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smart **Business** matters

Advice for Success!™

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Is it Time for You and Your Customer to Split?

Identify and evaluate problem customers to determine when it's time to restructure the relationship—or when it's time to cut your losses and move on.

Put a stop to problem clients who take advantage of you, abuse you, or fall behind in payments. Appraise the cost of keeping the accounts, consider restructuring the way you conduct business, evaluate the benefits of customer retention, and “fire” the customer if necessary.

Appraise your Accounts. Before you sever ties, gather your customer data in order to assess the costs and benefits of retaining your customer. Evaluate the cost of goods and profit margins for that customer, payment history, and the amount of time spent by you and your staff in dealing with the customer. You should come away with a clearer picture of the actual cost of doing business; you may find the account you thought yielded \$100.00 per item or per hour is actually yielding much less.

Restructure the Way You Conduct Business. If a customer demands lower prices, will he agree to purchase in bulk in exchange for a lower unit price? A small discount for early payment might be incentive enough to get late-payers on track. Changing the way you provide services or goods may be better than cutting the customer off your list.

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Three Typical Problem Customers

When the best customer is NOT the one you already have—meet the Demander, the Abuser, and the Dodger.

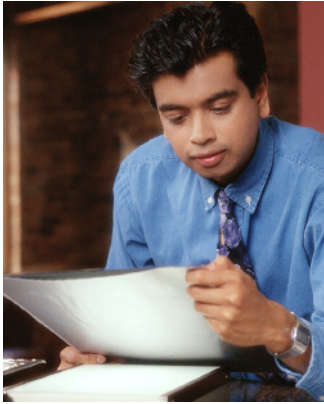
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INSIDE: Define Your Values PAGE 2

Ethics and Company Culture

How does your company culture reflect your ethics? Consider these results taken from the 2005 National Business Ethics Survey.



- Fifty-two percent of employees witnessed at least one example of misconduct within the year.
- While 58 percent of employees surveyed believed their organization had a strong ethical culture, an astounding 42 percent believed their organization's ethical culture to be weak.
- Formal ethics programs have some impact on outcomes with less established corporate cultures, but little impact on corporations with strong, established cultures. Outcomes are best in companies whose managers and employees display "certain ethics-related actions" and have accountability policies.

For more information on business ethics, visit the Ethics Resource Center, www.ethics.org.

Ethics, Anyone?

Establish a Code of Ethics to help you and your employees make great, fair judgment calls.

Every day we make decisions, large and small, based upon our individual values. To make sure your employees are in line with your values and to guide them to "do the right thing," create an ethics code for your organization.

List your core operating values. Limit the list to ten or fewer to ensure that you can remember them and reflect on them daily. Keep them posted as a reminder to you and your staff. Some examples of core operating values held by some companies are: recommending only the services or products the customer truly needs, honestly informing customers about products you stock, invoicing a customer only for the products and service provided, and giving back to the community.

Create a policy statement. Define your philosophy on ethical business conduct. Create a statement that includes your operating values and calls for all employees to uphold those values every day in the services they provide for your customers.

Train your staff. Review the values you expect your business to display. Discuss performance actions that meet those values. Talk about situations that may challenge those values and how to handle them.

Evaluate how well your procedures support your values. Do your advertising and business documents reflect your values? Charges and policies should be up front, clear, and concise. Your procedures for hiring and disciplining employees, hiring contractors, and working with suppliers should also reflect your code of ethics.

Once you've created your organization's Code of Ethics, you must hold yourself, employees, vendors, and subcontractors accountable. Behavior upholding company values should be applauded. Behavior that detracts requires further training, guidance, or disciplinary action. Let your company's code help you to balance the quest for profit and growth with fair, honest treatment and stellar customer service.

Take Me Out to the Ballgame...

Employee Perk

Tickets can be a great way to reward an employee for his or her outstanding work, and encourage similar efforts in the future. Pick up a pair of major league tickets. Or consider stretching that gift to get enough for the family or a few friends by purchasing minor league tickets. Those games can be every bit as exciting, chances are there's a farm team located near you, and many of the minor league stadiums offer services that are tailored to families.



When it's Time for the Pink Slip

We can no longer think of the words “You’re Fired” without envisioning Donald Trump delivering them as he glares across the table at a group of future “Donalds” in the Board Room. However, there are better ways to go about the process.

There are times when an employment relationship will just not work, no matter how much training, coaching, evaluation, and counseling time you put into it. If you have kept your responsibilities as an employer, and your employee is not meeting his or her responsibilities, it may be time to deliver the pink slip. Here are eight steps to letting an employee go.

Seek Support. Before firing an employee, review state laws regarding termination and consider receiving counsel from a Human Resource professional. Depending upon the nature of the firing, you might also consider asking a lawyer for legal advice.

Act Sooner than Later. Letting a problem employee go is best done sooner than later. The longer an employee’s negative actions go unchecked, the more difficult it is to let go. Set a three month review period for new employees, let the new employee know that you will be reviewing performance within this time, and do it! If you have trained, coached, documented, and provided warning about performance lapses, and the employee is clearly not the right fit for the job, it is probably best to end the relationship.

Plan the Meeting. Be prepared for the termination meeting. Gather your records, which should include basic information about the employee such as hiring date, salary, sick time, vacation time, and time cards as well as performance appraisals, documentation regarding performance, and copies of verbal and/or written warnings. Be able to outline clear reasons for the employee’s termination.

Do it on Monday or Tuesday. The best time to fire someone is at the beginning of the day, at the beginning of the week. That gives you the remainder of the day and week to reassure your other employees that they are not going to be fired instead of sending them off on the weekend to worry about their own demise. It also provides time to smooth things over before the fired employee calls them at home to tell his side of the story.

Get a Witness. If you feel an employee termination will be difficult, you may want to bring in another manager, a Human Resource person, or other business professional as a witness to the proceedings to avoid any unfounded accusations.

Be Firm and Fair. Call the employee into your office or conference area and say you need to discuss something with her. Clearly state that you are letting her go and clearly state the reasons why. The employee may want to negotiate for another chance, but remember you have done your research, you have documented and clearly spelled out performance issues, and you have made your decision and must now stand firm on it.

Provide Time to Gather Personal Belongings. If the employee is reasonable, allow some time for him to gather his belongings. Ask if you can assist or have someone else assist. You will need to determine and decide how much oversight is needed as he packs up. If an employee is unreasonable, you might want to suggest he return at an agreed upon date to pick up personal belongings or to wait while you and another worker pack them up.

Keep the Proceedings Confidential. While you want to assure your other employees that their job is secure, do not discuss why you let the employee go. Just say that you have let the employee go and provided reasons for ending employment.

These pointers can help you through the firing process, especially for employees with a short employment history. If you have a long-term, solid employee who is suddenly slipping, use good listening skills to get at the root cause of the problem, and develop an action plan for yourself and for the employee to set production back on track. If you believe the time has come to part ways, document, document, document, and provide the employee with ample warnings before termination.

Consider Other Benefits. If an account is unprofitable, is there another purpose the client is serving? A local bank providing a small loan to a retailer may not generate much return, but the customer may “talk up the bank” to everyone who comes into the store, and refer many good customers. If the customer was an early supporter of your business or continues to bring new customers to you, consider that as well.

Also consider the percentage of business, but don't let it deter you from saying goodbye. It may be difficult to lose 25% of your income, but consider the results if you replaced that client with one or two who are easier to work with — and more profitable.

Fire Your Customer. If you conclude you would be better off without a customer, be as tactful and diplomatic as possible. Explain that you are not in the position to meet certain service expectations without raising your costs; that you have worked to satisfy a complaint or provided full restitution and there is nothing more that can be done; or that you must discontinue providing goods and services until those outstanding invoices are paid. Then use the time and energy you save to market yourself to new and better clients.

Show Me!

If you want your employee to handle responsibilities as well as you do, demonstrate the way the job is to be done, and then say these “magic” words.

If you have hired a new employee and want them to perform at a high level, you must clearly outline your expectations and provide whatever training is necessary to get the employee up to speed on your business. A simple training technique you can use is “Show Me.”

Whether you are training an employee to send out a press release, handle sales transactions, enter new customers in your database, field an incoming call, or input invoices, following a few simple steps can get them accustomed to the way you do business, help them to hit the ground running, and avoid using your customers as “guinea pigs.”

First, you or someone you have designated to train the new hire should demonstrate how to perform the task of, for example, filling out a sales slip. As you are performing the task, describe carefully and in detail what you are doing. Next have the employee fill out the sales slip as you walk him or her through the process. After this step has been done to your satisfaction, say “show me.” Have your employee do the task alone and then review the outcome. Once the employee has demonstrated the ability to perform, you can be assured that she or he is well on the way to representing your business well to your customers.

PROBLEM CUSTOMERS CONTINUED FROM PAGE 1.

The Demander is the client who takes advantage of your services. No matter how much you deliver, he demands more and wants to pay less. Increase the amount of time you service this customer and cut your prices, and you will develop a pattern of losing money.

The Abuser is abusive to you and your staff and can sap your energy. The longer you deal with this person, the more you lose. Think of the extra hours listening to the customer complain, trying to please the customer, talking to staff about how to please the customer, and complaining about the customer. All of these add up to dollars per hour. What price are you willing to pay to retain this customer?

The Dodger is the client who avoids paying for services rendered or products delivered. If she has a history of paying late or has fallen far behind, you probably don't need her business. She's playing with your money! If you continue to extend products or services without being paid, you may be putting your business at risk.

