

COMPASS POINT NAVIGATOR



Practical Advice for Changing Times

Volume 11, Number 1

Surviving the downturn - Entrepreneurs need to make tough decisions

In the current economic climate, businesses need to be proactive and ensure that staff are motivated and the business is focused.

The reality of today's business climate is that businesses are facing a very difficult time.

Spending and confidence are down and sluggishness and caution reign. Meanwhile, entrepreneurs are facing difficult decisions that they may never have come up against before. Should business leaders hire or fire? Should they cut prices to maintain market share? How can they discourage divisive internal politics?

Making the right decisions will require leaders to balance what they wish to achieve externally, in the market, with the challenges that lie within their organizations.

The marketplace: narrow the focus

People often talk about retaining or marginally increasing market share when times are tough. Yet this can be misleading, particularly if it results in the chasing of all business at all costs — the good, the bad and the downright ugly. In reality, profitability and growth are achieved by companies that focus on the critical, the few priorities where most value is to be enjoyed.

To do this, business leaders need to set priorities based on customers' needs. They probably need to cut costs, too, and may even need to do so aggressively. But, whilst trimming costs is important, selecting what to cut is even more vital. Some businesses cut voraciously, only to realize months later that they have cut the very capability they need to sell and deliver their business.

Why, for example, would you cut sales associates immediately before launching a customer experience campaign to boost flagging sales? That is, unless you wanted a rival to swoop in, increase its own sales expertise, and increase profits by 52% — as was the unhappy outcome for an electronics retailer.

Businesses that make the right decisions develop a collective understanding of how their organizations create value for their customers and make their operational and budget related decisions based on this understanding. In this context, it is much easier to determine if and what products and personnel should be cut.

Please see **ENTREPRENEURS** page 3

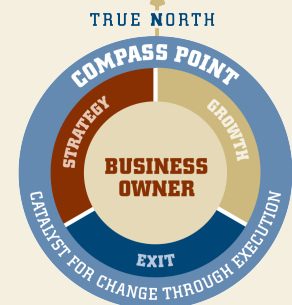


Strategy...Growth...Exit

About Compass Point

Compass Point is a business strategy consulting firm that works with CEOs, owners, and management teams of closely-held businesses, family businesses, and non-profit organizations with revenues between \$10MM and \$200MM. We are experts in the area of strategy development, execution, and legacy planning that promotes the value of the business or organization. All plans are made within a broader scope and a targeted timeline to someday personally harvest that value for the owner or to transition leadership to the next generation.

Maximize Owner Wealth



The Compass Point Process

Primary Services:

- Ownership Planning™
- Succession Planning
- Strategic/Business Planning
- CFO Advisory Services
- Strategy Implementation & Execution
- Equity Investment & Management
- Wealth Management
- Family Business Consulting

The Way I See It...



Working Successfully with Different Generations By Dr. Lorri Burt

At Compass Point, we specialize in working with closely held, often family run businesses. This model is very popular as, according to Nancy Bowman-Upton in the Small Business Administration publication *Transferring Management in the Family-Owned Business*, about 90 percent of American businesses are family owned or controlled. A family business is defined as, any business in which two or more family members are involved and the majority of ownership or control lies within a family. Given this fact, it is not a surprise that conflict amongst generations may occur as the business grows and changes over the years.

As the years go on and the business diversifies and flourishes, we often see the balance of power being transferred from parent to child, or perhaps, from parent to child to grandchild. The common thread that runs through this turnover is the dedication to family. Over time, some concerns that commonly come to the forefront are; how to make decisions in a family setting, how to transfer ownership to the next generation while providing fair compensation to the senior owner, and how to grow revenue and market share in a tricky multi generational environment. No matter how strong the family, issues of differences in the business model and thoughts on “how to do things right” will have a tendency to surface as the business matures.

Additionally, as decisions based on how to introduce different products, services, or marketing techniques are discussed, conflict, or stagnation may occur because of the difference in the generations. A baby boomer senior owner, who is the parent, may make decisions differently than a GenXer son or daughter who is involved in the business. Even worse, if the decision making process is rendered stagnant in order to keep the peace within the family the revenue of the business will often suffer.

If this scenario sounds familiar to you or any of your colleagues, Compass Point recommends the following. Prior to transferring business ownership, take an honest look at what transfer of power from one generation to another may look like for your family. First and foremost, what are the non-negotiables for the senior owner and junior family member? Often the family has been very busy working “on” the business and has not given any thought as to what exiting the business may look like. Does the senior owner desire to sell and exit or sell and stay “in the business” for a period of time? What does staying in the business for the senior owner mean? Are there other family members who may have an interest in the assets or stock of the business?

If there is no current plan for transfer of ownership, Compass Point can help introduce systems that will ensure future transactions, decision making and ownership planning can better be facilitated. With good preparation and forecasting the business will flourish and the family will achieve a harmonious balance of power and ownership.

Have you ever thought about dealing with rejection?

As long as you are in business, rejection will be part of the journey. You may be turned down for a bank loan, a major retailer might decide against stocking your product or a potential new client may reject your proposal.

The rejections you face will come in many forms, but it's how you deal with them that will determine how you progress.

You're most likely to encounter rejection when you're making sales, and it's here, because of its sheer regularity, that you really need to learn how to handle rejection.

If you don't learn to cope with the knock-backs, you can soon find yourself shying from trying to make those all-important sales.

Closing yourself off from the inevitable rejections is not the answer.

Please see **REJECTION** on page 4

ENTREPRENEURS continued from page 1

Making the right decisions will require leaders to balance what they wish to achieve externally, in the market, with the challenges that lie within their organizations.

On the emotive issue of staff, business leaders would be wise to consider all alternatives, such as salary freezing, if these are more useful to the business long-term and to internal morale. The challenges within even the most successful companies with the most vibrant cultures must deal with the stress that workers feel in leaner times. When budgets are tighter, it is not uncommon that employees become defensive, territorial and competitive. Negative politics intensify at all levels, sapping valuable energy and focus on what matters commercially.

Employers should think about how they can bring about more co-ordination and alignment of different groups within the business. Framing an agenda around key business goals and involving various staff members is crucial. So, too, is the honesty to acknowledge the challenges the business is facing. Don't be fooled into thinking that the stereotypical 'strong leader' is best. Suppressing the heat of contention may get in the way of making the right decisions and with the right level of 'buy-in' from staff. Letting staff contribute and allowing a certain level of emotiveness is both healthy and honest. Stepping in to manage that conflict and making clear how you intend to make decisions is more important. Leaders need to make informed decisions that reflect what their customers want and value and set internal priorities accordingly. Only then will you earn the respect from staff so that the business remains focused, the right decisions are reached, and the seeds are sown for the years of plenty—when that upturn comes. ■

SOURCENOTE: For more information about the Forum Corporation visit www.forum.com

How to get more work done today

Lack of productivity has many causes. Here are some of the more common ones that you can easily eliminate:

- **Lack of priorities.** Your to-do list is useless if you don't know what to tackle first. Talk with your supervisor to identify what is really important. If you're the person in charge, devote some time to deciding which tasks add the most value to your organization so you don't waste time on non-essentials.
- **Procrastination.** Time disappears quickly when you put off necessary tasks. Try breaking them down into small segments so they're easier to get started on - especially for large-scale projects, which can intimidate many people into delaying action. Schedule unpleasant tasks early so you can get them out of the way and focus on other jobs.
- **Interruptions.** You can't shut yourself off completely from co-workers and you boss, but you can minimize time-wasting interruptions. Close your door if you have one; if not, hang a "Do Not Disturb" sign on your cubicle, or wear some headphones that block noise. Let people know that you sometimes need to concentrate, but that you're available in case of legitimate emergencies.

SOURCENOTE: Ragan eNewsletters

Words of Wisdom

"Don't wait for a light to appear at the end of the tunnel, stride down there and light the bloody thing yourself."

-Sara Henderson

10 WAYS TO SELL EVEN MORE

If your thirst for sales tips still isn't quenched, try these 10 WAYS TO SELL EVEN MORE from Robert Ashton's 'ENTREPRENEUR'S BOOK OF CHECKLISTS'.

Selling is not just about technique. There are some additional ways you can improve your sales performance. Here are some that are often overlooked:

ASK WHY — If your prospect turns you down, ask them why. You want to know their reason. You also then have an opportunity to change their mind.

ASK WHO — The moment you have the order is the best time to ask for a recommendation or referral. Too many people wait — do it straight away.

DROP CARDS — Business cards are cheap advertising. Always carry cards and never hold back from presenting one.

GET ABOUT — Show an interest in your industry or sector. Attend the events your customers attend. Ask good questions of speakers you hear. Be noticed.

BE MEMORABLE — Some of the best business people have a physical 'trade mark'. Richard Branson doesn't wear a tie, others always wear a bow tie. Stand out from the crowd.

READ EVERYTHING — Once you develop the habit of reading press articles, office notice-boards, even invoices on your customers' desks, you will become more aware of who else you might do business with.

Please see **10 WAYS**
on page 4

REJECTION continued from page 2

To overcome the fear of rejection, one of the first things you need to do is to change your attitude to what you perceive as rejection.

As a business owner, you're intimately entwined with your business. This can often lead to a business rejection being taken personally.

If you're to stay sane and in business, it's crucial that you break this link immediately. As perverse as it may seem, you should learn to embrace rejection.

If you're keen to grow your business, you'll need to make more sales, and rejection is part of the sales process. So let's look at the positives of receiving a rejection:

1. It's better than a "maybe".

With a "no", you can move on and focus more time and energy on your next prospect.

2. It's an opportunity to learn. A rejection is a great chance to find out more about potential objections to your proposal/product/service. A few well structured questions will give you valuable feedback and help you to make improvements.

3. You're one step closer to the next sale. Calculate the number of rejections you receive, on average, for every successful sale. When you know this figure, you can be confident that each rejection is taking you one step closer to your next sale. In an early sales job, I once received 54 consecutive "rejections" in a single day. Although it wasn't an enjoyable day, I knew that I'd make one sale in thirty. Knowing that I was due to make two sales in the next handful of calls helped me to retain a positive attitude and to pick up the phone the following morning.

SOURCENOTE:

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Debate and Desist

Most of your managerial decisions involving your group call for negotiation, multiple viewpoints, and lots of discussion.

THIS CERTAINLY HOLDS TRUE for settling arguments, negotiating assignments, leading interdepartmental project teams and so on.

However, at what point should you, as the discussion leader, end the debate and move ahead to a decision?

Use the following three criteria to decide when it's cut-off time:

1. Urgency. When a decision must be made to get an important project started or unstuck, or when the deadline for making a decision approaches, don't hesitate to ask for final opinions. Summarize the alternatives before the group and proceed to voting or to handing down your decision.

2. Procedure. Once you've followed your established decision-making procedure, don't drag it out any longer. For example, once the ideas or motions have been stated, clarified, discussed, and summarized, there's no reason to delay the decision.

3. Opposition. Sometimes clarifying and discussing an idea or motion doesn't lead smoothly to a decision. Instead, it leads to a deadlock between opposing individuals or blocs. Opposition comes in many forms, but two of the most common are principled and obstructionist. Principled opposition is often based on a strong sense of what will work in the situation

at hand, firmly held values, or a belief in tradition.

Obstructionist opposition is most often based on office or organizational politics or career concerns. Either way, if positions have hardened, it's time to put the issue to a vote or make your decision. At a minimum, you'll see how much further negotiation will be necessary. ■

SOURCENOTE: Ragan eNewsletters

10 WAYS continued from page 3

NEVER STOP — Customers have a home life too. When you bump into people you do business with, wherever it is, make a point of speaking to them.

SAY YOUR NAME — Whenever you meet someone, say your name as you introduce yourself. People only recommend people whose names they remember.

SIGNS — Sign-written vans and other 'point of delivery' advertising makes it easier — particularly when you sell to homeowners—for neighbors to contact you. ■



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