’re unsurprised when this person’s name is mentioned in a complaint by staff or customers.
- Works hardest on favorite tasks.
- If there is a chair around, this is the person you always find sitting in it.
- Is casual about deadlines and seems unworried when consistently late for work or

meetings.

- Impulsive, quick to respond, tends to base decisions on opinions rather than facts.
- Criticizes others in public, downplays co-worker's competence, often makes a point of how hard their own job is.
- Never misses an opportunity, no matter how obliquely, to let you know how much they do for you.
- Compliments you frequently, even when a reason must be created.
- Tends to supervise others when it's not their job to, especially when you're not around.
- Doesn't work well when situations require them to depend on subordinates to provide answers.
- Constantly postpones completion of projects as long as possible, sidesteps problems that repeatedly occur.
- Doesn't try to clarify misunderstandings so they can criticize later, delays as long as possible before delivering bad news.
- Allows criticism of the company to go unquestioned or undefended.

Saving A Trouble Employee

Any employee requires a certain amount of training. Couple that with the time it takes for new people to integrate with existing staff, and you have two great reasons to try and turn a weak employee around. You can make this often daunting task easier by recognizing that we live in an imperfect world; even star employees will display undesirable traits from time to time. Try to focus on the positive aspects and skills of the individual. A person who's ill at ease with the public may work well behind-the-scenes checking in merchandise, handling filing or correspondence for you, putting up product and merchandising displays or doing phone calls to advise customers of special order arrivals, etc. Similarly, a staffer who shrinks from cleanup tasks or maintenance may be an ace salesperson. Use compromise. Offer the ace salesperson first crack at a new line of goods in exchange for devoting more time to tasks they find unfulfilling or unstimulating.

Of course, one of the best tools for salvaging employees is the same tool that protects you when you have to dismiss someone; documentation. By sitting down with the employee in a regularly scheduled review/evaluation session, and by documenting **both** their strong and weak points, you create a forum for addressing problems and complementing growth.

Before Firing An Employee

Firing someone without supporting and accurate records is like playing Russian Roulette. Get in the habit early on of keeping a log sheet in each employee's file and record each and every failure of performance, (use the Written Reprimand form) even if you let them build a little before addressing the problem. Then be detailed about your meeting with the employee. Relying on documentation, not memory, protects the interests of both you the employee. One author stiffly wrote, *"Firing generates stress for the employee being discharged, the individual who does the terminating and the employees who remain with the company. There are several concepts to consider before, during and after the discharge is completed which can significantly affect the attitudes and reactions of all involved as well as the vulnerability of the employer."*

In everyday language that means nothing short of a confrontation with your landlord is as bad or potentially damaging as having to fire an employee, especially one of long-standing. For the business to function at its best, you and your staff must bond, create familiar patterns, work within an evolving structure that reflects what each of you are best at.

Avoid firing on the spot in the heat of anger whenever possible. Employees will expect and are entitled to a documented, concise explanation of the reasons for their dismissal. Even these planned exchanges are potentially confrontational. Think it through, planning ahead to anticipate responses and mute negative reactions. Don't discount the chance of an irrational response by a dismissed employee, and expect an emotional one.

Be sure the action's in line with written company policy. (Yes, you should write out on paper what your grounds for dismissal will be. Decide where you draw the line on tardiness, sick days, repeated errors, mistakes or plain insubordination in advance.)

Stay inside the law. Federal law requires a 60-day advance notification of employees affected by layoffs and plant or office closings.

Handling A Termination

Termination, or at least the causes, should not be a surprise to the employee. If you are letting them go “for cause”, it is a mistake they should have seen in the employee handbook, or sheet of “for cause” reasons for dismissal given to them when hired. If the dismissal is for lack of performance, the employee should have been advised verbally and in writing, and should be aware of the continuing problem, as well as their failure to remedy it.

- Have a checklist, if necessary, to secure the return of keys, computer disks, ID badges and other company property. Take the necessary precautions to change security codes, access codes to computers and rekey your locks. Don’t forget details, like employees listed as drivers on insurance for company vehicles or those authorized to retrieve deposit bags at the bank. Remove them from all such lists, insuring dismissed employees have no remaining connections. One client dismissed a clerk who took it quietly, and then immediately went to the bank for bank bags. Stealing a useless item like empty bank bags is a childish act of response, but my client had to pay \$25 apiece for them. Even worse was a dismissed employee who responded by heading directly to two suppliers, receiving merchandise scheduled for pickup by simply signing for it.
- If you expect a strong emotional reaction, it’s good to have another person present, even better if they have experience in human resources. The second party often functions as support for both the employer and the employee.
- Be honest, direct and completely specific about the reasons for discharge. This not the time for debate, the decision has been made. Be on guard that any sympathy you may feel evokes even a hint that the situation is reversible. Terminated employees will usually promise the world if they believe there’s a chance of salvaging their job. They commonly feel exposed, stricken and are very sensitive. Even mildly critical statements can degrade or humiliate the individual, while personal comments will certainly do that.
- Make sure if they have a personal account at the business, that it is paid up and clear. If not, detail that along with any severance pay procedures, benefits, health insurance or pension and profit-sharing payouts.

- Make it as easy and painless for the employee to leave as possible. Some businesses allow them to remove personal belongings at a low-visibility time if they like, after hours or on a weekend, but this creates the need for further contact, after the employee has had time to brood. Factor this in when you decide how to handle this issue.
- Allow them to ask questions, but avoid debates as if they were the plague itself. This is a negative way of hinting the door might not be closed.

After Firing An Employee

Document the termination immediately. Write down the sequence of the conversation, focusing on the statements, reactions and emotional tone of both parties. You never know when an embittered person will contest being fired. This is certainly a case where forewarned is forearmed. Remember too, that the bulk of discrimination and sexual harassment suits are only filed after dismissal.

Inform immediate co-workers of the dismissal by word of mouth. Larger companies tend to do this through memos, but even so, you should personally talk with the dismissed worker's closest co-workers. If the employee was released for-cause, mention their firing offense only briefly, in a neutral manner. You want to avoid any hint of criticism or defamation of the employee, yet still demonstrate to existing employees that you don't tolerate for-cause mistakes; if they close the store without locking the doors, or lose a deposit bag with petty cash, they can't work there anymore. If you cut someone loose for the most common reason, lack of performance, then make no reference to problems. The diplomatic approach is that you've agreed to go separate ways. Believe me, cleaning out weak staff generally evokes a sigh of relief among your crew, who've been carrying the extra weight. People will understand that a bad situation has been reversed with minimal discussion.

If necessary, inform clients or customers. Assure people who dealt exclusively with the dismissed employee that there will be no interruption or reduction in your service to them. The position may require that you name the replacement of the terminated employee.

If you're faced with layoffs, be honest. Reassure your remaining crew that your cuts were needed and warranted. If more layoffs are anticipated, you must confirm that and guarantee that they will be informed on or before a specific date. Hopefully, you'll be able to say that no additional layoffs are anticipated. If so, you might want to add the words, "...at this time." Invite those who have additional questions and concerns to meet with you or specified staff individually. You don't want to put yourself or key personnel into a position where they're "ganged-up" on by two or more employees.

Right To Job Security

Employees can't be discharged with no reason, or for unsubstantiated reasons. This right protects the employee from "termination at will". Court rulings have determined employees can't be terminated for:

- Wage garnishment for indebtedness
- Lawful union activities
- Complaints or testimony regarding violations of employee rights
- Whistle blowing regarding employer policies or violations of laws
- Filing claims for workers' compensation
- Filing charges of unfair labor practices
- Reporting OSHA violations
- Insisting on ADA accommodations if they can be reasonably made.
- Filing sexual harassment suits.

Managing People

Focusing and Motivating

The hardest thing about bringing out the potential in people is getting them to face their weaknesses. This is a difficult and embarrassing thing for people to do, so you have to reward them when they manage it. Recognition of good work is required; discussion of the work as equals reinforces what the employee has learned about the task and themselves. I always got the best results when mixing analysis with a pat on the back. I used to cement this with the occasional unexpected and apparently spontaneous \$10 or \$20 bill discreetly passed to the employee with a compliment or a sincere thank you for their good work. (I built \$250 into my annual budget for this sort of employee bonus. You'd be surprised what

\$20 a month cash can do for you.)

Remember you don't have to exceed people's expectations by a lot to build strong goodwill. Do all the small, expressive things no boss you ever had did, and you'll build a loyal crew. Treat people with consideration and be patient. Give them the same kindness and respect you would expect to receive in their place. Never hesitate to offer the small, easy things like letting people off early when the weather's bad or to be flexible adjusting a work schedule for important or sudden events in their lives.

Pick your fights and avoid being overly critical. The only way to keep your business thriving is to grow and improve. This comes from catching errors, analyzing them, and discussing where things went wrong. People respond less to the boss who's always in their face for every little thing than one whose occasional summons and measured response means they haven't missed those little things, but see them in the larger picture, too. But it's important to balance out critical comment with constructive suggestion. Never criticize without offering a solution.

Remind yourself growth and improvement only come through experience. When you address or discover a mistake, realize it may be because the employee took a chance. The best employees are those who were encouraged to learn from the beginning, when mistakes are not so costly. Most employees expect reprimands for every mistake. But you only get people who think effectively on their feet if you let them try and fail from time to time.

Review and discussion is crucial. It's often important to examine a task, confrontation or difficulty with your people. When discussing the job with employees in one-on-ones, ask them to describe a problem that stopped them, a situation that made them feel ineffective. Lead them into being as definitive and specific as possible. Like a detective sifting clues, reviewing a task or event's "small" moments can expose where people went wrong, failed to remain logical, or perhaps just panicked and over-reacted. You simply help them reveal to themselves where they went wrong. An important part of learning is discussion. By asking people to recap events, you enable them to talk it out, encouraging analysis and releasing emotion. Ask simple, guiding questions: "What exactly, did the customer say at

first? What did you do? Then what happened?" Try to show them where they have to act or think differently in order to handle the same sort of situation the next time.

I focus on two possibilities with employee problems; Either they need to change a habit, or way of thinking, or their action was correct, but lacked the experience or light touch to pull it off completely. Tried-and-true methods are great for new employees, but as people grow, those approaches limit creativity. Remember that once someone masters a problem, immediately show them yet an alternate way of handling it, or teach a related skill. This reinforces their confidence while encouraging calm, open-ended thinking. The best results come from listening between the lines. For example, The employee says, "He stormed up to the counter and demanded to see the manager." This means *"I felt threatened and I took it personally."*

"I tried to get him to tell me what was wrong, but he insisted on seeing you. *"He treated me as if I were beneath him, and this made me angry."*

It takes practice to learn how to listen in this way and to ask questions that draw out what really matters to people, but it's a skill that improves in quantum leaps with each problem you address.

Be as accessible as possible. If people stop by to ask a question or discuss a project, invite them to sit down, but keep it moving along. If you agree to meet with an employee, don't delay or reschedule the appointment. Nothing's more frustrating to employees (who've probably been rehearsing what they want to say) to be casually put off or delayed. Another approach is employed by two clients; they have a **scheduled** "open door" policy three days a week from 4:30 to 5 PM. All the books say, *"Let your people know you're genuinely interested in them."* You can't fake or simulate genuine curiosity and interest. Those are qualities that people respond to. You shouldn't have to remind yourself to remember birthdays, ask about their families or offer support when they're going through tough personal times.

Form the habit of taking a few minutes every week (or every day) to say "hello" and chat for a minute or two. If an employee has a personal problem affecting his mood or

performance, try to find out what it is and how you might help. Listen to complaints about work conditions, which are rarely self-motivated. When people know their opinion and input can affect things, they're comfortable. This helps build a staff that's confident, at ease and naturally motivated.

Be responsible for the workplace. People are most productive in well-organized, supporting, comfortable work spaces. Money invested in high-quality lighting, air circulation systems, paint and design will pay back your investment in increased productivity, a better emotional atmosphere and a lower turnover rate among your staff. You may naturally be an organized person, but not every employee will be like you. Look at any large organization from the IBM to the military and the one common factor is how organization, orderliness and efficiency permeate every aspect of their operations theory. For small business. you have the luxury of evaluating the work environment by occasionally doing every job that needs to be done in the place. You may find that things have changed since the last time you took out the trash, or performed tedious database updating. Allow for differences in style and approach. Not everyone will be as efficient with your system as you are. Some people may even be slower. Give people a chance to find their own way if yours doesn't yield results.

Let your employees know you're on top of things. Make sure you regularly sit down with key personnel in a relaxed time and ask a few conversational questions. Here's some that work well for me.

- So how are you doing?
- What've you been working on recently?
- Any problems I need to know about?
- What's working well?
- Do you need any help?
- Any specific problems to talk about?
- Are you comfortable and on schedule with projects?
- How about with long-term projects?
- Anything around here that you'd change?
- What task or situation went best for you recently?

An additional benefit from this sort of attention is that you often can identify small

problems and complications before they mushroom. Simultaneously, you're contributing to your employees' perception of you as interested, approachable, and flexible.

Remember that people respond well to non-monetary benefits. In addition to "human benefits" like schedule flexibility and other day-to-day favors as described above, recognize performance or improved contributions whenever you can. Supplying an employee with personalized business cards, their own workplace, a new job title, computer or private office are visible confirmations of an employee's effort. Several studies have shown that non-monetary compensation is a strong factor in an employee's decision to remain at a job, even when they are being wooed with a higher salary. Especially, if you find yourself in the midst of a slow business cycle or tight times, this type of employee recognition can help maintain or even advance the morale of your staff.

Reward Your Employees for Fresh Ideas

Unless your business is very small, you can't be everywhere at once. One of your best resources for tracking problems and developing solutions is your employees. They know what tasks are hardest, or which they dread the most, which are often the best signs of a poorly organized task or system. Employees often have a totally different take on how to trim costs, fix what's broken and improve what's not.

But people tend not to step beyond their job description or pay level with ideas. It helps to foster an atmosphere that encourages people to report or acknowledge problems and motivates them to offer positive suggestions. Here's what I've seen work best...simply turn the old employee "suggestion box" into a scheduled activity. Periodically, circulate a questionnaire to all your staff asking for their ideas on how to make improvements in four general areas:

- their own job.
- their department.
- the business itself.
- their own performance.

This only works when they write it out. The act of writing forces people to be more

analytical. Be sure to get four or five answers to each question to force them past using the questionnaire as a whining forum, and also past the first one or two obvious responses. Be sure to keep them involved through the entire process, detailing not only what ideas will be used, but just as importantly, explaining why some ideas were rejected.

The Boss asked for a letter describing Bob Smith:

“Bob Smith, my assistant programmer, can always be found hard at work in his cubicle. Bob works independently, without wasting company time talking to colleagues. Bob never thinks twice about assisting fellow employees, and he always finishes given assignments on time. Often Bob takes extended measures to complete his work, sometimes skipping coffee breaks. Bob is a dedicated individual who has absolutely no vanity in spite of his high accomplishments and profound knowledge in his field. I firmly believe that Bob can be classed as a high-caliber employee, the type which cannot be dispensed with. Consequently, I duly recommend that Bob be promoted to executive management, and a proposal will be executed as soon as possible.”

A memo was soon sent following the letter:

“That idiot was reading over my shoulder while I wrote the report sent to you earlier today. Kindly read only the odd numbered lines (1, 3, 5, etc...) for my true assessment of him.”

Management Tips

Negotiating

I've negotiated over 150 leases and countless advertising contracts, not to mention quelling dozens of contrary customers. Here's some basic points that have never failed me or my clients.

The most important thing is to listen. Which entails watching as well. Body language means as much or more than what people are saying. I've sat in too many meetings hearing promises on the lips of people whose eyes, tone, facial expressions and gestures contradicted their smooth words. Force yourself to not immediately respond, buy time for analysis. Most conflicts come from people not hearing what's said, but what they want or expect to hear. Too many business owners spend their time while the other person is speaking planning their response. You miss a lot doing this, sometimes insights you could have used in the negotiation. It helps to look your counterpart in the eye when they're speaking. Listen with a target in mind. This will focus your attention to verbal and non-verbal cues.

You can maximize this by eliminating distractions. Interruptions break the flow of talk and response, give and take of a negotiation. **Never** conclude any important negotiation on the phone, on the spur of the moment, or when you are liable to be interrupted by phone calls, family, co-workers or sales people. Avoid people who try to force a negotiation or decision on you on the spot, while riding in a car or seated in a loud, crowded restaurant. Force them into a position where you have control and can ask yourself the important questions while listening to them. Are they lying or telling the truth? Are they overly anxious to wrap this up? What exactly are they giving up?

Always let the other person go first. This buys you time to assess who you're dealing with. It also prevents you from offering information or responses without the right slant. Be sure you don't interrupt. You could miss valuable information that will help you later. If

you don't agree with what they're saying, bottle up your rebuttal for later. Try to speak in questions. One school of thought believes the core of negotiating is persuasion. I believe it's the art of acquiring information. The more information you have, the more reasoned your choice of action is. Too many people focus on what they want to walk away from the table with. Listen for the difference between what the other party needs and what they simply want. This is the ability, for example, to recognize that you can probably get the landlord to revamp your entrance, but only if you agree to extend your operating hours.

Don't take things personally or get emotional. This is a hard one, especially when negotiating for yourself, which means the results affect you personally. Yielding to your emotions means you also yield control. Emotions get in the way of listening to the other person, because you're thinking about how you feel. If you get angry, you tend to close off the person on the other side of the table, lose your ability to think clearly and make poor decisions. Similarly, remember the old adage about hating the message, not the messenger. If you shift the discussion to an emotional or personal level, you may antagonize them, and will certainly weaken your own position.

Don't trust anything to memory; yours or anyone else's. When negotiating a lease with the son of the landlord, he verbally promised me 60 days rent-free to remodel and refixture a space, but when the lease arrived, that offer was missing. They claimed it had never been made. Record or write everything down and immediately mail out a sum-up letter. Even when people aren't operating maliciously, they often remember things differently. Keeping people on track will earn you respect and help you get more of what you want. Poor memory is often the mask of a lack of ethics.

Planning, Organization & Education

Getting organized and staying that way. Too many people devote hours to researching advertising mediums or tracking sales trends and too little on efficiency and time management education. Plan or assess your business layout like you'd plan a project for a client or prepare for a big promotion. In detail. From the outside, down to what goes in

which desk. A place for everything and everything in its place is not anal for businesses, its essential.

If you notice that you or your staff seem to be spinning your wheels, hunting for paperwork, or common repetitive tasks taking longer than usual, it's probably time to clean and reorganize. Make this a group effort. When people have to focus on a big job, they tend to work harder at keeping it from becoming a big job. Several of my clients have scheduled cleaning/filing/maintenance days two or three times a year. It also provides your staff to work in a more relaxed atmosphere.

Avoid the common mistake. Approach getting organized in an organized manner. Make a list of what you'll need and show up prepared. This includes everything from garbage bags to lumber for new shelving, to office and cleaning supplies. Cleaning and organizing is not only to help you be more efficient, but to reduce clutter and thin files. You *will* have to throw some things away. You can reduce this job by putting daily maintenance, cleaning and organizational tasks on nightly checkout list or in a job description.

Never stop learning. Improve your managerial skills and business know-how by taking classes or attending seminars. Attend trade shows that provide the latest technology, educational seminars, and other industry related resources. Audit classes at community colleges or universities to constantly add to your skills. I know two former owners of retail businesses who now work from home offices as independent CPA's. Plan for multiple futures.

Involve your staff. Ask your employees for suggestions on streamlining systems and procedures, improving business, improving the atmosphere or even ways to cut costs. Your best resource is often the people who work, or struggle with a system day in and day out. Organize a program to reward your employees for extra efforts and fresh ideas.

Let employees make decisions and encourage input. Even if it means losing a small amount of money to make your customers happy, encourage your people to use their own judgement. A little less cash in hand and a comfortable store and employees costs you less than an argumentative scene in the business when you're not there to mediate or take

charge. Remember that your staff is your best resource when you're trying keep your finger on the pulse of all the day to day activity.

Avoid burnout. Employ tension relievers and diversions consistently. In situations where several employees share the same tasks, switch people around for variety and change. Try to avoid using your top people every weekend or peak business time. Routine helps people grow comfortable, but it also dulls them. Encourage your staff by example to follow these tips:

Stretch: Take two or three minutes every hour to stretch your upper body, shoulders and neck. This is even more critical if you spend long stretches at a computer. You can do a simple routine sitting in a chair.

Drink lots of water, avoid sugar, and watch out for caffeine and nicotine. Steady intake of water helps your body run more efficiently, making you more resistant to stress, helping you to think and act decisively. The sugar in cookies and treats that commonly appear in the workplace or at meetings and conferences provides only a short-term energy boost. The long-term effect of sweets is as a natural depressants while the caffeine in sodas, coffee and tea dehydrate you.

Walk: Use coffee or bathroom breaks to take a brisk stroll. You don't have to be a doctor or aerobic instructor to know that a ten minute walk raises your heart rate, boosts your oxygen intake, burns off some calories and charges your batteries. This helps you remain focused, sharp and concentrated.

Don't force people to recreate the wheel. Get everyone in the habit of jotting down any problem they had, no matter if it was with a piece of software, a policy or system, a piece of office equipment or rough customer. They then need to describe how they solved the problem. Over time, this will create a workbook that people can refer to on a day-to-day basis, and an excellent tool for training new staff.

Take a performance quiz regularly. Watch for these trouble signs

- People are tense and always seem to expect or need instant responses to questions.
- You're constantly missing deadlines, re-scheduling appointments and meetings.
- Staff tend to socialize, even when there's work visibly waiting to be done or they casually drop in on each other, sometimes for vague purposes.

- Tardiness and sick leave are on the rise.
- Personality conflicts seem worse than they ever have before.
- Both short-term, day-to-day tasks as well as long-term projects seem to wind up being performed on a rush basis.
- Customers or clients seek you out away from your store or office.

Handling Difficult Situations

Remain calm and avoid jumping to conclusions or getting drawn into a client or customer's anger. The first thing you should do is employ the number one tactic of negotiating:

Listening. Remember that as soon as you start to speak, you run the risk of revealing your emotions, and often these are the last thing you want the other person to see at that moment. The longer you can keep them talking, the more steam they'll bleed off and the more facts and information you'll have at hand. The old adage "The customer is always right" sometimes fails for small businesses. You will inevitably be faced with a situation where not only is the customer clearly wrong, you both know it. Recognize that when people expect a complaint or a difficult exchange to be refused, they still need to vent their anger. When a customer tells you to perform a physically impossible act on yourself, instead of responding in kind, try lines like:

"There's no call for that kind of language. Please leave now. I'll be happy to talk about this when you're calmer." or "You know, I really don't appreciate being spoken to like this." or "You have to slow down a little bit if you want me to understand what you want." Your goal is to be unthreatening, but in control, while conveying your sincere desire to resolve the conflict.

Some common problem situations:

A special shipment of goods tied into scheduled advertising fails to arrive on time. Know your priorities. Cancel or re-schedule the advertising before you do anything else. Don't overreact, get the facts before you blame the shipper and/or the freight company. Be sure and ask for a refund if the freight was guaranteed for say, two days' transit time and it took

four.

A customer or client complains that your prices are too high. Don't go on the defensive immediately. If you make an effort to discuss their concern, you can often save the sale. Most often, this is not a criticism of you or your business, but simply a tactic taken to secure a discount. Don't lose heart if the comment is clearly a criticism. Customer complaints often reflect a lack of knowledge regarding how products or services are produced, or hidden costs like air freight which delivers the product more quickly than a competitor. You can put the customer at ease by pointing out differences in service, construction or quality. It's common to respond negatively when a person compares your product or service to something of lesser degree. Just stay cool and point out the benefits you're offering gives that more than make up for the difference in price. It's also helpful to explain how price is also reflected in the article's life expectancy.

Despite posted or stated company policy, a customer or client demands something specifically denied. This is an especially difficult situation because the customer most likely knows they're asking for something you never promised to deliver. Don't be surprised when they claim ignorance of the policy, even when they're standing right in front of the sign or you are showing them a contract they signed. Sometimes, people make an honest mistake and it's your first task to assess if they really did miss the sign or the clause in the contract. After that, it's strictly a matter of your need to avoid setting precedents and how you wrestle with your pride. The old chestnut that rules are made to be broken applies as much to business as anything else. Sometimes, you can win a client or customer for life by side-stepping a policy for them. Other times, you will be dealing with someone so unpleasant that you'd just as soon lose their business. This comes down to principles versus practicality. If business is good, it's much easier to stand by your principles and hold your ground.

Employ consideration and kindness at first, even when you're being verbally assaulted or want to respond similarly. Giving aggressive people a taste of their own medicine usually just fuels them more. Straight talk and an even, steady voice are your best defense. Accept

that pushy, argumentative or abusive people often *want* to be treated that way. While not giving them that response may anger them more, it will also defuse them.

Remember who you are. When people treat you poorly, recognize that it's easier for them to do that because you're two-dimensional; a boss, a manager, a figurehead behind a desk or counter. After hearing them out, be firm, logical, and if you're going to deny them, be resolute. When I owned my retail store, a check came through while I was in the hospital, that was written on a closed account. My staff, following procedure, immediately turned it over for collection. It turned out that the customer had simply grabbed the wrong checkbook when they left the house. After being contacted by the collection agency, the customer called the store in a fury, rude to employees from the outset, escalating to personal abuse when told I wouldn't be available for two days, because I'd just had surgery. My first day back, he came in and explained why he'd been so angry, and I explained that closed account checks are almost always people on their way out of town, so no time is wasted on contacting the customer, rushing directly to collection instead. He nodded, seeming to understand that and accept that, but then went on to say that he "...just wanted to tell you that you should discipline the person I talked to. They were completely uncooperative."

I'd spoken in detail with my employee and knew that this was not only untrue, but quite the opposite. I stood by my person, and the customer grew so angry he looked as though he was about to physically strike me. The room grew silent and tense. Suddenly, he spun on his heel and stomped out, calling out across the store that he'd never shop in "this clip joint" again. This is the classic case of deciding when the income from a client or customer isn't worth the trouble it is to handle them. You won't always be able to stand by your principles, so it's important to carefully choose the times when you can.

Purchasing

Remember purchasing affects everything. If you have a large order due in, you will need enough staff on hand to uncase it, check it in against the invoice, price it and get it out on

the floor.

Don't 'Fall in Love' with your merchandise. Many people look at their balance sheet and see a nice, reassuringly large dollar amount on the asset lines for inventory or equipment. For retailers, the key to inventory is rate of turn. Maybe your store has 5000 greeting cards in stock. But how many are you selling each month? If you sell 10,000 a year, you're only turning your inventory twice a year, and that's an indicator that you probably have too much money tied up in that inventory. If you're selling 30,000 a year, you're turning your inventory six times, which is much healthier. Why? Aside from the obvious fact of increased volume equaling increased profits, higher inventory turns help you get rid of slow-moving or dead stock, because your inventory is being seen by a majority of your customers on a high frequency. Slow moving items tend to become dated and then they're nearly impossible to sell. Take advantage of return allotments of unsold goods if your supplier offers that (usually between 3-10% of your total purchases) and prune your inventory regularly. If you can't return unsold goods, get them marked down and out on a discount table or feature area quickly. Don't be sentimental or lose your objectivity. I once was sent in to liquidate a record store where the owners stocked every title available by adventuresome artists like Frank Zappa, while refusing to carry the Carpenters or Neil Diamond. My task at that location is testament to the folly of catering strictly to people who think as you do. The other key factor in purchasing is fusing it with your cashflow as detailed in **Chapter 3, Financial Management**.

Small Business Tip #5

How To Never Miss A Payment Due Date

Use an accordion file with pockets numbered 1 - 31. As bills, invoices and statements come in, file them 3-5 days before the due date. Then each day, after you open your mail and file your bills, pull out everything in today's slot and write your checks.

**Tips from Junior Employees to Senior Managers
on How to Enhance their Relationship**

- If it's really a "rush job," run in and interrupt me every 10 minutes to inquire how it's going. That greatly aids my efficiency.
- Always leave without telling anyone where you're going. It gives me a chance to be creative when someone asks where you are.
- If my arms are full of papers, boxes, books or supplies, don't open the door for me. I need to learn how to function at my optimum performance and opening doors with my elbows or chin is good training.
- If you give me more than one job to do, don't tell me which is the priority. Let me guess.
- Do your best to keep me late. I like the office and really have nowhere to go or anything to do.
- If a job I do pleases you, keep it a secret. Leaks like that could cost me a promotion.
- If you don't like my work, tell everyone. I like my name to be popular in conversation.
- If you have special instructions for a job, don't write them down. In fact, save them until the job is almost done.
- Never give me work in the morning. Always wait until 5:00 and then bring it to me. The challenge of a deadline is always refreshing.
- Never introduce me to the people you're with. When you refer to them later, my shrewd deductions will identify them.
- Be nice to me only when the job I'm doing for you could really change your life.