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## GROW YOUR BUSINESS

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# Smart Budgeting Tips for Small Business

Since sales are never a constant over a year it is vital that small business owners really take a fine tooth comb to their finances and budget for both the highs and lows.

Here are some of our tips for smart budgeting:

1. Always overestimate your expenses. If you go over, you will have room to play. If, on the other hand, you are tight with your estimations, you can easily find yourself in the red.
2. Know your industry's cycles. It is vital you factor in peak and off-season times - those designated periods of the year in which you can expect sales to drop or soar.

It is those troughs that can really cause problems in a business so squirreling away some of the peak-time income for those harder times is a key part of effective budgeting.

3. Prepare a risk analysis for the entire year. Like they say - knowing is half the battle and preparation is the best form of prevention. Take a look

at past years and trends and make sure that you factor in any trends, current and predicted. Again, always be conservative. Plan around the least favorable trend.

4. If you are in a project-based industry (architects, web designers, etc...) remember to factor in time. A common mistake is neglecting to factor in project delays.

*“Never underestimate deadlines and unexpected expenses.”*

Be aware of the time scales required to get each job done and set deadlines to ensure you keep on the right track. Missed deadlines should alert you to lost money and push you to revise your team and their work patterns. Remember, time is money!

5. Plan for large purchases early and with precision. Small, day-to-day purchases aren't likely to put you in a pinch but an unplanned large purchase (think computers, plant and equipment, new hires) can definitely

put you in hot water. Again, it's best to overestimate.

6. Lastly, remember that budgets need to be flexible as well. That means they require constant attention and revision and will need to have flexibility built in.

This is harder than with other areas of your business plan as the budget should be as specific as possible. On the other hand, trying to plan down to the penny is unrealistic.



## Benefits of Project Debriefing

Think about it - we are constantly 'briefing'. Meetings, projects, seminars, workshops - they all start with a briefing. What often gets dropped from the agenda is the equally important, de-briefing.

We brief so that we have an agenda, to provide a timeline, something to follow. This way, you can clearly mark where and when you are moving off track.

Debriefings hold the same weight. They allow you to utilize the 20/20 vision that only comes in hindsight. Failing to debrief is losing out on a valuable learning experience, and one that could have an effect on the future of your business.

Debriefings should intend to answer the following questions:

1. The positives - what worked? This will allow you to implement the same, or similar, techniques in future projects, as well as identify your strengths as a team or company.
2. What did not work or proved troublesome? List these out and dig deeper to identify exactly what could be tweaked in the future.

3. Assess the risks you took, were they worth it? What benefits/negatives did those risks provide? Were there surprises along the way?

4. Play the "what if" game. If money and time were not a factor, what would you have done differently? This may seem futile, as money and time will always be a factor.

But this technique may bring to light some ideal scenarios and with discussion, you may find ways to make those ideals realities.

*“Analyze what went wrong and what made it successful and use them as a guidance for the next project.”*

No matter how well your project went, improvement for the future should always be a topic of the debriefing. Even the best outcome most likely did not come from perfection.

### **CURBING HIGH TURN-OVER**

Sales jobs have notoriously high turn-over rates and replacement costs can sky rocket. For small businesses already struggling to sustain margins, you can't afford costly and constant recruitment costs. Amp up your pre-interview process, adding personality questionnaires or customized assessments. Look beyond 'good on paper' and try to find 'best for your business.'



## Performance Reviews - 5 Hints to Smooth Sailing

Here's the problem: Performance reviews, while meant to be an evaluation tool to improve efficiency, tend to do the opposite. They are time consuming, at times heated or frustrating and often do not accomplish what they are meant to.

*“Performance review opens up a window of opportunity to improve and recognize potentials.”*

So what can you do as a manager to change the pattern and conduct reviews that improve not only efficiency, but performance and morale?

**1.** Schedule more frequent and much shorter reviews. Valuing your employee's time is important but then again, their performance occurs on a daily basis and should be reviewed more specifically in that way.

Alternatively, keep weekly reviews on file so that in the annual review, you have much more specific information to draw upon.

**2.** Don't be confrontational, be conversational. A review is not the time to air grievances, rather it is a time to open a discussion on how both you and the employee feel their work is progressing.

Be prepared with both positive feedback and constructive criticism, though try not to frame them as unrelated - tie a positive to a constructive whenever possible.

**3.** A brief list of what should be included in your review:

- a. Objectives and goals, short and long term.
- b. Assessment of progress toward the objectives and advice for getting back on track.
- c. Consistent rating system utilized in all reviews.
- d. A chance for the employee to talk, while you listen.

**4.** Stop! Step away from the HR handbook! Really make an effort to not sound as if you read the book and are regurgitating clichés. You asked for the review, make it worthwhile to both you and the employee, staying consistent, simple and personal.

**5.** Ensure your review has a purpose and an outcome. Before the review even begins, the employee should be clear on the purpose, what benefits and goals you wish to see, as well as how the review could affect their job duties and responsibilities.



## Customer Focused Selling

We know the comparison well - "old school vs. new school". In sales, this is a constant back and forth. Retaining classic strategies has its use though it is just as important to look fresh and innovative and continue to evolve.

Don't panic - we aren't suggesting tossing out the whole kit and caboodle! There are tried and true methods that will always work and, of course, there is also always opportunity to improve.

*"Be different, offer more, and take the lead."*

Moving into a new year or for that matter a new quarter or season, is a good time to examine where there is room for improvement.

Trust us, your competition is doing the same. And that's why it is important to never rest on your laurels. Always look for ways to keep forging ahead.

In general, we are seeing a trend in new techniques that are more customer focused. Changes in the way consumers are transacting in business

has allowed for this shift to happen naturally.

It is clear that social media is having a significant influence on this. And so are more sophisticated search engines that are making it easier for prospects to do research before they choose to buy.

Customers are becoming more comfortable with entering into online discussions with suppliers or other customers to learn from their experiences.

In many ways that makes them more eager customers when they decide it's time to buy. They feel more informed and with information comes confidence.

But it also means they can be encouraged to make wrong decisions through bias.

That's why it is important to consider new ways to engage with your customer - communication and education must be key.

Try to introduce a new interactive service to your customers each year, season or quarter. Tailor your

sales process around your customer. Sure, we are all following the same basic procedure - though how you interact and service your customers can be the point of difference to help you stand out from the pack.

Take the opportunity to brush up - see what seminars, webinars or conferences are being offered in your industry. No one is asking you to reinvent the wheel - just to pay attention to how the wheel of business may be changing!



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