

How to Improve Your Leadership and Management Skills

**Effective Strategies
for Business
Managers**

Meir Liraz

How to Improve Your Leadership and Management Skills Effective Strategies for Business Managers

By Meir Liraz

Other books by Meir Liraz that may interest you:

[The Complete Guide to Managing a Small Business \(61 Book Bundle\)](#)

This monster package combines the content from 61 books to form the most comprehensive business management resource available today.

[How to Sharpen Your Managerial Skills](#)

[How to Manage a Business](#)

[How to Get Free Government Grants](#)

[How to Start Up Your Own Business](#)

[Business Plan Template](#)

[How to Advertise Your Business](#)

[The 100 Top Inspirational Anecdotes and Stories](#)

[How to Start a Small Home Business](#)

[How to Increase Business Profit](#)

[How to Effectively Manage Your Sales Team](#)

[How to Start a Service Business](#)

[How to Open a Store](#)

[How to Start a Construction Company](#)

[How to Start an Export Business](#)

[How to Start a Manufacturing Business](#)

[How to Finance a Business](#)

[How to Develop a Strategic Plan for Your Business](#)

[Guide to Small Business Insurance Coverage](#)

[How to Manage a Family Owned Business](#)

[Complete Guide to Human Resource Management](#)

Copyright © 2013 by Meir Liraz. All rights reserved.

Table of Contents

- [1. How to Lead and Manage People](#)
- [2. How to Make a Good First Impression](#)
- [3. How to Motivate Employees in the Workplace](#)
- [4. How to Manage Change Effectively](#)
- [5. How to Deal With Difficult Employees](#)
- [6. Effective Business Negotiation Techniques](#)
- [7. How To Set and Achieve Goals](#)
- [8. Effective Delegating Strategies](#)
- [9. How To Ensure the Profitability of Your Business](#)
- [10. How to Create a Business Environment that Supports Growth](#)

1. How to Lead and Manage People

In organizations we must work with and for others. To be able to mutually achieve our goals we must be able to relate to others effectively. These Effective Leadership Skills Training tips will help you do just that.

- Catch people doing things right and then let them know that they are doing things right.
- Use feedback to stay informed about what other people are doing in your area of responsibility and authority.
- Have regular, focused meetings regarding the projects that you are responsible for.
- Provide adequate instructions. Time is lost if things are not done correctly.
- Train others to do jobs. You cannot do them all, nor can others do them if they have not been trained.
- Expect others to succeed. It becomes a self-fulfilling prophecy when you believe others are loyal, dedicated and doing a good job.
- Help others see how they will benefit from doing a job. This is when they truly become motivated.
- Do not avoid talking to a poor performer. It hurts them, the organization and yourself if the situation is not dealt with.
- Do not over control others. It is frustrating for them and time consuming for you.
- Focus on results, not on activities or personalities.
- Reward people for the results that they produce.
- Manage by walking around. See what people are doing and listen to what they have to say.
- Make quality an obsession, especially on smaller items.
- Send thank you notes and memos.
- Provide workers with open, direct, and immediate feedback on their actual performance as compared to expected performance and they tend to correct their own deficiencies.
- Practice naive listening. Don't talk, just let people explain why they are doing the types of things that they are doing. You will learn many things.
Manage by exception. When things are going well, leave them alone. When a problem occurs, then help.
- Never seek to place blame. Always focus on the problem.
- Never ignore a concern of one of your people. While it may seem trivial to you, to the other person it is a problem that will continue to destroy their train of thought.

- Make it a personal rule and a challenge to respond to someone within 24 hours of hearing their request.
- Keep memos on bulletin boards to a minimum. People will spend less time standing there reading.
- Give employees an opportunity to speak their opinions and suggestions without fear of ridicule or reprisal.
- When you are going to make a change that affects others, get them involved before making the actual change. This increases commitment to make the change work after it is implemented.
- Put key ideas on small posters to hang around the office.
- When the environment and your sincerity permit, give the person a hug or a touch.
- Employees are the only organization resource that can, with training, appreciate in value. All other resources depreciate.
- People want to be involved in something important. Give them a whole project or a significant piece of the project to work on.
- Have salary tied into performance appraisal and accomplishing of objectives.
- Consider sharing distasteful tasks to reduce resentment and hard feelings.
- Ask, "Will you please do this for me" instead of telling someone just to do it.
- Eliminate private secretaries in favor of shared secretaries in order to make it easier to even out the work load.
- If you give employees a basic employee handbook, you will not be interrupted with their questions.
- Pay attention to small details, the big ones are obvious and get taken care of.
- Stay open in your thinking. Be open to all new ideas. Do this and you will not be setting up barriers that do not exist.
- Avoid asking others to do trivial personal items for you.
- Say thank you to those with whom you associate.
- A warm smile and strong handshake break barriers.
- Smile. It helps you feel better and is contagious. The whole organization shudders when the boss is frowning. Likewise it smiles when the boss does.
- Keep things "light" and have fun rather than being too serious. Seriousness blocks productivity.
- In order to fly with the eagles you must "think lightly."

- Work with each person to create standard operating procedures for their specific job. It will eliminate repetitious questions.
- Let people know why they are doing something. It then becomes more meaningful when they recognize their part in a greater vision.
- Provide soft, lively background music not slow and not rock.
- To get a disorganized coffee drinking crew started off more efficiently, begin each day with a 5 to 10 minute meeting just at starting time. They will be focused, set in the right direction and can get right to work.
- Practice the golden rule in business: Do unto others the way you would have them do unto you. Fairness will then be in your business.
- Practice the platinum rule in interpersonal relationships. It is "Do unto others, the way they want to be done unto." They will be more apt to stay comfortable when interacting with us when we are able to do things their preferred way.
- Get others to commit to deadlines by asking, "When can you have that for me?"
- Nail down commitment by asking, "Do I have your word that you will have that for me then?"
- Set the stage for cooperation from others by: 1) Introducing the idea; 2) Continual stimulation by talking about it; and 3) get others to make an investment by having them participate in the planning.
- If you are unable to reach agreement or get a commitment from another person in a meeting, agree to disagree, but summarize your understanding in a confirming memo.
- Giving people recognition generates energy within them. They will then direct that energy toward increased productivity.
- Tap the potential of those working for you by giving them opportunities to think things through for themselves instead of just telling them how to do something.
- Always give people the benefit of the doubt. They may not be the cause of a problem. The cause may be beyond their control.
- Admit it when you do not know the answer to a question posed by a staff member. Then challenge the staff person to research and decide what the best answer is. It will help this person grow.
- Be persistent and follow up.
- When you were away and some of your people did an exceptional job, call them at home in the evening when you find out and personally thank them for what they did instead of waiting until the next time you see them.
- If you know that a person will respond angrily to a particular comment, avoid bringing it up. It is nonproductive and bad for the relationship. In other words, "never kick a skunk."

- When you appreciate what someone has done, let them know and put it in writing. This can then be added to their personnel file.
- Have an opinion survey done to determine how people view the organization. That way you can catch any problems while they are still small.
- Encourage periods of uninterrupted activity such as a daily quiet hour in your department or work group.
- When asking someone to do something, let them know what is in it for them and the organization. Do not focus just on what is in it for the organization and yourself.
- The boss is the strongest model the employees have. Be a positive model as people are watching to see how you behave. They will reflect this in their own behavior. Lead by example.
- Be a member of the 4 F club with others. Be seen as Fair, Firm, Friendly and having Foresight.
- Do not help others unless they need and ask for help.
- Encourage your people to come up with new ideas and ways to do things. Give them credit and recognition for the idea.
- If a new idea won't work, at least praise the effort of the person so they will come up with future ideas.
- Once a month meet with each staff member to catch any problems or concerns the person may have as soon as possible before they become a crisis.
- Be the kind of a person that others want to help out and work for.
- Be flexible and do whatever it takes to get the job done. Remember it is results that count, not activities.
- Generally speaking, getting something done perfectly is usually not as important as getting it done. Perfection has a high cost and it may not be worth it.
- When giving or receiving information, don't hurry. Take the time needed to truly understand. It prevents future problems and misunderstandings.
- Whenever you are having an important discussion with a person, before parting, set a specific follow-up date and time and write it in your calendar.
- Never criticize an employee in front of others. Have all discussions of a corrective nature in private.
- Hire people with specific skills and interests that match what the organization needs to have accomplished. The better the match, the better the productivity and the more motivated the person.
- Treat people as people-not things.

- Flaring in anger will drive others away. If not physically at least mentally,
- Keep a "warm fuzzy" file for each person a place to keep track of the things you have already complimented them for, and want to compliment them for.
- Have regular performance review and goal setting sessions with each of your employees at least every three months.
- Have regular "development discussions" with each of your people in which you discuss only how the individual may grow personally and how you and the organization may be able to support them in doing this.
- Low morale in workers may be an indication of the boss only talking about negative things or what's wrong. Be sure to balance negative comments with more frequent positive comments.
- Let your people know you are there to help them not to harass them.
- Telling people what you plan to do, and when, can be a catalyst for getting objections and input which you might not otherwise receive.
- Form an action team to address people's problems right away rather than letting things drag out and perhaps get worse.
- Instead of saying to another, "What can I do for you?" ask them "What can you do for me on this project?"
- Do not hold back from discussing the need to improve performance with one of your people.
- Encourage others to develop their plan of action and give you a detailed explanation.
- Encourage individuals to compete against themselves to achieve more. Let it be a personal challenge to become better as an individual-not competing with others but self.
- Check the ratio of positive comments to negative comments that you make to your people. Purposely make more positive comments.
- Demand accountability.
- Do things for others. They will be more willing to do things for you.
- Consider using time off as a reward for getting things done ahead of time.
- Set up an orientation training program for all new employees. It will help them learn their way around as well as teach them where things are kept and why.
- Stay informed of subordinates' needs and interests. Projects can be more effectively designed and rotated when you are well informed.
- If individuals needs some encouragement in taking action, ask them, "What if..." questions to help them see what choices of action are available.
- Let people know that you know they can do it.

- Ask questions creatively so the action to be taken is suggested by the person who is to take it.
- Set up incentives that reward desired performance.
- Ask others for their estimate of how long it will take to do a project. When possible, agree and hold them accountable for that goal.
- Take on someone else's routine so they can do what you need done without interruption.
- Just as with family members, break large chores up into small, fun activities and enjoy doing them with team members.
- Before an employee leaves on vacation agree on a "must do" list of activities to be completed.
- Do not be quick to judge others. Learn to listen carefully before coming to conclusions.
- Consider sharing ideas and responsibility with others rather than just getting someone to do it for you or just doing it yourself.
- Inspire others to new levels of achievement by using positive encouraging feedback and ideas.
- Don't just ask someone who is busy to get things done for you; look for the busy person who is getting results. This is a doer, not simply a busy wheel spinner.
- Believe in the good of people.
- Do not be a "baby sitter" of others, constantly taking care of them and telling them what to do. Challenge them and help them learn to think and do things for themselves.
- Consider an incentive plan to reward productivity gains.
- Don't do what you can get someone else to do by simply asking.
- Clearly communicate who you want to do what, by when and at what cost. Then identify who needs to know about it and when they are to be informed.
- For people you relate to regularly, keep a list of things you need to talk to the person about. Then when you meet with or call them, you can review all the items that have accumulated on your list.
- Recognize you are not the only one who can do a job right. Trust others to do things for you.
- Organize, deputize, supervise.
- Meditate for one minute before starting a new subject or project.
- Don't worry about who gets the credit for completing a project. Focus on the task To be accomplished and do it.

-- When credit is given to you for completion of a project, be sure to give it to all who were involved. This will nurture the relationships and provide motivation to support you in the future.

-- Be sincerely interested in the people working for and with you.

-- Help others recognize their own importance.

-- Keep a list of birthdays, marriage and work anniversaries and other special dates. Provide recognition to your people on each of these dates. Mark your calendar prior to the actual date so you have time to prepare for it.

[Go to Top](#)

2. How to Make a Good First Impression

We sometimes get only one chance to make an impression on someone either in our personal or business life. Therefore it is important to remember some basic things to do that will assure us of making the best impression possible. The following are ten of the most common things people can do to make the best first impression possible.

1. Appear Neat And Dress Appropriately.

Being neat in our appearance is something we can do regardless of whether we are trying to make a good impression on someone or not. In a *first meeting* situation for business, to show up in jeans, tennis shoes and with uncombed hair would be a big mistake. If the situation is social, dressing casual is fine depending on where you are meeting, but being well groomed is always going to make a good impression.

2. Maintain Good Eye Contact.

From the first time you meet the person until you part, maintain good direct eye contact with them. This usually indicates to people that you are listening to them, interested in them, and friendly. You need not stare or glare at them. Simply focus on them and their immediate direction the majority of the time. When talking, look at them also, since your new acquaintance wants to be sure you are talking to him/her and not the floor. It also will give you an idea of how the person is receiving what you are saying to them if you are looking at them.

3. Shake Their Hand At The Beginning And When Parting.

Whether it is a business meeting or a social occasion, most people appreciate or expect a friendly handshake. The best kind are firm (no need to prove your strength) and 3-5 seconds long. Pumping up and down or jerking their arm about is not needed nor usually welcomed. A *limp rag* handshake is not recommended unless you have good reason to believe shaking the person's hand any harder would injure them. Look at them in the eye when shaking their hand.

4. SMILE! :-)

A smile goes a long way in making a first impression. When you shake hands with the person, smile as you introduce yourself or say hello. Even if the other person does not smile, you can, and it will be remembered by the other person. As you talk or listen to the person speak, smile off and on to show your interest, amusement, or just to show you are being friendly.

5. Listen More Than You Talk.

Unless you are asked for your life story (in which case give a very abbreviated version) let the other person do most of the talking as you listen. Listening to your new acquaintance will give you information to refer to later, and it will give your new friend the impression you are genuinely interested in them, their business, etc. If you are asked questions, feel free to talk. If you are really bored, avoid 3-5 word sentence replies to your companion's questions. Pretend at least to be interested. You won't/don't necessarily ever have to talk with this person again.

6. Relax And Be Yourself.

Who else would you be? Well, sometimes people try to act differently than they normally would to impress or show off to a new acquaintance. Putting on facades and *airs* is not recommended, as a discerning person will sense it and it will have a negative affect on how they view you. Just be yourself and relax and *go with the flow* of conversation.

7. Ask Them About *Their* Business And Personal Life.

Show that you have an active interest in the other person's professional and personal life. When an appropriate time comes, ask them to tell you about their family and their business if they have not already done so. People love to talk about themselves. They usually feel flattered and respected when others, especially people who have never met them, show real interest in their business and their personal life. It also shows that you are not self-centered when you do not spend alot of time talking about yourself and *your* life.

8. Don't *Name Drop* Or Brag.

Very few people you will meet for the first time will be favorably impressed if you start telling them you know Donald Trump, Don Johnson, or the CEO of Widgets, Inc. They want to get to know you and have you get to know them. Experienced and secure business people are not impressed by who you know as much as what you know. If someone asks you if you know *so and so*, then it's appropriate to tell them the truth. Unless they do, it sounds like you are very insecure and trying to really *impress them*. Bragging about your financial, business or social coups or feats is likewise in bad taste and not recommended. Just keep it simple and factual and be yourself.

9. Don't Eat Or *Drink* Too Much.

If your first meeting is at a function or place where food and alcohol are served, it is wise to eat and drink in moderation. This is especial true of drinking alcohol! You want to be able to listen well and remember what is said, and speak well for yourself. There is probably nothing that leaves a worse first impression on a business or social date than for their new *acquaintance* to get intoxicated and to say or do things that are embarrassing, rude, crude, or all three. Use good self control and eat as your new friend does, and drink only in social moderation or not at all. What is done one night under the influence of alcoholic merriment might be regretted for hundreds of nights in clear headed sobriety!

10. Part With A Smile, A Handshake And A Sincere Comment Or Compliment.

Regardless of how you felt the evening went it is simply common courtesy to shake hands when the evening is over, offer a smile and some sort of friendly comment or compliment. If it was a social evening and you had a great time, offer a sincere compliment and let them know you'd like to meet again. If it was a business meeting, offer a smile and a sincere comment around how it was nice to meet them, get to know them, learn about their business etc. You may never have to see the person again, but they may know people who they will tell about their meeting with you who you *will* work with or need to meet down the road. It always pays to be kind and polite even if you were not treated that way or did not enjoy the time you spent with someone.

[Go to Top](#)

3. How to Motivate Employees in the Workplace

Supervising people involves more than telling them what to do. Effective supervision involves motivation from within the individual, not by externals.

1. Treat them as individuals, not merely as necessary cogs in a wheel. Remember their personal problems, find appropriate times to ask how they or their families are, how the big event went, whether the plumbing problem got fixed.
2. Acknowledge their contributions. Let them be confident that when you pass their suggestions and contributions up the chain of command you will acknowledge the members of your team as the source.
3. Back them up. When things go wrong, the buck stops at your desk. Do not deal with problems by telling your superiors how awful your supervisees are. Tell how you will go about preventing a re-occurrence.
4. Take time for them. When a supervisee comes to you, stop what you are doing, make eye contact. If you can't be interrupted, immediately set up a later time when you will be able to pay full attention to them. Otherwise people may feel that they are bothersome to you, and you may someday find yourself wondering why no one tells you what is happening in your own department.
5. Let them know that you see their potential and encourage their growth. Encourage learning. Help them to take on extra responsibility, but be available to offer support when they are in unfamiliar territory.
6. Explain why. Provide the information that will give both purpose to their activities and understanding of your requirements. Providing information only on a need-to-know basis may work for the CIA, but it does not build teams.
7. Don't micro-manage. Let them know the plans and the goals, that you trust them to do their best, and then let them have the freedom to make at least some of the decisions as to how to do what is needed. Morale and creativity nosedive when the flow of work is interrupted by a supervisor checking on progress every two minutes.
8. Let them work to their strengths. We all like to feel good about our work. If we can do something that we do well, we will feel proud. If you believe supervisees need to strengthen areas of weakness, have them work on these, too, but not exclusively.
9. Praise in public, correct in private. NOTHING undermines morale as effectively as public humiliation.
10. Set reasonable boundaries, and empower your supervisees to set theirs. Once set, respect them. This is not a challenge to your power, it is their right as human beings.

[Go to Top](#)

4. How to Manage Change Effectively

1. Start with the end in mind.

We know that navigating successfully in a world that is changing as fast as ours can be tricky at times. In fact, if we allow it to overwhelm us, change can feel extremely stressful and downright frustrating. If we're smart, however, we've learned that although we can't alter the fact of constant change, we can learn to manage our response to it. Here's a sample of how I coach my clients on managing change in their lives:

1. Accept change as a fact of life.

As human beings we are constantly in process. We never get there, our in-box is never empty, and we can't catch up with technology. Our world is changing at a pace never experienced before—indeed, change is our only constant—accept it!

2. Commit yourself to lifelong learning.

If change is constant, then learning must also be continual. As long as we are learning we're on the road to an exciting, fulfilling, meaningful life. Learning helps us feel as though we're moving with the ever-changing world. This helps to relieve our anxiety of feeling left behind. We feel better because when we're learning we are moving with the world.

3. Get healthy then stay healthy

Change, even positive change, is stressful. To keep stress from getting us, we must stay physically healthy with proper nutrition, enough rest and regular exercise.

4. Look at change as an opportunity.

Changing our attitude about change is one of our best management tools. Look for opportunities in every change in your life. Rather than digging in your heels and resisting change, allow yourself to flow with it and see where it takes you.

5. Develop and maintain a strong network and support team.

Many changes in our lives require us to lean on others for emotional support and/or advice. Have your team in place—ready to see you through the inevitable significant changes in your life.

6. Develop your spirituality.

God is the only aspect of our lives that is constant. She is the same today, tomorrow, and into infinity. This is a comforting and stabilizing thought in today's world. To have a friend, a confidante, a love who will never outgrow us, leave us, or change her behavior toward us is surely one of the greatest gifts of life.

7. Engage in rituals.

Performing a task or celebration in the same way week after week or year after year gives us a sense of stability, a feeling of being grounded, a sense of security. Even the ritual of pouring a cup of coffee before settling down to work, eating dinner as a family, having lunch at a special restaurant on Fridays, or writing daily in a journal can be

significant in dealing with change. Performing rituals and celebrating holidays in a certain way, gives us the satisfaction that not everything is changing.

8. Eliminate the tolerations in your life.

Get rid of the little irritations (and sometimes big ones) that drain your energy energy you need to manage change. A toleration can be something as simple as a missing button or as significant as a toxic person.

9. Keep a daily journal.

When change is viewed over a period of time there is more sense to it. Seeing this historical perspective of past change in our life can give us more objectivity to meet the current changes that are facing us.

10. Engage in meditation.

Being centered within yourself grounds you for the changes you're required to face every day. Take a moment to quiet your mind, your body, your soul. You'll reap the rewards of this gift you give yourself.

[Go to Top](#)

5. How to Deal With Difficult Employees

If you've been a manager for long, you know that things can go wrong even in the best of organizations. Problem behavior on the part of employees can erupt for a variety of reasons. Here are ten tips for dealing with it.

1. **Recognize that problem behavior usually has a history.**

It usually develops over time and seldom from a single incident. As a manager, it is your responsibility to be alert to the early warning signs and deal with the underlying causes before the situation reaches a crisis.

2. **Ask yourself: "Am I partly or wholly responsible?"**

You would be surprised how frequently it is the manager who has created, or at least contributed to problems of employee behavior. Having an abrasive style, being unwilling to listen, and being inattentive to the nuances of employee behavior are all factors that contribute to the manager's need to thoroughly examine what is going on.

3. **Don't focus only on the overt behavior.**

When confronted by an angry employee, it's easy to attack the person and target the behavior rather than examine the factors that underlie the behavior. Often, this takes patience, careful probing, and a willingness to forgo judgment until you really understand the situation.

4. **Be attentive to the "awkward silence" and to what may be missing.**

When an employee is obviously reluctant to communicate, it's almost a sure sign that more lurks beneath the surface. Often, employees will withhold because they feel unsafe. They may test the waters by airing a less severe or kindred issue in order to see what kind of a response they get. In order to get the full story and encourage forthrightness, it's imperative that the manager read between the lines and offer the concern and support necessary to get the employee to open up.

5. **Clarify before your confront.**

Chances are, when an issue first surfaces, you will be given only a fragmentary and partial picture of the problem. You may have to dig deep to surface important facts, and talk to others who may be involved. One safe assumption is that each person will tend to present the case from his or her viewpoint, which may or may not be the way it really is. Discretion and careful fact-finding are often required to get a true picture.

6. **Be willing to explore the possibility that you have contributed to the problem.**

This isn't easy, even if you have reason to believe it's so, because you may not be fully aware of what you have done to fuel the fire. Three helpful questions to ask yourself: "Is this problem unique, or does it have a familiar ring as having happened before?", "Are others in my organization exhibiting similar behaviors?", and finally, "Am I partially the cause of the behavior I am criticizing in others?"

7. **Plan your strategy.**

Start by defining, for yourself, what changes you would like to see take place, Then, follow this sequence: (1) Tell the person that there is a problem. State the problem as you understand it and explain why it is important that it be resolved; (2) Gain agreement that you've defined the problem correctly, and that the employee understands that it must be solved; (3) Ask for solutions, using open-ended questions such as: "What are you willing to do to correct this problem?" In some cases, you may have to make it clear what you expect; (4) Get a commitment that the employee will take the required actions; (5) Set deadlines for completing the actions. In the case of a repeated problem, you may want to advise the employee of the consequences of failing to take corrective action; (6) Follow up on the deadlines you've set.

8. Treat the employee as an adult and expect adult behavior.

To some extent, expectation defines the result. If you indicate, by your actions or by the content or tone of your voice, that you expect less than full adult behavior, that's what you're likely to get.

9. Treat interpersonal conflicts differently.

If the problem behavior stems from a personality conflict between two employees, have each one answer these questions: (1) How would you describe the other person?; (2) How does he or she make you feel?; (3) Why do you feel that the other person behaves the way he/she does?; (4) What might you be able to do to alleviate the situation?; (5) What would you like the other person to do in return?.

10. Seek agreement regarding steps to be taken and results expected.

Nothing is really "fixed" unless it stays fixed. All parties to a dispute must agree that the steps taken (or proposed) will substantially alleviate the problem. Further, they must agree on what they will do IF the results attained are not as anticipated. This can be achieved by doing a simple role play, i.e., having each side (including your own) articulate the steps to be taken and the outcomes anticipated. That way, even if subsequent events are significantly different than expected, the lines of communication for adjusting the situation are opened.

[Go to Top](#)

6. Effective Business Negotiation Techniques

Learning how to negotiate removes pressure, stress and friction from your life. You see, negotiating is like chess -- if you don't know how to play you will be intimidated by the activity, especially if your opponent knows the game. Negotiating is a predictable event that has rules, planned moves, and counter moves. But, unlike chess, negotiating is an activity you can't avoid, so learn the rules. This article discusses the five underlying facts about negotiating, win-win negotiating, and the definition of a good negotiator.

Five Underlying Facts About Negotiating

1. You are negotiating all the time. Whether you are buying supplies, selling products or services, discussing pay with employees, buying a car, disagreeing with your spouse, or dealing with your children, you are always negotiating. It's just that some of what you negotiate, are considered by you as normal activity.

2. Everything you want is presently owned or controlled by someone else. Doesn't that statement seem like "a given?" But think of the implications. To get what you want means you have to negotiate with the person that has it.

3. There are predictable responses to strategic maneuvers or gambits. It is critical to understand this because if strategies are predictable then they can be managed. If a gambit such as "nibbling" for extras at the end of a negotiation is employed on you then you can request "trade-offs" to either stop it or get extras for yourself.

4. There are three critical factors to every negotiation:

The understanding of power -- Who has the power in the negotiation? Understanding this will help you in your strategies. Does the person you are dealing with have the power to make the decision? Are you in a weak negotiating position? If so, can you bring in factors or strategies that mitigate that?

The information factor -- What the opponent wants, what they require, and understanding the elements about the object negotiated for are all informational items that are critical for a smooth negotiation or to use to your advantage.

The time element -- Time is an important element to negotiation. If someone wants your product but is desperate because they need it quickly, it's a big factor in the strength of your position. You know they have little time to compare other products. You can guarantee speed for more money.

5. People are different and have different personality styles that must be accounted for in negotiations. Strategies are affected by the people within the negotiation. If you play to the needs and desires of the person, you will be more successful in the negotiation.

Win-Win Negotiating

Understanding the underlying facts about negotiations gives you a base to work from in any negotiation, but win-win is a central theme that must be concentrated on. Keep in mind three simple rules:

1. Never narrow negotiations down to one issue. Doing so leaves the participants in the position of having a winner or a loser. When single-issue negotiations become a

factor, broaden the scope of the negotiations. If immediate delivery is important to a customer and you can't meet the schedule, maybe a partial shipment will resolve their problem while you produce the rest.

2. Never assume you know what the other party wants. What you think you are negotiating for may be totally different from what they are. You may be selling them on quality, when what they need is medium quality, low price and large volume. Always keep an eye on their wants and needs.

3. Understand that people are different and have different perspectives on negotiations. Some may want to negotiate and build a long term business relationship. Others may want the deal, and a handshake and it's over. Price is generally an important factor but never assume that money is the only issue. Other issues can change the price they are willing to accept or the price you are willing to accept, like financing, quality, and speed.

The Negotiator

Let's now direct our attention to the negotiator - You. To be a good negotiator requires five things:

1. Understand that negotiating is always a two-way affair - If you ignore that fact, you will ignore the needs of the other party and put a stake in the heart of the negotiation.

2. Desire to acquire the skills of negotiating - Negotiating is a learned activity. Constantly evaluate your performance and determine how you can improve.

3. Understand how the human factor and gambits affect negotiating - Knowing one gambit and using it always is not enough. It may not work on some people. They may have an affective counter to the gambit. Then you are lost or may not recognize tactics being used on you.

4. Be willing to practice - Pay attention to what you are doing during negotiations. Plan them and re-evaluate your performance. Prepare for negotiations by practicing with someone.

5. Desire to create Win-Win situations - You don't want to negotiate with someone who only wants to destroy you. If you both win, a future deal is possible.

As you understand the rules and the process of negotiations, the stress, pressure and friction that currently get in your way will disappear. You will actually learn to enjoy the process.

[Go to Top](#)

7. How To Set and Achieve Goals

Life is a journey. Not just any journey, but the most fantastic journey in the universe. Life is a journey from where you are to where you want to be. You can choose your own destination. Not only that, you can choose how you are going to get there. Goal setting will help you end up where you want to be.

-- When it comes to setting goals, start off with what's important to you in life. Take out a sheet of paper. Sit quietly, and on that sheet of paper, brainstorm what you want to accomplish between now and the end of your life.

-- Second step-use another sheet of paper, and this time consider yourself and your personal goals for the next 12 month period. Some key areas in which you might set personal goals include: family, personal growth, financial, health, social, career, hobbies, spiritual, and recreation. Write down the things that you plan to accomplish or achieve or attain during this one-year period?

-- Now, as a third step, go back and compare the two goal lists you have made. Make sure that the items on your short-term list will, as you attain them, be helping you attain your long-term or lifetime goals. It is important that what you are doing short term is taking you in the right direction toward your lifetime goals. Please rewrite your short term goals now if you need to.

-- As a next step, looking at the goals that are on your list at this time, if there are any that you are not willing to pay the price for, go ahead and cross them out, leaving only those items you are willing to cause to happen in your life. This does not necessarily mean you have the money or the other resources for attaining the goal right now. However, when you do have it, would you spend it on or trade it for the goals you have on your list?

-- Now, on still another sheet of paper, create the job goals that are important to you during this upcoming 12-month period. Identify what outcomes you wish to attain or achieve during this one-year period in your specific area of responsibility and authority.

-- Some key areas in which you might consider writing job goals, if you did not already, include: quality, quantity, cost control, cost improvement, equipment, procedures, training, sales, financial, and personnel.

-- As a next step, look for the blending between your job or work goals and your personal goals. Anywhere you notice that you are attaining a goal on the job while at the same time you are attaining a personal goal, note this relationship: it is in these areas you will be most highly motivated.

-- For each of the three lists that you have just created, take an additional sheet of paper and list the activities that you must do to attain the most important goal that you have on each of your lists.

-- Now on another piece of paper titled "Things To-Do List" identify from the activities you just listed, the ones that you must do tomorrow to move you toward your most important goal.

- Rewrite your goals in these categories at least every three months.
 - The only thing in life that is constant is the fact that everything is changing. It makes sense that our goals will change as we change.
 - Recognize how focusing on what you do want, what you do intend to accomplish, also defines what you choose not to do in your life.
- Daily rewrite your list of "Things To-Do" after first reviewing your desired goals.
- Success is defined as "the progressive realization of a worthwhile goal." If you are doing the things that are moving you toward the attainment of your goal, then you are "successful" even if you are not there yet.
 - Every step along the way to achieving a goal is just as important as the last step.
 - It is not the achieving of a goal that is so important, it is what you become in the process.
 - Set goals with your family also. Help children learn this process early in life.
 - Decide what you should be accomplishing and then stick to your knitting. Do not attempt to be or do all things for all people.
 - Dreams and wishes are not goals until they are written as specific end results on paper.
 - Written specific goals provide direction and focus to your activities. They become a road map to follow.
 - Being busy with activities does not pay, only results do. As in baseball you only get points for getting to the goal of home plate. Just making it to the bases does not count.
 - It has been said that the amount of information available to us is now doubling in less than 30 months. We must learn to focus on only what is truly important to our self and our job.
 - Be sure the goals and activities that you are working for are yours and that you really want and desire to achieve them. The commitment is vital to your success in achieving them.
 - When you have a goal that is exciting to you, the life energy flows through you. You are excited about accomplishing it because it is personally meaningful.
 - Create a time line or matrix chart on which you display your goals visually and the dates when you will have them accomplished.
 - Continually look for ways to integrate or blend personal and professional goals.
 - Setting a goal, that you believe is unattainable will result in frustration. To be challenging and motivating, goals must be perceived as realistic and attainable.
 - Those people with dreams are the ones most likely to experience them.

- Set goals carefully for you will attain them. This also means if you set none, you will attain that.
- Goals, when thoughtfully set, can provide strong motivational direction.
- Clear cut, understandable and realistic objectives leading to the goal help to maintain the sense of realism and the hope of attainment of the goal.
- Establish measurement criteria to monitor progressive movement toward your goal. Then you will experience progress.
- Set goals that you will be proud to have achieved, then sense your having completed them.
- Have a vision that you know is unquestionably right and you will be internally driven to achieve that vision.
- A goal is "reasonable" when you can see the entire process needed to get to its attainment.
- Good planning assists in sensing reasonableness of challenging goals.
- Use picture goals.
- Develop an emotional reason why you should attain your goal.

[Go to Top](#)

8. Effective Delegating Strategies

Delegating work, responsibility, and authority is difficult in a company because it means letting others make decisions which involve spending the owner-manager's money. At a minimum, you should delegate enough authority to get the work done, to allow assistants to take initiative, and to keep the operation moving in your absence.

This Guide discusses controlling those who carry responsibility and authority and coaching them in self-improvement. It emphasizes the importance of allowing competent assistants to perform in their own style rather than insisting that things be done exactly as the owner-manager would personally do them.

"Let others take care of the details."

That, in a few words, is the meaning of delegating work and responsibility.

In theory, the same principles for getting work done through other people apply whether you have 25 employees and one top assistant or 150 to 200 employees and several managers. Yet, putting the principles into practice is often difficult.

Delegation is perhaps the hardest job owner-managers have to learn. Some never do. They insist on handling many details and work themselves into early graves. Others pay lip service to the idea but actually run a one-man shop. They give their assistants many responsibilities but little or no authority.

How Much Authority?

Authority is the fuel that makes the machine go when you delegate work and responsibility. It poses a question: To what extent do you allow another person to make decisions which involve spending your company's money?

That question is not easy to answer. Sometimes, an owner-manager has to work it out as he goes along, as did Tom Brassler. His pride in being the top man made it hard for him to share authority. He tried, but he found to his dismay that his delegating was not as good as he thought.

One day when he returned from his first short business trip. Mr. Brassler stormed out of his office. He waved a sheaf of payroll sheets and shouted "Who approved all this overtime while I was away?" "I did," the production chief answered.

Realizing that all heads were turned to see what the shouting was about., Mr. Brassler lowered his voice. Taking the production manager with him, he stepped into his office.

There he told the production man, "You've got your nerve authorizing overtime. This is still my company, and I'll decide what extra costs we'll take on. You know good and well that our prices are not based on paying overtime rates."

"Right," the production man replied. "But you told me I was in full charge of production. You said I should keep pushing so I wouldn't fall behind on deliveries."

"That's right," Mr. Brassler said. "In fact, I recall writing you about a couple of orders just before I went out of town."

"You can say that again. And one of them - the big order - was getting behind so I approved overtime."

"I would have done the same thing if I had been here," Mr. Brassler said. "But let's get things straight for the future. From now on, overtime needs my okay. We've got to keep costs in line."

Mr. Brassler then followed up with his other department heads, including his office manager and purchasing agent. He called them in, told them what had happened, and made it clear that their authority did not include making decisions that would increase the company's operating costs. Such decisions had to have his approval, he pointed out, because it was his company. He was the one who would lose, if and when, increased costs ate up the profit.

Yet, if an owner-manager is to run a successful company, you must delegate authority properly. How much authority is proper depends on your situation.

At a minimum, you should delegate enough authority:

- (1) To get the work done,
- (2) To allow key employees to take initiative, and
- (3) To keep things going in your absence.

To Whom Do You Delegate?

Delegation of responsibility does not mean that you say to your assistants, "Here, you run the shop." The people to whom you delegate responsibility and authority must be competent in the technical areas for which you hold them accountable. However, technical competence is not enough.

In addition, the person who fills a key management spot in the organization must either be a manager or be capable of becoming one. A manager's chief job is to plan, direct, and coordinate the work of others.

A manager should possess the three "I's" - initiative, interest, and imagination. The manager of a department must have enough self-drive to start and keep things moving. A manager should not have to be told, for example, to make sure that employees start work on time.

Personality traits must be considered. A key manager should be strong-willed enough to overcome opposition when necessary and should also have enough ego to want to "look good" but not so much that it antagonizes other employees.

Spell Out the Delegation

Competent people want to know for what they are being held responsible. The experience of Charles P. Wiley illustrates how one owner-manager let them know. He started by setting up an organization. He broke his small company into three departments: a production department, a sales department, and an administrative department.

The manager who handled production was responsible for advertising, customer solicitations, and customer service. Mr. Wiley regarded the administrative department as the headquarters and service unit for the other two. Its manager was responsible for personnel, purchasing, and accounting.

Mr. Wiley also worked out with his assistants the practices and procedures necessary to get the jobs done. His assistants were especially helpful in pointing out any overlaps or gaps in assigned responsibilities. He then put the procedures into writing. Thus each supervisor had a detailed statement of the function of each's department and the extent of each's authority.

This statement included a list of specific actions which they could take on their own initiative and a list of actions which required approval in the front office - Mr. Wiley, or in his absence, the assistant general manager.

Mr. Wiley had thought about the times when he might be absent from the plant. To make sure that things would keep moving, the production manager was designated assistant general manager and given authority to make all operational decisions in Mr. Wiley's absence.

In thinking about absences, Mr. Wiley went one step further. He instructed each department head to designate and train an assistant who could run the department if, and when, the need arose.

When you spell out the delegation, be sure that departments are coordinated. The experience of another small plant owner, Ann Jones, is a case in point. She thought her departments were coordinated until the shop manager reported that he was swamped with "rush" orders.

"It's impossible for me to make good on Bill's promise," the shop chief said. Bill was the sales manager.

When Bill was called in, he said "I had to promise early delivery to get the business."

Ms. Jones resolved the problem by instructing the sales manager and the shop manager to work out delivery dates together.

Make sure that departments are coordinated when you spell out the responsibilities and authority of each key manager. Thus you reduce the chances of confusion as well as assuring that there is no doubt about who is responsible for specific jobs. Then, the particular key manager can take corrective action before things get out of hand.

Keeping Control

When you manage through others, it is essential that you keep control. You do it by holding a subordinate responsible for his or her actions and checking the results of those actions.

In controlling your assistants, try to strike a balance. You should not get into a key manager's operation so closely that you stifle him or her should you be so far removed that you lose control of things.

You need feedback to keep yourself informed. Reports provide a way to get the right kind of feedback at the right time. They can be daily, weekly, or monthly, depending on how soon you need the information. Each department head can report his or her progress, or the lack of it, in the unit of production that is appropriate for his or her activity; for example, items packed in the shipping room, sales per territory, hours of work per employee.

Periodic staff meetings are another way to get feedback. At these meetings, department heads can comment on their activities, accomplishments, and problems.

Coaching Your Staff

For the owner-manager, delegation does not end with good control. It involves coaching as well, because management ability is not acquired automatically. You have to teach it.

Just as important, you have to keep your managers informed just as you would be if you were doing their jobs. Part of your job is to see that they get the facts they need for making their decisions.

You should be certain that you convey your thinking when you coach your assistants. Sometimes words can be inconsistent with your thoughts. Ask questions to make sure the listener understands your meanings. In other words, delegation can only be effective when you have good communications.

And above all, listen. Many owner-managers get so involved in what they are saying or are going to say next, that they do not listen to the other person. In coaching a person so he or she can improve, it is important to tell why you give the instruction. When a person knows the reason, he or she is better able to supervise.

Allow Staff to Work

Sometimes you find yourself involved in many operational details even though you do everything that is necessary for delegating responsibility. In spite of defining authority, delegating to competent persons, spelling out the delegation, keeping control, and coaching, you are still burdened with detailed work. Why? Usually, you have failed to do one vital thing. You have refused to stand back and let the wheels turn.

If you are to make delegation work, you must allow your managers freedom to do things their way. You and the company are in trouble if you try to measure your assistants by

whether or not they do a particular task exactly as you would do it. They should be judged by their results - not their methods.

No two persons react exactly the same in every situation. Be prepared to see some action taken differently from the way in which you would do it even though your policies are well defined. Of course, if an assistant strays too far from policy, you need to bring him or her back into line. You cannot afford second-guessing.

You should also keep in mind that when an owner-manager second-guesses assistants, you risk destroying their self-confidence. If the assistant does not run his or her department to your satisfaction and if his or her shortcomings cannot be overcome, then replace that person. But when results prove his or her effectiveness, it is good practice to avoid picking at each move he or she makes.

[Go to Top](#)

9. How To Ensure the Profitability of Your Business

Why do some business owner-managers hit the profit target more often than others? They do it because they keep their operation pointed in that direction - direction of profit making. They never lose sight of the goal - to finish the year with a profit.

This guide gives suggestions that should help an owner-manager to zero in on profit making. It points out that you must keep informed, make timely decisions, and take effective action. In effect you must control the activities of your company rather than being controlled by them.

A beginner rarely shoots a hole in one, hits a bull's-eye, or hooks a prize winning trout. Topnotch performance in golf, shooting, and fishing requires knowledge, practice, and perseverance.

Similarly, in small businesses, year-end profit comes to the owner-manager who strives for topnotch performance. You achieve profit making goals by knowing your operation, by practicing the art of making timely, balanced judgments and by controlling the company's activities.

Adapt the suggestions in this guide to your situation. They should help you call the shots to keep your company headed in the right direction - toward profit making.

First Rule of Profit Making: Know Your Business

The time-honored truth "Knowledge is power" is especially pertinent to the owner-manager of a small business. To keep your company pointed toward profit you must keep yourself well informed about it. You must know how the company is doing before you can improve its operation. You must know its weak points before you can correct them. Some of the knowledge you need you pick up from day-to-day personal observation, but records should be your principal source of information about profits, costs, and sales.

Know Your Profit. The profit and loss statement (or income statement) prepared regularly each month or each quarter by your accountant is one of the most vital indicators of your business's worth and health. You should make sure that this statement contains all the facts you need for evaluating your profit. This statement must pinpoint each revenue and cost area. For example, it should show the profit and loss for each of your products and product lines as well as the profit and loss for your entire operation.

It is a good idea to have your profit and loss statement prepared so that it shows each item for the current period, for the same period last year, and for the current year-to-date. For example, a P&L statement for the month of November would show income and expenses for the current month, for November last year, and totals for the eleven months of the current year. Many corporations publish their annual reports with several previous years so stockholders can compare earnings.

Comparison is the key to using your P&L statement. If your accountant is not already furnishing figures that you can compare, you should discuss the possibility of having them provided.

Financial ratios from your balance sheet also help you to know if your profit is what it should be. For example, the ratio of net worth (return on investment ratio) shows what the business earned on the equity capital invested.

Know Your Costs. An owner-manager should know costs in detail. Then, you can compare your cost figures as a percentage of sales (operating ratio). Be certain that your costs are itemized so that you can put your fingers on those that seem to be rising or falling according to your experience and the cost figures of your industry. When costs are itemized, you can spot the culprit when the overall figure is higher than what you had budgeted. Take advertising costs for example. You can catch the offender if you break out your advertising expenditures by product lines and by media. In addition, a thorough check of inquiry returns from advertising will help to avoid unproductive publications.

In knowing your costs, keep in mind that the formula for profit is: Profit equals Sales minus Costs.

Know Your Product Markup. Be certain that the pricing of your products provides a markup adequate for the kind of profit you expect to achieve. You must keep constantly informed on pricing because you have to adjust for rising costs and at the same time keep prices competitive. Knowledge about your markup also helps you to run close outs with your eyes open. Continuing to make a product that only a few customers want is an effective merchandising tool only when you use it on purpose - for example, to hold or attract buyers for other high markup products. Don't hesitate to drop a loser from your line.

Garbage-In, Garbage-Out. An owner-manager should not fudge the records. The acronym GIGO that the computer industry uses is true with manually kept records as well as with machine-processed ones. If an owner-manager allows "garbage" to go into the records, the reports will contain "garbage." Reports need not be extensive but they must be accurate.

Look For Trends. Try not to look at a single month's sales or profit picture by itself. The figures on your operating statements are meaningful only when you put the picture in the right frame - that is, look at your figures in the context of what has happened and what is likely to happen. In that manner, you catch a downward trend before it gets out of hand.

You should also concern yourself with the figures behind the dollars - for example, the number of units sold or the number of orders. Insist on cost-per-unit statistics. The fluctuation of the cost-per-unit can be much more meaningful than just looking at the dollar figures alone. Another idea is to display these comparative figures on graphs so that significant trends can be seen easily.

Predict Your Future

Don't use a crystal ball to make forecasts of your business. By carefully analyzing the historic trends of your business, as shown in your records for the past five years, you can forecast for the year ahead. Your record of sales, your experience with the markets in which you sell, and your general knowledge of the economy should enable you to forecast a sales figure for the next year.

When you have a sales forecast figure, make up a budget showing your costs as a percentage of that figure. In the next year, you can compare actual P&L figures to your budgeted figures. Thus, your budget is an important tool for determining the health of your business.

Make Timely Decisions

Without action, forecasts and decisions about the future are not worth the paper they are written on. A decision that does not result in action is a poor one. The pace of business demands timely as well as informed decision making. If the owner-manager is to stay ahead of competition, you must move to control your destiny.

Effective decision making in the small business requires several things. The owner-manager must have as much accurate information as possible. With these facts, you should determine the consequences of all feasible courses of action and the time requirements. When you have made the judgment, you have set up your business so that the decisions you make can be transmitted into action.

Control Your Business

To be effective, the owner-manager must be able to motivate key people to get the results planned for within the cost and time limits allowed. In working to achieve results, the small business owner-manager has an advantage over big business. You can be fast and flexible while many large firms must await committee action before a decision is made. You do not have to get permission to act. And equally important, bottlenecks to implementing new practices can receive your personal attention.

One of the secrets is in deciding what items to control. Even in a small company, the owner-manager should not try to be all things to everyone. You should keep close control on people, products, money, and any other resources that you consider significant to keeping your operation pointed toward profit.

Manage Your People. Most businesses find that their largest expense is labor. Yet because of the close contact with employees, some owner-manager of small businesses do not pay enough attention to direct and indirect labor costs. They tend to think of these costs in terms of individuals rather than relate them to profit in terms of dollars and cents.

Here are a few suggestions concerning personnel management:

1. Periodically review each position in your company. Take a quarterly look at the job. Is work being duplicated? Is it structured so that it encourages the employee to

become involved? Can the tasks be given to another employee or employees and a position eliminated? Can a part-time person fill the job.

2. Play a little private mental game. Imagine that you must get rid of one employee, if you had to let one person go, who would it be? How would you realign the jobs to make out? You may find a real solution to the imaginary problem is possible to your financial benefit.

3. Use compensation as a tool rather than viewing it as a necessary evil. Reward quality work. Investigate the possibility of using raises and bonuses as incentives for higher productivity. For example, can you schedule bonuses as morale boosters during seasonal slacks or other dull periods?

4. Remember that there are new ways of controlling absenteeism through incentive compensation plans. For example, the owner-manager of one small company eliminated vacations and sick leave. Instead, this owner-manager gave each employee thirty days annual leave to use as the employee saw fit. At the end of the year, the employees were paid at regular rates for the leave they didn't use. To qualify for the year-end pay, the employee had to prove that sick leave was taken only for that purpose. Non-sick leave had to be applied for in advance. As a result, unscheduled absences and overtime pay were reduced significantly. In addition, employees were happier and more productive than they were under the old system.

Control Your Inventory. Don't tie up all your money in inventory. Use a perpetual inventory system as a cost control rather than a system just for tax purposes. Establish use patterns or purchase patterns on the materials or items you must stock to keep the minimum number required to supply your customers or to maintain production. Excessive inventory, whether it is finished product or raw materials, ties up funds that could be used to better advantage, for example, to open up a new sales territory or to buy new machinery.

Centralize your purchases and avoid duplications. Be a comparative shopper. Confirm orders in writing. Get the price and amount straight right away.

Check what you receive for condition and quality. Check bills from suppliers against quotations. You do not want to be the victim of their error.

You should, however, keep one fact in mind when you set up your inventory control system. Do not spend more on the control system than it will return in savings.

Control Your Products. From control of inventory to control of products is but a step. Make sure that your sales people recognize the importance of selling the products that are the most profitable. Align your service policies with your markup in mind. Arrange your goods so that low markup items require the least handling.

Control Your Money. It is good policy to handle cash and checks as though they were perishable commodities. They are. Money in your safe earns no return; and it can be stolen. Bank promptly.

Use credit wisely and take advantage of discounts. One of the hallmarks of a successful business owner-manager is knowing how much credit you can afford to extend over any period and how much you have already extended. Grant credit willingly, but keep it on a systematic basis. Insist on a written credit application and see that the credit application contains a promise to pay according to the credit practice in your industry.

Get your monthly bills out to customers on time, and be certain that bills show date of purchases, what was purchased, how much it cost, and how much was paid, if anything, and then how much is owed. The statement should also show your customer any overdue balance and for how long it has been overdue.

Every account will not pay promptly but keep in mind that a slow paying customer can be profitable, especially if the customer buys large amounts of your high markup items. The danger is in letting such a customer get in beyond the ability to pay. Set up a system for collecting from late and slow paying accounts, but in reminding them to pay up, your objective is to get your money without losing their business.

Get Help When You Need It

It is good practice to use your outside advisors as you go along rather than calling on them only in emergencies. For example, your accountant can help you analyze the financial position of your business to help you avoid problems rather than to get you out of them.

Sometimes an owner-manager needs to call in a management consultant. For example, help may be needed in isolating and solving a problem that the owner-manager senses but can't quite put a finger on. In other instances, the consultant's professional background may be needed to supply skills that do not exist in the company - for example, the capability for doing market research or for setting up an inventory control system. In many cases, the management consultant can provide the time that the owner/manager lacks to implement a solution.

[Go to Top](#)

10. How to Create a Business Environment that Supports Growth

Manage a business effectively, manage staff effectively, is the key to the establishment and growth of the business. The key to successful management is to examine the marketplace environment and create employment and profit opportunities that provide the potential growth and financial viability of the business. Despite the importance of management, this area is often misunderstood and poorly implemented, primarily because people focus on the output rather than the process of management.

Toward the end of the 1980s, business managers became absorbed in improving product quality, sometimes ignoring their role vis-a-vis personnel. The focus was on reducing costs and increasing output, while ignoring the long-term benefits of motivating personnel. This shortsighted view tended to increase profits in the short term, but created a dysfunctional long-term business environment.

Simultaneously with the increase in concern about quality, entrepreneurship attracted the attention of business. A sudden wave of successful entrepreneurs seemed to render earlier management concepts obsolete. The popular press focused on the new cult heroes Steve Jobs and Steve Wozniack (creators and developers of the Apple Computer) while ignoring the marketing and organizing talents of Mike Markula, the executive responsible for Apple's business plan. The story of two guys selling their Volkswagen bus to build the first Apple computer was more romantic than that of the organizational genius that enabled Apple to develop, market and ship its products while rapidly becoming a major corporation.

In large businesses, effective manage business skills requires planning. Planning is essential for developing a firm's potential. However, many small businesses do not recognize the need for long-range plans, because the small number of people involved in operating the business implies equal responsibility in the planning and decision-making processes. Nevertheless, the need for planning is as important in a small business as it is in a large one.

This guide focuses on the importance of good management practices. Specifically, it addresses the responsibilities of managing the external and internal environments.

MANAGING THE EXTERNAL ENVIRONMENT

Three decades ago, Alvin Toffler suggested that the vision of the citizen in the tight grip of an omnipotent bureaucracy would be replaced by an organizational structure of ad-hocracy. The traditional business organization implied a social contract between employees and employers. By adhering to a fixed set of obligations and sharply defined roles and responsibilities, employees received a predefined set of rewards.

The organizational structure that Toffler predicted in 1970 became the norm 20 years later, and with it came changed concepts of authority. As organizations became more transitory, the authority of the organization and firm was replaced by the authority of the individual manager. This entrepreneurial management model is now being replicated

throughout society. As a result, the individual business owner must internalize ever increasing organizational functions.

Another change in today's business environment is dealing with government agencies. Their effect on the conduct of business most recently appears to have increased. As industries fail to achieve high levels of ethical behavior or individual businesses exhibit specific lapses, the government rushes in to fill the breach with its regulations.

MANAGING THE INTERNAL ENVIRONMENT

HUMAN RESOURCE ISSUES

Ensuring Open Communications

Effective communications play an integral role in managing and operating any successful business. With open communications changes and their effects on the organization are quickly shared. Your firm then has the time and skills needed to respond to changes and take advantage of evolving opportunities.

The following checklist addressing how you would respond to an employee's suggestion provides an assessment of the communication process in your business. Place a check next to the statements that are commonly heard in your business.

Statement

Face facts it's unrealistic. -----

Who else has done it? -----

It's not your problem. -----

Fill out form XX/xx revised. -----

It won't work. -----

Bring it to the committee. -----

We don't have the time. -----

We tried it before and it failed. -----

You think what? You're joking! -----

Everybody knows that that's foolish. -----

We can't afford to think about it. -----

Don't you have better things to do? -----

Are you some kind of a radical? -----

We're too small/big for that. -----

Impossible; our main product line would be obsolete. -----

The boss would never consider it. -----

It's contrary to company policy. -----

Carefully consider any statements that you have checked. This may indicate that management is inflexible and unresponsive to employee suggestions. Management that is unable to respond immediately to changes in the market signals an inflexible unstable firm. In the rapidly changing business environment such management can mean eventual failure for your business. If you haven't developed such a checklist do so. It will help you determine if and where adjustments are needed in your management staff.

Balancing Schedules Stress and Personnel

Without organization and good management the compressed time schedules associated with modern business can cause stress and make extraordinary demands on people. An effective management structure can reduce stress and channel the productive capacity of employees into business growth and profits.

Setting Duties Tasks and Responsibilities

An organization is characterized by the nature and determination of employees' duties tasks and responsibilities. While many organizations use different methods for determining these it is essential that they be clearly defined.

The core of any organization is its people and their functions. Duties tasks and responsibilities often evolve in an ad hoc manner. A typical firm starts with a few people often one performing all duties. As the firm grows others are hired to fill specific roles often on a functional basis. Roles that were handled by consultants and specialists outside the firm now are handled internally. As new needs emerge new roles are developed.

Just as an emerging business develops an accounting system it should also develop a human resource system. For instance the following employee information should be available and checked for accuracy at least once each year.

- Name
- Address
- Nationality (immigration status)
- Marital status and dependents
- Hire date
- Company job history:
- Title and code

- Performance
- Location
- Salary rate and history
- Education including degrees
- Specialty training
- Transcripts as appropriate
- Pre-employment work experience:
- Key responsibilities and levels
- Professional licenses or certificates
- Professional publication and speaking engagements
- Teaching experience
- Language abilities:
- Reading
- Writing
- Speaking
- Leadership evidence:
- Company
- Civic
- Other
- Relocation preferences and limitations
- Travel experience and preferences
- Career goals

Review your personnel files periodically to ensure that the information is correct and current. Implement a system that will make updating personnel files a fairly simple routine yet confidential process.

Business Team

The apex of an effective organization lies in developing the business team. Such a team involves delegating authority and increasing productivity. Assess the effectiveness of your business team with the following checklist:

The leader of the team is respected by the members. -----

The abilities of all team members are respected. -----

A team spirit is evident through activities. -----

Individual members compensate for weaknesses in each other. -----

Jokes are not disparaging. -----

A genuine feeling of being part of the best is exuded. -----

The work area is self-delineated and reflects a spirit. -----

Mistakes result in corrective action not retribution. -----

Each member understands the importance of his or her contribution. -----

The team can explore new areas of activity. -----

Security of employment is evident. -----

Controlling Conflict

Another key to successful management lies in controlling conflict. Conflict cannot be eliminated from either the business or the interpersonal activities of the enterprise. A measure of the organization's success is the degree to which conflict can be exposed and the energies associated with it channeled to develop the firm. Although establishing policies and procedures represents the tangible aspect of organization and management the mechanisms to tolerate and embody challenges to the established operation serve as the real essence of a firm that will survive and prosper.

Structural Issues

Organization

The effectiveness of a particular organizational form depends on a variety of internal and external events for example:

Competitors (number or activity)

Technology (internal or external)

Regulatory environment

Customer characteristics

Supplier characteristics

Economic environment

Key employees

Growth

Strategy (including new products and markets)

Even though you may discover that certain events are affecting your business be careful not to change the organizational structure of your firm without discussing it with your management team. Employees generally can accomplish goals despite organizational structures imposed by management. Because restructuring involves spending a lot of time learning new rules implementing a new organizational structure is costly.

Structure

The essence of a successful organization can be more simply summarized than implemented. The following checklist can help you determine measures to ensure your management structure is adequate. Check the entries that apply to your firm and also find out what measures your company needs to take to improve its management structure.

Key market and customers are understood. -----

Technology is mastered. -----

Key objectives are articulated and shared. -----

Major functions are identified and staffed. -----

A hierarchy of relationships is established. -----

A business team is in place and functioning. -----

Measurable results are well above industry standards. -----

Employees are the best source of new hires. -----

Policy and Procedural Issues

Authority

The central element of organizational management is authority. Through authority your firm develops the structure necessary to achieve its objectives.

A. L. Stinchcombe summarized the role of authority succinctly when he stated any administrative system that decides on the use of resources is also a system of authority directing the activities of people.

The authority that once was conferred by either owning a small business or having a position in the bureaucracy of a larger firm has been replaced by technical competence (including that of forming and running the business). Forces external to your business may emphasize the elements of granted versus earned authority. Once the owner-manager controlled the entire business but suppliers customers unions and the

government have severely limited the ability of the business owner-manager to take independent action.

A primary component of authority is the exercise of control within the organization. A thorough system of controls ensures the firm's operation and provides a mechanism for imposing authority. Internal controls include the provision that authority be delegated and circumscribed; examples of these provisions follow. Place a check by the provisions that apply to your firm. Consider implementing controls over areas that you have not checked.

Approval for disbursements of cash and regular accounting. -----

Reconciliation of bank statements. -----

Periodic count and reconciliation of inventory records. -----

Approval of pricing policies and exemptions. -----

Approval of credit policies and exemptions. -----

Review of expense and commission accounts. -----

Approval of purchasing and receiving policies. -----

Review of payments to vendors and employees. -----

Approval of signature authorities for payments. -----

Review of policies. -----

Delegation is a key to the effective exercise of authority in your business. By delegating limited authority to accomplish specific tasks the talents of employees in the organization can be used to upgrade the skills and experience of the manager. The following checklist enables you to determine if you are taking advantage of opportunities to delegate authority.

Is your time consumed by daily chores? -----

Do you have time for the following:

- Training and development of subordinates? -----
- Planning? -----
- Coordinating and controlling work of subordinates? -----
- Visiting customers and subordinates regularly? -----
- Remaining involved in new product development? -----
- Visiting branch locations regularly? -----

- Attending business meetings outside your business? -----

- Participating in civic affairs? -----

Is no one on your staff as good as you are? -----

To effectively delegate responsibility and authority in your organization you must:

Accept the power of delegation.

Know the capabilities of subordinates.

Ensure that specific training is available.

Select specific responsibilities to be delegated.

Clearly define the extent and limits of delegation.

Match each with necessary authority.

Provide periodic monitoring and interest.

Restrain the impulse to insist on how to do something.

Remember there are many ways to accomplish a specific objective.

Assess results and provide appropriate feedback.

Praise and criticize.

The skills and abilities of each level of authority can be increased by effectively delegating authority throughout any organization.

Operating Reports

Operating reports form the organizational basis of your business. Such reports mirror the organization its structure and function. They define key relationships between employees and can either minimize or increase organizational stress.

For many businesses the following reports form the basis for analyzing the specific areas of a business (the frequency of each report depends on the nature size and organization of your business). Check the reports your firm currently generates.

Consider creating reporting systems where they are lacking.

Case reports (daily, weekly, monthly) -----

New orders and backlog (weekly, monthly) -----

Shipments/sales (weekly, monthly) -----

Employment (monthly) -----

Inventory out of stock (weekly, monthly) -----

Product quality (weekly, monthly) -----

Accounts receivable aging accounts (monthly) -----

Weekly overdue accounts -----

Returns and allowances (monthly) -----

Production (weekly, monthly) -----

Reporting must be kept current to allow for timely identification and correction of problems before serious damage to the organization occurs.

Too much reporting as well as inappropriate reporting can be as destructive as too little reporting. For instance the CEO of a major industrial firm who receives daily production and inventory reports by model can lose his or her ability to maintain an overall perspective. Thus operating managers must attempt to identify and solve local problems and take advantage of local opportunities within their own authority. Inappropriate reporting compromises management's ability to leverage individual skills and abilities.

Operating reports not only provide essential data that enable management to accomplish its objectives they also focus staff's attention on the organization's goals. If reporting is not taken seriously employees may deal with customers suppliers and each other in a similarly trivial manner.

To avoid inappropriate reporting review reporting policies annually to ensure that reports are appropriate and contain the information needed to make sound management decisions.

Conclusion

Successful management is founded on the mastery of a myriad of details. While management schools teach the importance of focusing attention on major issues affecting the business practical managers realize the major issues are the variety of small aspects that form the business. In an increasingly structured society inattention to even one minor detail can result in significant disruption of the business or even its failure.

Checklist For An Effective Organization

The following checklist will help you identify and determine the effectiveness of the management and organizational structure of the firm. If you answer yes to most of the following questions you are effectively managing your firm. A no answer indicates that you need to focus on this management issue.

yes / no

Are responsibilities clear and matched by authority? -----

Is your business structure clear yet flexible? -----
Are communications focused on finding solutions rather than placing blame? -----
Do people have the information and resources necessary to do an excellent job? -----
Do you and your employees care about the business? -----
Does staff come in early and stay late on their own initiative? -----
Are mechanisms for conflict resolution working? -----
Is disorder minimized and channeled? -----
Can people joke with and about each other and you? -----
Does a corporate plan spell out the firm's vision? -----
Do employees pitch in unasked during a crisis? -----
Do customers and suppliers prefer to do business with you?

[Go to Top](#)

* * * * *

Review Request

if you enjoyed this book or if you found it helpful, please take a moment to post a positive review on the book's [Amazon Page \(Click here\)](#), you will notice a button that says "write a customer review" - just click on it and you're set.

Thank you for your support!

* * * * *

Other books by Meir Liraz that may interest you:

Starting a Business

[The Complete Guide to Managing a Small Business \(61 Book Bundle\)](#)

This Monster Package Combines the Content From 61 Books - You Get a Complete Management Reference Library at a Fraction of The Cost

[How to Start Up Your Own Business](#)

A Step By Step Guide to Starting a Small Business Successfully

[Business Plan Template](#)

Complete Fill in the Blanks Sample Business Plan Proposal

[How to Start a Small Home Business](#)

A Step By Step Guide to Starting a Successful Home Based Business

[How to Start a Service Business](#)

Step By Step Guide To Starting a New Small Service Company

[How to Open a Store](#)

A Step By Step Guide to Starting a Retail Shop Business

[How to Start a Construction Company](#)

A Step by Step Guide to Starting a New Construction Business

[How to Start an Export Business](#)

A Step By Step Guide to Exporting

[How to Start a Manufacturing Business](#)

A Step by Step Guide to Starting a New Small Manufacturing Company

[Checklist for Starting a Small Business](#)

Must Know Must Do Before Setting Up a Business

[How to Determine the Feasibility of Your New Business Idea](#)

A Step by Step Guide to Small Business Feasibility Study

[How to Raise Venture Capital Money The Easy Way](#)

A Step by Step Guide to Attracting investors and Investments

Management Skills

[How to Sharpen Your Managerial Skills](#)

Good Management and Leadership Skills for Aspiring Managers

[How to Manage a Business](#)

The 70 Best Business Ideas for Small Business Managers

[How to Conduct Successful Meetings](#)

A Step by Step Guide to Conducting a Successful Business Meeting

[How To Delegate Work and Responsibility](#)

A Step by Step Guide to Effective Delegation Techniques

[How to Deliver Powerful Presentations](#)

A Step by Step Guide to Improving Your Presentation Skills

[How to Get Better at Decision Making](#)

A Step by Step Guide to Effective Decision Making Techniques

[How to Handle Stress the Easy way](#)

A Step by Step Guide to Reducing and Managing Stress at Work

[How to implement Management by Objectives in Your Business](#)

A Step by Step Guide to Implementing MBO

[How to Improve Your Listening Skills](#)

Effective Strategies for Enhancing Your Active Listening Skills

[How to Improve Your Nonverbal Communications Skills](#)

Effective Strategies for Enhancing Your Non-Verbal Communication

[How to Increase Productivity in a Business](#)

A Step by Step Guide to Business Productivity Improvement

[How to Overcome Communication Barriers in the Workplace](#)

Identify Barriers to Effective Communication and Improve Your Communication Skills

[How to Solve Problems the Easy way](#)

A Step by Step Guide to Improving Your Problem Solving Skills

[The 400 Best Leadership Quotes of All Time](#)

Great Inspirational Quotes for Aspiring Leaders

Marketing, Sales and Advertising

[How to Advertise Your Business](#)

A Complete Guide to Small Business Advertising Techniques

[How to Effectively Manage Your Sales Team](#)

A Complete Sales Manager's Success Manual

[How to Conduct a Low Cost Market Research](#)

A Step by Step Guide to Marketing Research Strategies

[Build Customer Loyalty - Identify Customer Needs](#)

A Step by Step Guide to Understanding Your Customers

[How to Create a Marketing Plan For a Small Business](#)

A Step by Step Guide to Marketing Planning

[How to Develop a Marketing Budget](#)

A Step by Step Guide to Budgeting Your Marketing Activities

[How to Find New Customers for Your Business](#)

A Step by Step Guide to New Customer Acquisition

[How to Market Your Retail Business](#)

A Step by Step Guide to Retail Marketing Techniques

[How to Sell By Independent Sales Agents](#)

A Step by Step Guide to Working With an Independent Sales Representative

[How to Sell on Consignment](#)

A Step by Step Guide to Consignment Selling in Your Small Business

[How to Use Business Signs As an Effective Marketing Tool](#)

A Step by Step Guide

[How to Build Brand Awareness With Specialty Advertising and Promotional Items](#)

A Step by Step Guide

Miscellaneous Management Topics

[How to Develop a Strategic Plan for Your Business](#)

A Step by Step Guide to Strategic Planning

[Guide to Small Business Insurance Coverage](#)

A Step by Step Guide to Managing Risk In Your Business

[How to Manage a Family Owned Business](#)

A Step by Step Guide To Managing a Family Run Business

[Business Succession Planning Checklist](#)

A Step by Step Guide

[Guide to Effective Retail Merchandise Management](#)

A Step by Step Guide to Merchandising in a Retail Store

[Guide to Purchasing Management in a Manufacturing Business](#)

A Step by Step Guide to Purchasing and Supply Chain Management

[How to Protect your Business from Burglary, Embezzlement, Employee Pilferage and Bad-Check Passers](#)

[How to Increase Business Profit](#)

A Step By Step Plan to Increase the Profitability of Your Company

[How to Assess Your Advertising and Promotion](#)

Guide to Self Audit the Advertising and Promotion in a Small Business

[How to Assess Your Bookkeeping and Accounting](#)

Guide to Self Audit the Bookkeeping and Accounting in a Small Business

[How to Assess Your Financial Planning and Loan Proposals](#)

Guide to Self Audit the Financial Planning in a Small Business

[The 100 Top Inspirational Anecdotes and Stories](#)

A collection of witty, inspiring, amusing, eye-opening and spirit-soothing anecdotes and stories

[How to Assess Your Personnel Management](#)

Guide to Self Audit the Personnel Management in a Small Business

[How to Assess Your Planning Activities](#)

Guide to Self Audit the Planning Activities in a Small Business

[How to Assess Your Production System](#)

Guide to Self Audit the Production Management in a Small Business

[How to Assess Your Sales and Marketing](#)

Guide to Self Audit the Sales and Marketing in a Small Business

[How to Buy Merchandise for a Retail Store](#)

A Step by Step Guide to Purchasing Management in a Retail Business

[How to Decide on the Legal Structure of Your Business](#)

Sole Proprietorship, Partnership or a Corporation

[How to Determine the Replacement Cost of Equipment](#)

A Step by Step Guide

[How to Find New Products for Your Business](#)

A Step by Step Guide to New Product Development

[How to Set Up a Quality Assurance System](#)

A Step by Step Guide to Quality Control Management System

[How to Get a Good Paying Job Fast](#)

Best Job Hunting Strategies That Will Get You Hired

[How to Maximize Your Business Profits](#)

Proven Strategies to Increase Revenue and Profits in a Small Business

[How to Patent an Idea or Invention](#)

A Step by Step Guide to Registering a Patent

[How to Protect your Business from Burglary, Embezzlement, Employee Pilferage and Bad-Check Passers](#)

[What's Wrong With My Business?](#)

Perform This Self-Audit to Increase the Effectiveness of Your Business

[How to Get Free Government Grants](#)

A Step by Step Guide to Getting Free Money From the Government

[How to Slash Your Car Insurance Costs](#)

A Step by Step Guide to Cutting Your Costs and Getting the Best Auto Insurance Quotes

Financial Management

[Guide to Financial Ratios Analysis](#)

A Step by Step Guide to Balance Sheet and Profit and Loss Statement Analysis

[How to Finance a Business](#)

A Step by Step Guide to Financing a Small Business

[How to Cut Costs and Expenses in a Business](#)

Effective Cost Reduction Strategies in a Small Business

[How to Extend Credit to Customers](#)

A Step by Step Guide to Extending Credit and Collection in a Small Business

[How to Perform a Break-Even Analysis in a Retail Store](#)

A Step by Step Guide

[How to Perform a Lease vs. Buy Equipment Analysis](#)

A Step by Step Guide

[How To Prepare a Budget for a Service Business](#)

A Step by Step Guide to Budgeting in a Small Business

Personnel Management

[Complete Guide to Human Resource Management](#)

a Step by Step guide to Personnel Management

[How to Use Temporary Help Services Effectively](#)

A Step by Step Guide to Using Temp Agencies Services