



SIMPLE
STEPS
FOR
GROWING
YOUR
BUSINESS

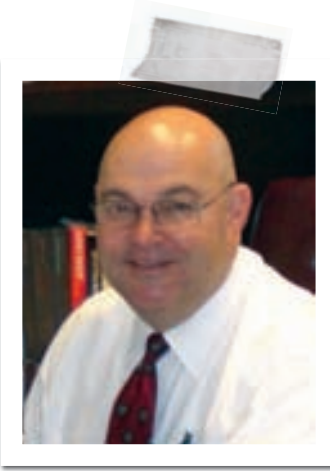


SCORE  TM

FOR THE LIFE OF YOUR BUSINESS

Dear Entrepreneur,

SCORE is an organization that can support you as you strengthen and improve your existing business. In partnership with American Express OPEN, we are proud to bring you this workbook to help you grow your business dreams, ideas and goals. This workbook offers practical information and exercises that will give you the knowledge to help your business flourish.



However, this isn't a process that you should tackle alone. SCORE provides great resources like free mentoring and low-cost workshops in your area, including the Simple Steps for Growing Your Business workshop series on which this workbook is based. Attending this workshop, which includes one-on-one mentoring with a SCORE expert, will provide you with a solid foundation for maintaining and growing your business idea. SCORE is focused on helping you realize your goals.

Every day, SCORE's more than 12,000 mentors volunteer their time and expertise to help small business owners like you with confidential, free business mentoring. Founded in 1964, the SCORE Association, a resource partner of the U.S. Small Business Administration, has helped more than 10 million entrepreneurs start, build, expand and protect their small businesses.

Use this workbook as the first step to grow your business. Then take the next step and contact your local SCORE office to be matched with a SCORE mentor who can help you every step of the way. You can find the SCORE office nearest you by going to www.score.org/chapters.

We wish you the best as you make your business the best that it can be.

Regards,

A handwritten signature in black ink, which appears to read "W. Kenneth Yancey, Jr.".

W. Kenneth Yancey, Jr.
Chief Executive Officer
SCORE Association

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Congratulations. You've achieved one big dream—starting your own business. Now it's time to move on to the next goal: growing your small business to even greater success.

Growing a small business can be an even bigger challenge than starting it in the first place. But whether your vision of success means making your business a household name, expanding nationally or internationally, or simply doing more of what you're already doing, this workbook can help.

The growth process involves three distinct steps: assessing your current business; developing a plan for growth; and then executing that plan, modifying it as necessary based on what you learn as you go. This workbook is intended to help you through the entire process.

As a business grows, it becomes increasingly necessary to better organize, systematize and delegate, and to have a solid and knowledgeable management team in place. Your role as owner must change as well. To be successful, you must spend less time performing day-to-day business tasks, and take on more of a “manager” role. This can be a difficult transition, but *Simple Steps for Growing Your Business* can serve as a road map.

In this workbook, you'll learn how to assess your business's human resources, marketing, sales, finances and operations; set goals for improving each of these areas; and develop a plan for reaching your business goals.

As you complete this workbook, SCORE mentors can help every step of the way. Isn't it nice to know that on your journey to greater success, you don't have to go it alone?

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SECTION 1:

Business Assessment and Goal Setting



Is this you? You want to grow your business, but ...

- You're constantly "putting out fires," spending all your time dealing with urgent situations or emergencies in your business.
- You're working long hours and getting burned out.
- You're missing out on opportunities because you can't respond to requests in time, can't pursue leads or don't have the resources you need to pursue potentially profitable activities.
- You're worried that you're falling behind the competition.
- You start every day with the best intentions, but at the end of the day you feel like you haven't accomplished any big-picture goals.
- You're so busy running your business day-to-day, you don't have time to grow it.

You're not alone. This is a common situation for every small business owner.

Business Needs Assessment

Before you can consider growth, you need to have a solid understanding of the current state of your business. The SCORE Business Needs Assessment helps you ascertain the current state of your business. It also helps you spot areas where you could improve and opportunities for growth.

The Business Needs Assessment asks you about five key areas of your business:

1. Management
2. Marketing
3. Sales
4. Finance
5. Operations

Completing the Business Needs Assessment will show you strengths and weaknesses in your business. Correct the weaknesses by working to improve in these areas. Focus on the strengths to find opportunities for growth.



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NEXT STEP

Complete the Business Needs Assessment worksheet on the next page. Then visit the SCORE website at www.score.org to make an appointment to meet with a SCORE mentor, assess your results and perform a more in-depth Business Needs Assessment together.

Completing the following test will help assess the areas of strength and weakness in your business. Please answer each question with an "X" under YES or NO/DON'T KNOW.

BUSINESS OWNER NAME:		
BUSINESS NAME:		
	YES	NO/ DON'T KNOW
GENERAL:		
1. Are you happy with the current performance of your business?		
2. Do you have detailed goals outlined for your business?		
3. Does your business have the following:		
a. Business Plan (as you might provide to a bank)		
b. Strategic Plan detailing where you are going and how you will get there		
c. Vision and/or Mission Statement and/or Value Proposition Statement		
SUBTOTAL:		
MANAGEMENT:		
1. Do you know your key employees' strengths and weaknesses?		
2. Do you have detailed job descriptions for most or all positions?		
3. Do you (and your managers, if applicable) know how to conduct effective interviews to find the best job candidates?		
4. Do you have a procedure in place for onboarding new employees?		
5. Do you have an evaluation method for your employees?		
SUBTOTAL:		
MARKETING:		
1. Do you have a marketing plan in place for your business?		
2. Do you set specific goals for each promotional campaign or ad?		
3. Do you regularly measure the results of your marketing and promotions efforts?		
4. Are your marketing and promotional efforts bringing in new business?		
5. Does your business have a unique brand?		
SUBTOTAL:		
SALES:		
1. Are you satisfied with your business's current distribution channels?		
2. Are you attracting enough of your ideal customers?		
3. Are you generating enough qualified leads?		
4. Do you set measurable goals for your sales team?		
5. Are you consistently hitting your sales targets?		
SUBTOTAL:		

Continued on next page

Continued from previous page

	YES	NO/ DON'T KNOW
FINANCE:		
1. Are you achieving your financial goals for the company?		
2. Has your revenue grown steadily for the past three years?		
3. Is your cash position better than it was a year ago?		
4. Do you regularly monitor cash flow?		
5. Do you track actual expenses so you know why profits are up or down?		
SUBTOTAL:		
OPERATIONS:		
1. Do you regularly establish and document goals, strategies and objectives to run your company?		
2. Do you have documentation, process maps or operations manuals describing your business operations in detail?		
3. Does everyone in your business understand which operational activities have the greatest impact on your business goals and profits?		
4. Do you have systems in place to monitor and control your product costs/job costs?		
5. Are your products or services always delivered on time?		
SUBTOTAL:		
TOTAL:		

Scoring:

- 5 points for each YES
- 0 points for each NO/DON'T KNOW

Score: 0-50

It seems as if there's a lot about your business that you don't know or haven't yet developed. But there are also many opportunities for growth and improvement on which you can begin to capitalize. Think about what you want to achieve as an entrepreneur and develop a plan for accomplishing those goals. Take the time to examine each aspect of your business to identify weaknesses and opportunities for growth/improvement. Work with your SCORE mentor to further assess what's happening with your business.

Score: 55-100

You have a pretty good understanding of what's going on with your business but could benefit from a break from the day-to-day operational activities to develop some strategies for growth. Schedule an appointment with your accountant to examine your finances. Complete an inventory of your work hours to identify how you're spending your time. Perhaps it's time to hire someone to help so that you can spend more time working on your business instead of working in it.

Score: 105-150

You're on top of things. You are doing pretty well and have taken the time to develop plans to ensure you stay profitable. You don't need any help to keep your doors open, but may need some fresh ideas to expand and grow in ways you may not have considered. Meet with your SCORE mentor to help you identify ways to take your business to the next level.

Get help from SCORE mentors. Visit www.score.org to find a mentor near you or get advice online.

Getting a new business off the ground is something to be proud of. Congratulations! You've achieved the first stage of business success. Now, you're ready to move on to the second stage: growing your business.

How Do You Define Growth?

Growth means different things to different business owners. When you think of growth, you may envision:

- Increased revenue
- More employees
- New location
- Adding products
- Increasing sales

Growth might mean becoming a household name, like Starbucks or Facebook. You might have more modest goals, such as adding a second location, adding a new product line or expanding your services. Or growth might just mean doing more of what you're doing, by increasing your sales.

Ultimately, growth should lead to the kind of lifestyle you desire, whether that's making a lot of money, having the freedom to do what you want, or being able to help others through your business.

Understanding Your Industry Life Cycle

As you plan for business growth, it's important to understand where your business falls in the industry life cycle. Where your industry is in its life cycle can make it easier or more difficult to grow your business.

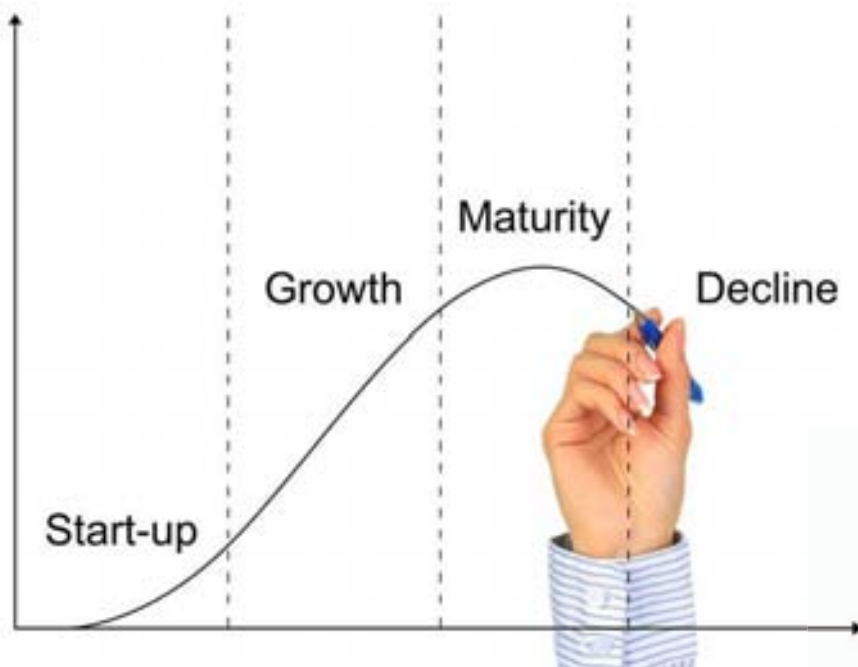
The chart here illustrates the natural progression of industry life cycles. Is your industry in the start-up, growth, maturity or declining phase?



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Industry Life Cycles



A business will face different challenges, and need to use different growth strategies, depending on its stage in the industry life cycle.

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Rapid growth: Common challenges of this stage include finding adequate financing and staff to deal with growth; effectively managing time and delegating; and putting systems in place to track finances, operations and other elements of your business while it is rapidly changing.

Maturity: The challenges you'll face with a mature business include avoiding complacency, finding new areas of growth, and maintaining success and leadership in your industry.

Decline: When industries go into decline, one of three things can happen:

1. **REINVENTION:** An industry might reinvent itself, leading to new growth. For instance, currently marketing companies are reinventing themselves to focus on the new interest in social media. An industry in reinvention faces many of the challenges of rapid growth combined with maturity.
2. **SLOW DECLINE:** If an industry declines slowly, your business has an "early warning" that gives you time to make changes in order to survive. An example is the magazine publishing industry, which has slowly been affected by the rise of the Internet.
3. **RAPID DECLINE:** Rapid decline often happens due to outside events, such as when travel agencies saw business drop drastically after 9/11. This is the most difficult life cycle.



Strategic Planning

Strategic planning helps you figure out where your business is, where you want it to be and how you will get there. There are three steps to strategic planning:

1. **Create or update your company's Vision Statement.** The Vision Statement expresses the overall purpose of your business, what your business does and the values that guide it.
2. **Create a SWOT Analysis** that assesses the Strengths, Weaknesses, Opportunities and Threats facing your business.
3. **Set goals.** Using your Vision Statement, SWOT Analysis and the Business Needs Assessment you completed earlier, set goals for your business.

Make sure your goals are SMART (Specific, Measurable, Attainable, Relevant and Timely).

- **SPECIFIC:** Saying "I want to grow my business" is not specific. What do you want to grow? Do you want to increase sales? Add locations? Add products or services? Be as specific as you can. Specific goals are easier to measure.
- **MEASURABLE:** Goals should be measurable. If your goal is to "increase sales," create a measurement by which you'll judge success or failure. Perhaps you want to increase sales by 50 percent.
- **ATTAINABLE:** A 50 percent sales increase may be a noble goal, but is it realistic given the state of your business, the market and your competition?
- **RELEVANT:** Goals should be relevant to your long-term plan for your business. A 50 percent sales increase is certainly relevant. On the other hand, if you own a restaurant, a goal to start packaging and selling your own line of salad dressings might be relevant—or it might be a distraction that will take your focus away from more important areas.
- **TIMELY:** Putting your goals within a specific time frame helps you measure results and stay on track. Do you want to increase sales by 50 percent per month, in six months or in a year? Choose a realistic time frame.



Strategic planning helps you figure out where your business is, where you want it to be and how you will get there.

NEXT STEP

Complete the Strategic Planning worksheet on the next page.

STEP 1: VISION STATEMENT

a. What's the overall purpose of your business; what are you trying to achieve? Why are you in business?

b. What products and services does your business provide?

c. What's important to your business; the values your business lives by?

STEP 2: SWOT ANALYSIS (STRENGTHS, WEAKNESSES, OPPORTUNITIES, THREATS)

	WILL HELP YOU	WILL HARM YOU
INTERNAL	S	W
EXTERNAL	O	T

STEP 3: GOALS AND ACTION STEPS

Based on your Vision Statement, Business Needs Assessment and SWOT Analysis, begin thinking about long-term goals that you would like to accomplish within three years. As explained on the previous page, your goals should be SMART (Specific, Measurable, Attainable, Relevant, Timely).

FOR EXAMPLE, "increase sales" is not a SMART goal, but "increase sales from \$300,000 to \$600,000 in the next 18 months" is. The latter goal sets a specific, measurable dollar amount with a timely date for completion. The goal is relevant to the business and is realistically attainable within the time frame.

Write your goals in the space below. As you read through this workbook, continue thinking about possible goals and how to make them SMART.

Get help from SCORE mentors. Visit www.score.org to find a mentor near you or get advice online.

In the rest of this workbook, we'll cover the five key components of business growth:

1. Managing your time, people and resources

- How to manage your time and delegate effectively
- How to perform a job analysis and assess your HR needs
- How to find, interview and onboard job candidates
- How to train, motivate and retain employees

2. Marketing your business

- How to perform market research and competitive analysis
- How to use social media and online marketing
- How to use public relations, events and socially responsible marketing
- Effective advertising tactics and venues
- How to retain customers with outstanding customer service
- How to assess the results of your marketing

3. Growing your sales

- How to determine the best distribution channels for your product or service
- How to evaluate and improve your sales process
- How to set sales goals and benchmark results
- How to use technology to enhance sales

4. Managing your business finances

- Understanding different bookkeeping methods and options
- How to read and use financial statements
- How to manage risk in your business
- How to create and use cash-flow forecasts
- Options for financing business expansion

5. Managing operations

- Understanding operations
- How operations differentiate your business and achieve company goals
- How to maintain quality control
- How to create a business operations manual
- Understanding and using key performance indicators (KPIs)

KNOW YOUR WEAKNESSES |

You probably know a lot about at least one of these elements of business success. But do you fully understand all of them? Not many business owners do—and this can hold your business back from achieving its full potential.

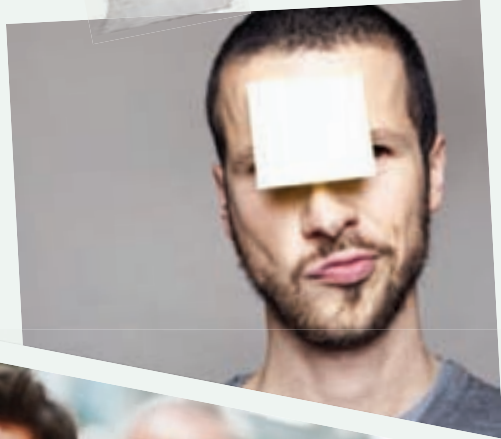


You probably know a lot about at least one of these elements of business success. But do you fully understand all of them? Not many business owners do—and this can hold your business back from achieving its full potential.

Lined area for notes.

SECTION 2:

Managing Your Human Resources



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Do you feel like you work all day (and night) yet never catch up with your to-do list? To manage time more effectively, do a time assessment.

Start by tracking how you spend your time for two weeks. Use a notepad, online calendar or whatever works for you. At the end of two weeks, ask yourself:

- Is the majority of my time spent on tasks that grow the business or bring in more money?
- Is the majority of my time spent on tasks that only I can perform?

By assessing your results, you'll clearly see what you are spending too much time on, and what you should be focusing on.

Time Management Tips

1. Group tasks into similar categories of activities (for example, making phone calls, drafting proposals).

- Organize mail and files accordingly.
- Create task- and project-specific to-do lists.
- Schedule dedicated blocks of time to do similar tasks.

2. Choose an organizing and scheduling system.

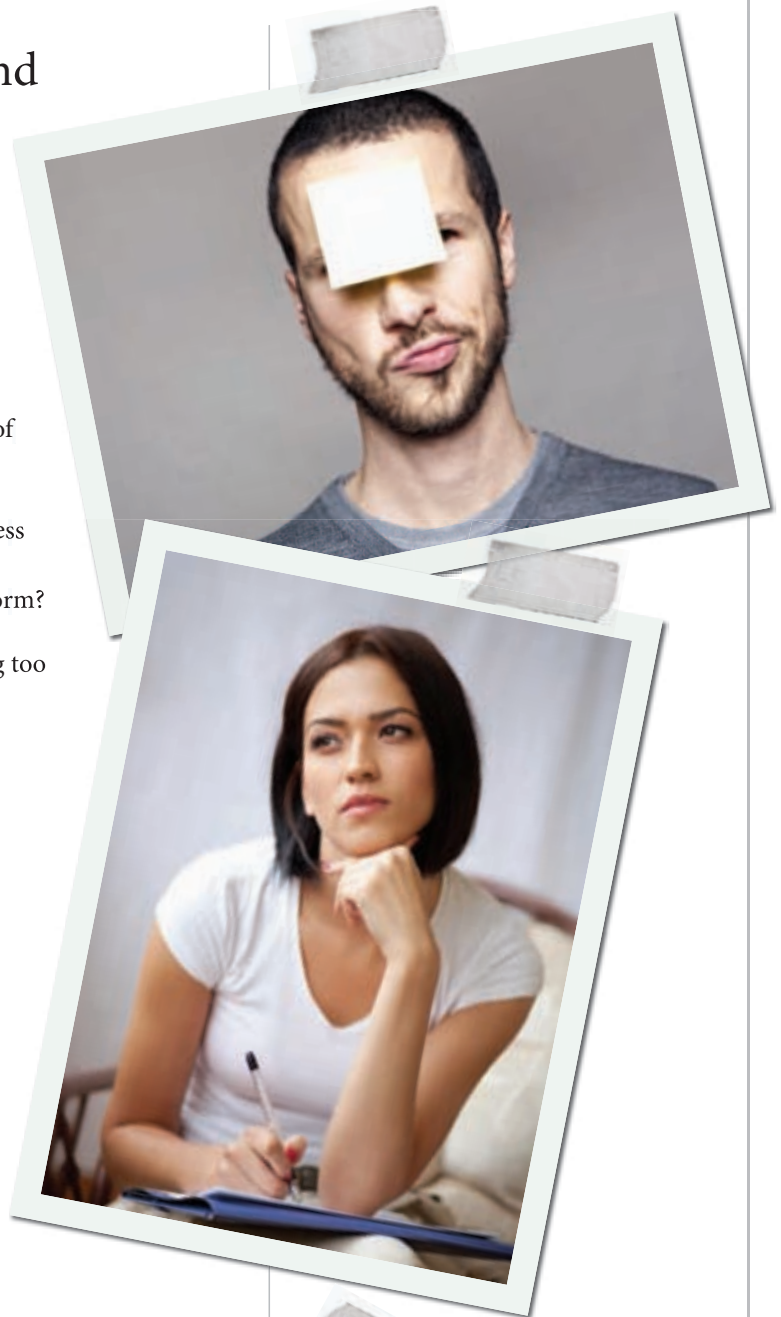
- Create filing folders and subfolders that allow you to find data quickly.
- Use your email program's "rules" to presort your mail into subject categories.
- Use your calendar to schedule work the same way that you would schedule meetings.

3. Eliminate time wasters.

- Determine what activities are most profitable and focus on those. The 80/20 rule says that 80 percent of your results come from 20 percent of your efforts.
- Learn to say "no." Delegate everything it is not critical that you do.
- Limit meetings; when you must meet, have an agenda that focuses the meeting.

4. Use technology to streamline tasks.

- Online collaboration tools such as instant messaging, intranets or voice conferencing can eliminate the need for in-person meetings.
- Use cloud storage and backup, smartphones and tablet computers to access files from anywhere.
- If you have an e-commerce site, integrate it with your financial tools.



Start by tracking how you spend your time for two weeks. Use a notepad, online calendar or whatever works for you.

REST AND RELAXATION |

Schedule downtime into your day. Get adequate sleep, fit in fitness and spend time with family. Figure out what you need to do to “recharge,” and then make time for it—otherwise, you’ll burn out.

The Benefits of Delegation

Many business owners are reluctant to delegate even if they have the staff on hand to do so. However, learning to delegate is perhaps the most essential step in growing a business. Delegation:

- Creates a culture of accountability by making employees responsible for results, not just completing tasks.
- Frees up your time to focus on crucial growth tasks, instead of day-to-day operations.
- Fosters employees’ skills and confidence.
- Paves the way for a succession plan so you can retire or sell your business.

Try these steps to successful delegation:

1. **Identify key tasks to delegate.** Start small so employees can build confidence and skills.
2. **Identify which employees are best suited for each task.** Determine what type of training is needed to fill any gaps in their knowledge.
3. **Train employees.** You, a partner or another employee can do this. Be sure to provide specific, detailed instruction. Watch the employee do the task and encourage questions to make sure he or she understands.
4. **Focus on results, not process.** As long as employees get the desired results, don’t worry too much about the specific steps they took to get there. Focusing on results creates employees who can think for themselves, not just follow directions.
5. **Provide ongoing feedback.** Let employees know how they’re doing, both during training and after tasks are completed.

TWO-WAY STREET |

Make sure feedback goes both ways. In addition to giving employees feedback, encourage them to give you or their supervisor(s) feedback about better ways to do things or new ideas for processes.



Many business owners are reluctant to delegate even if they have the staff on hand to do so. However, learning to delegate is perhaps the most essential step in growing a business.



Good hiring practices are crucial to finding qualified, motivated employees whom you can rely on as you run and grow your business.

Performing a Job Analysis

Are you ready to hire employees? Begin by writing a job analysis for each position you want to fill. The job analysis should include:

- **DUTIES:** What the employee will do on a day-to-day basis
- **JOB GOALS:** How this job fits in with other employees on your staff and your overall business goals
- **JOB REQUIREMENTS:** These might include frequent travel, working night or weekend shifts, or physical requirements, such as being able to lift a certain amount of weight.
- **METHODS AND EQUIPMENT:** How the job will be performed and what equipment the employee will need to use
- **EXPERIENCE, SKILLS AND TRAITS NEEDED:** What past job experience is needed to fill this job? What special skills are needed? Include any degrees, training or certifications required. Also include personality traits, such as “self-directed,” “multitasker,” etc.
- **SALARY OR PAYMENT:** How will the employee be compensated—hourly or salaried? Per project? On commission?

Completing a job analysis requires you to think carefully about the position and the qualities needed to fill it. As a result, you'll be more selective and make more thoughtful hiring choices, reducing turnover.

Completing a job analysis requires you to think carefully about the position and the qualities needed to fill it. As a result, you'll be more selective.



NEXT STEP

Complete the Job Analysis worksheet on the next page. Even if you don't plan to hire in the near future, filling out this worksheet for a position you currently have—or would like to add—is good practice.

JOB TITLE

DUTIES

JOB GOALS

EXPERIENCE/SKILLS/TRAITS NEEDED

METHODS AND EQUIPMENT

SALARY/PAYMENT

Get help from SCORE mentors. Visit www.score.org to find a mentor near you or get advice online.



Different Types of Employees

When you're ready to hire, keep in mind that full-time, permanent workers are not your only choice. Here's a look at different types of employees and the advantages and disadvantages of each.

FULL-TIME EMPLOYEES

Advantages

- **COMMITMENT:** Full-time employees are likely to be more committed to your business.
- **TIME:** Full-time employees can work longer hours.
- **TRAINING:** Because they are full time, you can offer them training and long-term development.

Disadvantages

- **COST:** There may be an added cost (up to 20 or 30 percent of salary) for employee benefits.
- **LEGAL ISSUES:** Hiring full-time employees opens your business up to many legal issues.

PART-TIME EMPLOYEES

Advantages

- **COST:** Part-time employees cost less since they are typically hourly, not salaried.
- **FLEXIBILITY:** Part-timers often don't expect to work traditional business hours.

Disadvantages

- **COMMITMENT:** Part-time employees may be less committed to your business than full-timers.
- **TIME:** They may lack the time, dedication and know-how your business needs.

TEMPORARY EMPLOYEES

Advantages

- **AGENCY ASSISTANCE:** The temporary agency finds the workers for you and handles all legal, tax and paperwork issues.
- **SPECIALIZED EMPLOYEES:** Temporary agencies offer highly specialized workers, including medical and legal staff, managers and more.
- **FLEXIBILITY:** You can hire temporary workers when you need them and let them go when you don't.
- **COST:** Since they don't get benefits, temporary employees save you money.

Disadvantages

- **RELIABILITY:** Temporary workers are less reliable and committed than full-time employees.
- **NO LONG-TERM DEVELOPMENT:** You probably won't want to invest in long-term development or training for temps.
- **TIME:** Getting temporary workers up to speed takes time.



INTERNS |

Advantages

- **ENERGY:** Interns are typically full of energy, enthusiasm and new ideas.
- **COST:** In some states, interns can work for free (in return for college credit).
- **FLEXIBILITY:** Interns can fill your need for evening or weekend employees.
- **POSSIBLE FULL-TIME HIRE:** A good intern can become a full-time hire after graduation.

Disadvantages

- **SUPERVISION:** Interns require lots of supervision and training.
- **RESTRICTIONS:** Depending on their age, there may be restrictions on an intern's hours or duties.
- **LEGAL ISSUES:** State laws regulate minors in the work force.
- **SCHEDULING:** Interns may need to fit their work schedules around school.

INDEPENDENT CONTRACTORS |

Advantages

- **COST:** Independent contractors are often less expensive than full-time employees.
- **SPECIALIZED SKILLS:** Independent contractors have specialized skills your staff may lack.
- **SPEED:** An independent contractor can often complete a project faster than a busy employee.
- **FLEXIBILITY:** You can hire contractors on an as-needed basis.

Disadvantages

- **COMMUNICATION:** Working with someone outside your business can create communication challenges.
- **ACCOUNTABILITY:** A contractor may not deliver, leaving you in the lurch.
- **NOT SOLE CLIENT:** Sometimes other clients' projects may take priority over yours.
- **TAX AND LEGAL ISSUES:** You must make sure your independent contractors meet the proper legal criteria. Visit the IRS website (www.irs.gov) for more.



REMOTE WORKERS | In remote work, or telecommuting, a full-time employee works from his or her home.

Advantages

- **COST:** You save money on office space.
- **DESIRABLE PERK:** Remote work can attract top job candidates.
- **SPECIALIZED SKILLS:** Remote workers may have specialized talent not available in your area.
- **PRODUCTIVITY:** Remote workers tend to work longer hours and be more productive than office employees.

Disadvantages

- **ACCOUNTABILITY/COMMUNICATION:** You need to keep tabs on what remote workers are doing using tools such as instant messaging (IM), collaboration software, videoconferencing or teleconferencing.
- **TEAMWORK:** Remote workers sometimes feel left out of the office team.
- **LEGAL ISSUES:** A remote worker is subject to the same legal and tax concerns as any employee, which can get complex if you have remote workers in other states.
- **TIME ZONES:** Dealing with workers in different time zones can be an advantage or a disadvantage.

OUTSIDE RESOURCES | Your business may also need the help of outside professionals in order to grow. These include:

- **Accountant:** Even if you have an in-house accounting team, an outside accountant can advise you on issues such as succession, retirement planning, mergers and acquisitions, and taking on outside investors.
- **Attorney:** An attorney can help you create and review contracts and documents.
- **Consultant:** A business consultant can advise you on everything from revising your business plan to targeting new markets.
- **IT services:** If you don't have in-house IT, you will need the services of an outside IT provider.
- **Coaches:** Business or personal coaches can help you attain both personal and business goals.
- **Board of advisors:** Creating an informal board of advisors is a great way to get advice and input.
- **Mentors:** Mentors provide advice, guidance and feedback. You can find a mentor informally through your contacts, or through a formal program such as SCORE.

SCORE can help in a number of the above areas, such as consultant, coach, mentor and member of your advisory board. Referrals from colleagues, social media networks and industry associations are great places to get recommendations for outside professionals; you can also contact professional associations for listings of their members.

QUESTIONS TO ASK | Before hiring an outside professional, ask about:

- Prior experience with small businesses
- Prior experience in your industry
- What type of contract they use
- How you will be billed (hourly, per project, retainer, ongoing or on completion)
- Availability
- References

Legal and Tax Issues

Before you hire any type of worker, make sure you fully understand the tax and legal issues that may arise, including:

- **CONTRACTS:** An employment contract specifies the “rules” of the job, including employee duties, salary, benefits, and grounds for termination or discipline. The contract may also specify a term the employee is hired for. In some states, an “at will” agreement can be used instead, specifying that the employee can be fired “at will” for any legal reason.
- **NONCOMPETE AGREEMENTS:** By signing a noncompete agreement, an employee promises he or she will not go to work for one of your direct competitors for a certain time period after leaving your business. This protects you from the risk of having employees leave and take their knowledge, client list, or your business trade secrets and methods to the competition, or from an employee leaving to start a competing business.
- **NONDISCLOSURE AGREEMENTS (NDAs):** It’s a good idea to have independent contractors, temporary workers or consultants sign a nondisclosure agreement stating that during the period of employment and for some time after, they will not reveal any confidential information about your business that they come across in the course of working with you. This protects you from having trade secrets, processes or future plans revealed to competitors. You may also want to include nondisclosure language in your employment contract with full-time employees.

Talk to an attorney familiar with your industry and state to determine the best combination of contract, noncompete and nondisclosure documents that work for the employee/s you plan to hire.

LEGAL AND TAX RESOURCES |

Visit these websites for information on tax and legal issues related to hiring.

- Occupational Safety and Health Administration (OSHA) (www.osha.gov/dcsp/smallbusiness)
- IRS (www.irs.gov/businesses)
- U.S. Department of Labor eLaws Advisors (www.dol.gov/elaws)
- U.S. Equal Employment Opportunity Commission (EEOC) (www.eeoc.gov)



An employment contract specifies the “rules” of the job, including employee duties, salary, benefits, and grounds for termination or discipline. The contract may also specify a term the employee is hired for.

Finding Job Candidates

If you determine you need to hire from outside to fill your company's needs, there are several places you can turn to in order to find job candidates.

- **EMPLOYMENT AGENCIES:** If you are seeking a specific type of employee with specialized skills, an employment agency can help.
- **EMPLOYEE REFERRALS:** Your existing employees can be a good source of job candidates. Offer employees an incentive to refer people. If you end up hiring and retaining a candidate, the referring employee receives a reward such as money or a day off with pay.
- **SOCIAL NETWORKING:** Some social networking sites, such as LinkedIn, offer the option to place help wanted ads. However, many entrepreneurs now find success without advertising, simply by letting their social network contacts know that they are seeking someone with particular qualifications. You can also use industry-specific social networking sites to find candidates.
- **HELP WANTED ADS:** These are still a good way to find job candidates. For best results, place your ads online. You can use general job sites such as those listed below, or specialized sites for your industry. Talk to others in your industry or industry association to get ideas about where to advertise.

Your existing employees can be a good source of job candidates. Offer employees an incentive to refer people. If you end up hiring and retaining a candidate, the referring employee receives a reward such as money or a day off with pay.



HIRING AND OUTSOURCING RESOURCES

These are some popular sites where you can post want ads or search for everything from part-time and full-time employees to freelancers and independent contractors.

- CareerBuilder (www.careerbuilder.com)
- Craigslist (www.craigslist.com)
- Elance (www.elance.com)
- Freelancer (www.freelancer.com)
- Guru (www.guru.com)
- Monster (www.monster.com)
- Odesk (www.odesk.com)
- SimplyHired (www.simplyhired.com)
- Idealist (www.idealists.org) (for nonprofits)



Interviewing Candidates

There are four stages in a successful interview process.

1. PRESCREENING

Prescreening saves you time by weeding out unqualified candidates. Prescreen candidates by asking for their resumes (if relevant) and/or having them fill out a job application. You can find job application forms online or develop your own. Make sure the form you use meets Equal Employment Opportunity Commission (EEOC) guidelines. You can also prescreen with a phone interview in which you ask basic questions to weed out unqualified candidates.

2. TESTS

Depending on the position, you may want to conduct tests relevant to your business. For instance, you might have a file clerk take an alphabetizing test. Requiring candidates to pass these tests before you schedule an interview saves time by weeding out unqualified candidates.

3. INTERVIEW

If you are hiring remote workers, independent contractors or candidates outside your local area, you can interview by phone or videoconference using a free service such as Skype (www.skype.com). Otherwise, the interview portion of the process is generally conducted in person.

Follow these steps for a successful interview:

- **KNOW WHAT YOU CAN (AND CAN'T) ASK.** EEOC guidelines prohibit asking anything not directly relevant to the job. This includes questions about age, race or national origin; disabilities or health issues; and marital status. Know what rules apply in your state.
- **BE PREPARED.** Creating a list of questions and areas to cover, including background, training, past job experience and education, ensures that you ask each applicant the same things.

PUT THEM TO THE TEST

Consider testing job candidates with real-world assignments. For instance, if you are hiring a marketing director, you might give job candidates a real-world assignment such as putting together a marketing plan for the next 12 months of your business.



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- **USE JOB DESCRIPTION/EMPLOYEE EVALUATION FORMS.** These will help you formulate questions and ensure that you cover all relevant areas of job duties and performance.
- **ASK OPEN-ENDED QUESTIONS.** Open-ended questions are those that cannot be answered with a yes or no, such as “Tell me more about your last job.” Ask for specific examples of instances where the employee handled difficult situations, dealt with problems or did work similar to the position you’re seeking to fill.
- **OBSERVE.** First impressions matter. In addition to what the person says, note his or her eye contact, friendliness, general demeanor and attitude.
- **LET THE CANDIDATE ASK QUESTIONS.** Ask the candidate if he or she has any questions. Does the person ask solely about benefits, salary and vacation time? Or does he or she ask questions that show curiosity about your business?
- **PROTECT YOURSELF.** Know what issues you can and can’t consider in hiring someone. In general, the hiring decision must be made solely based on abilities related to the job. It cannot be based on unrelated issues such as age, sex, disability or race.

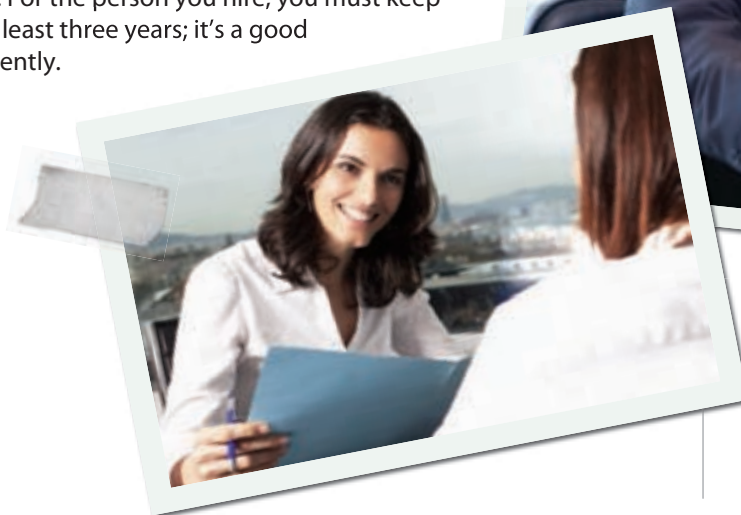
4. REFERENCES

Always ask for and check references. In some instances, employers have been held liable if an employee they hired later committed crimes that they could have learned about by checking references. If a position is a sensitive one, such as a security guard or someone who will have access to your business’s financial records, consider paying for a background check; if the employee will handle money, consider running a credit check. Contact schools to verify degrees and other educational achievements.

LEGAL ISSUES

A candidate may sue your business because he or she was not hired. To protect yourself, keep all records pertaining to the job application, interview and hiring process for at least six months after you fill a position. For the person you hire, you must keep their application for at least three years; it’s a good idea to keep it permanently.

Always ask for and check references. In some instances, employers have been held liable if an employee they hired later committed crimes that they could have learned about by checking references.



Onboarding Employees

A well-thought-out process for onboarding, or bringing a new employee on board, is critical to get new employees off on the right foot. Here are some things that should be part of your onboarding process.

- **EMPLOYMENT AGREEMENT:** Create an employee agreement that spells out the terms of the relationship and, in many cases, includes a noncompete agreement. An attorney can help you prepare an agreement that meets the requirements for your state.
- **PAYROLL/TAX PAPERWORK:** Have the new employee fill out any required paperwork necessary to get paid, such as a W-2 form.
- **EMPLOYEE HANDBOOK:** Create an employee handbook that explains the policies, standards, expectations and rules for your workplace, such as hours to be worked; how and when employees are paid; benefits offered, such as health insurance, sick or vacation leave and retirement plans. Keep your handbook as simple as possible to avoid misunderstandings. An HR consultant or attorney can help you develop this handbook.
- **INTRODUCTION TO FACILITY AND STAFF:** Don't leave your new employee on his or her own on the first day. Take time to explain job duties and get acquainted. Give the employee a tour of your workplace and introduce him or her to co-workers.
- **MENTOR/GUIDE:** Consider teaming each new employee with a mentor or guide on your staff. This can be their supervisor or a co-worker who can answer questions and get the new employee started. Creating a feeling of team spirit from day one will help build a good employee relationship.



Consider teaming each new employee with a mentor or guide on your staff. This can be their supervisor or a co-worker who can answer questions and get the new employee started.

Employee training and development is crucial to getting the most from your employees. Before developing an employee training program, you need to answer some key questions.

- What skills do your employees currently have?
- What additional skills would help them perform better in their current jobs? This could include learning new software programs, improving their people skills or communication skills, or learning how to use a new tool in your industry.
- Looking to the future and your company's growth plans, what additional skills do employees need in order to grow with the company? For instance, if you will be opening a second retail location, are there some employees who could be groomed to manage that store? If you are adding an e-commerce component to your business, some employees will need to learn more about that area.
- Last but not least, ask your employees what skills they are interested in learning. The answers may surprise you. Employees will be more invested and engaged in their work if they are able to shape the direction of their careers, so you should always consider their interests as well as your needs.



Looking to the future and your company's growth plans, what additional skills do employees need in order to grow with the company?

EMPLOYEE ENRICHMENT

If you need help providing employee training, there are many places to turn.

- Online
- Industry/professional associations
- Colleges and universities
- Adult education/continuing education
- Training companies/consultants
- Business coaches
- State Economic Development Departments
- Chambers of commerce
- SCORE

NEXT STEP

Fill out the Skills Inventory worksheet to create a visual representation of your employees' current and future skills. If you don't have any employees, fill out the worksheet using yourself as the employee.

	EMPLOYEE NAME:	EMPLOYEE NAME:	EMPLOYEE NAME:	EMPLOYEE NAME:
CURRENT SKILLS				
ADDITIONAL SKILLS NEEDED FOR CURRENT JOB				
SKILLS NEEDED TO ADVANCE				
SKILLS EMPLOYEE WANTS TO LEARN				

Get help from SCORE mentors. Visit www.score.org to find a mentor near you or get advice online.

Attaining Peak Performance

Different people have different peak performance levels. Some employees can only perform tasks. Others can follow a process. Still others can develop systems and processes. At the highest level are employees who can lead and manage an organization.

Most growing businesses have places for employees at all of these levels. As you observe employees, you'll begin to understand what they're capable of. Use training and enrichment to help each person reach their peak performance.

Employee Reviews

An effective review process helps employees reach peak performance.

- Hold regular reviews—quarterly, or at least annually.
- Set objective performance standards and create a review form to measure and document them.
- Focus on both processes and results.
- Give the employee's supervisors and/or managers input into the review.
- Get the employee's feedback about his or her performance before the review.
- Consider using 360-degree reviews, where managers gather feedback about an employee's performance from sources, including co-workers, customers and vendors.
- Decide how pay increases and bonuses will be handled. Will raises be given annually, or upon promotion? If bonuses are offered, document goals employees must reach to earn them.
- Create written promotion policies that spell out what is required to advance to the next level; clearly communicate standards and expectations to employees.

CREATE A CULTURE OF RESPONSIBILITY |

- Set measurable, objective goals and performance standards for each job, each department and the business as a whole.
- Make sure each employee knows what is expected of him or her.
- Ensure employees have time to complete their assigned tasks.
- Make employees responsible for outcomes, not just tasks.



Set measurable, objective goals and performance standards for each job, each department and the business as a whole.

Problem Employees

Your employee handbook should spell out the standards employees must follow, including cause for discipline or termination. Actions such as theft may be grounds for immediate dismissal; for other issues, create a progressive discipline policy that includes:

1. A verbal warning and a timeline for improvement
2. A written warning stating steps for improvement and consequences if goals are not met
3. Suspension (if needed to investigate the problem) and a final written warning
4. Termination

All stages of the discipline process should be documented in writing. Before disciplining or terminating an employee, consult an attorney familiar with employment law in your state.

Handling Grievances

A “grievance”—or dispute between an employee and management—can be deadly for your business if the complaint involves discrimination or a violation of company policy, law, the employment contract or the person’s rights. But even a complaint that doesn’t meet these standards can turn into a grievance if the employee feels management doesn’t care.

Awareness is the best prevention. Know what’s going on with your team so you can nip dissatisfaction and misunderstandings in the bud. To prevent grievances from leading to legal action, develop a grievance procedure and document it in your employee handbook. Treat all grievances consistently and confidentially to avoid accusations of bias. If a situation escalates, consult your attorney.

HR HELP |

As your company grows, you may need a dedicated HR manager. If this is beyond your budget, designate one employee (such as your office manager) to oversee HR issues. He or she should have access to HR training and know when to enlist outside help, such as your attorney or an outside consultant, to resolve complex questions.



Awareness is the best prevention. Know what's going on with your team so you can nip dissatisfaction and misunderstandings in the bud. To prevent grievances from leading to legal action, develop a grievance procedure and document it in your employee handbook.

Hiring costs time and money. Retaining qualified employees saves you time and money, helps you stay competitive and keeps your business running smoothly. You can motivate and retain employees by offering employee benefits.

Paid Benefits

- **HEALTH INSURANCE:** Since most big companies offer health insurance, you need to provide some type of coverage to stay competitive. Investigate options through your industry trade association. Talk to your legal and tax providers about the issues involved. Visit HealthCare.gov (www.healthcare.gov) for information and resources.
- **LIFE INSURANCE:** Many health insurance companies let covered employees buy life insurance at a reduced cost.
- **RETIREMENT PLANS:** Retirement plans can be set up for companies with as few as one employee. Popular options for small businesses include 401(k) plans, Simplified Employee Pension plans (SEP) and Savings Incentive Match Plans for Employees (SIMPLE). Consider a profit-sharing plan, which ties the rewards to the company's performance.

Low-Cost or No-Cost Benefits

- **FLEXTIME:** This can be as simple as offering three or four different “shifts.”
- **REMOTE WORK:** Employees value being able to work from home.
- **WELLNESS PROGRAM:** Many health insurers offer this for free with your insurance.
- **CREDIT UNION MEMBERSHIP:** Credit unions offer small business employees free membership at no cost to your business, giving employees access to low-interest loans and savings accounts.
- **CASUAL:** A casual or “fun” work environment can help a small business stand out from big corporations.
- **DAY CARE:** Employees pay for this service, keeping your costs low. Consider teaming with other small businesses to keep it affordable.
- **PETS:** Allowing pets in the office can be a fun perk.



Retaining qualified employees saves you time and money, helps you stay competitive and keeps your business running smoothly. You can motivate and retain employees by offering employee benefits.

Lined area for notes.

SECTION 3:

Marketing Your Business



The first step in identifying your marketing goals is to assess whether your business's needs have changed. What worked for you in the early stages of your business may not work today. Consider these areas:

- **TARGET CUSTOMERS:** Are you reaching out to new demographics (age, sex, race, income) or new regions (customers in a different part of the country or even globally)? If you sell B2B, perhaps you are targeting customers in new industries.
- **PRODUCT/SERVICE:** Have you added new products or services?
- **PRICE:** Have your prices changed? Perhaps you've shifted from a mass-market audience to an upscale, luxury niche. Your marketing must reflect your current price point.
- **BUDGET:** Has your marketing budget grown since your business started? If not, you may need to increase it. Or perhaps your marketing dollars have shifted over time so you are spending more in one area than you used to. Reassess spending and focus on the expenditures that deliver the best return on investment.
- **SALES CHANNEL:** Have you gone from a business-to-consumer (B2C) company to a business-to-business (B2B) focus? Have you shifted from retail to wholesale? Changes in the sales channel require revising your marketing plan.

Market Research

If your business needs have changed, re-evaluate your target market by doing market research. You'll need to find out:

- **SIZE:** How big is your target market? Is it growing or shrinking?
- **INCOME LEVEL:** If you are targeting consumers, what is their average income?
- **SALES:** If you are targeting business customers, what are their average sales?



Are you reaching out to new demographics (age, sex, race, income) or new regions (customers in a different part of the country or even globally)? If you sell B2B, perhaps you are targeting customers in new industries.

- **PURCHASING HABITS:** What are the spending habits of your target customers? How much do they spend on your type of product or service?
- **DEMOGRAPHICS:** For consumers, age, race, sex, marital status, whether they have children, and their stage in life (parents, empty-nesters, college students) are all aspects of demographics. For business-to-business sales, demographics include the average company size, years in business, industry, product/service sold and number of employees.
- **PURCHASING CHANNELS:** How do your target customers prefer to buy your type of products and services? Online? In a store? By phone? Through a salesperson?
- **GEOGRAPHIC LOCATION:** Are your target customers moving to new regions, or is your business expanding to new regions? Find out where your target market is growing and where it's shrinking.

SECONDARY MARKET RESEARCH |

You can do market research directly or indirectly. Indirect (or secondary) market research uses information compiled by other sources, such as market research firms or the government. We've listed some below:

- Trade associations
- Census data
- American FactFinder (<http://factfinder2.census.gov>)
- Economic Indicators (www.esa.doc.gov/about-economic-indicators)
- FedStats (www.fedstats.gov)
- National Bureau of Economic Research (www.nber.org)
- Hoovers (www.hoovers.com)
- ThomasNet (www.thomasnet.com)

PRIMARY MARKET RESEARCH |

Direct (or primary) market research uses information you compile yourself from your target customers. This can be gathered in several ways:

- Customer surveys (online or offline)
- Internet research
- Social media
- Focus groups
- Conversations



Are your target customers moving to new regions, or is your business expanding to new regions? Find out where your target market is growing and where it's shrinking.

NEXT STEP

Complete the Target Market Data worksheet on the next page. You can probably already describe at least one target market, but you will need to do some additional market research in order to complete the worksheet.

	MARKET:	MARKET:	MARKET:	MARKET:
DISTRIBUTION CHANNEL				
DEMOGRAPHICS				
INCOME/ SPENDING HABITS				
LOCATION				

Get help from SCORE mentors. Visit www.score.org to find a mentor near you or get advice.

Competitive Analysis

Analyze the marketing methods your competitors use.
Examine the competition's:

- **MARKETING COLLATERAL:** What marketing message are your competitors trying to convey? Is their marketing collateral up-to-date, effective and attractive? What target market is their marketing collateral tailored for?
- **ADVERTISING:** Where do your competitors advertise (print, TV, radio, outdoor)? How frequently? What benefits do their ads emphasize, and what information do they include?
- **PUBLIC RELATIONS EFFORTS:** Set up a Google Alert on your competitors. How frequently are they mentioned, and in what media? Is the publicity positive or negative?
- **SOCIAL MEDIA:** Follow your competitors on social media (such as Facebook, LinkedIn and Twitter). How many fans or followers do they have? What type of content do they post?
- **ONLINE MARKETING:** Visit your competitors' websites. Are they easy to use? Search for your competitors online. Is their business high in search results? Are they listed in local search directories and on ratings and review sites? Do they advertise online, and if so, where?
- **CAUSE MARKETING:** Are your competitors affiliated with any socially responsible cause? What marketing methods do they use to promote that relationship?
- **EVENT MARKETING:** Do your competitors sponsor or participate in community events? Do they hold in-store events or promotions?

Follow your competitors on social media (such as Facebook, LinkedIn and Twitter). How many fans or followers do they have? What type of content do they post?



NEXT STEP

Complete the Competitive Analysis worksheet on the next page, answering the questions above.

	COMPETITOR 1:	COMPETITOR 2:	COMPETITOR 3:	COMPETITOR 4:
MARKETING COLLATERAL				
ADVERTISING				
PUBLIC RELATIONS EFFORTS				
SOCIAL MEDIA				
ONLINE MARKETING				
CAUSE MARKETING				
EVENT MARKETING				

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There are many marketing methods and tools to choose from, depending on your needs and resources.

Marketing Collateral

Today the website is the primary marketing tool for most small companies. But there are other, more traditional marketing materials that might need a makeover, including your logo, signage, business cards, brochures and fliers. As you look at your existing marketing collateral pieces, ask yourself:

- Do they still reflect your business's brand and image?
- Has your business's focus changed so the current marketing materials no longer fully convey what you do?
- Do your visuals look outdated? Maybe it's time for new colors or designs.

MARKETING COLLATERAL RESOURCES

These websites offer low-cost templates you can use to create your own marketing collateral, or access to freelance designers and copywriters:

- 99Designs (www.99designs.com)
- CrowdSPRING (www.crowdspring.com)
- Elance (www.elance.com)
- Freelancer (www.freelancer.com)
- Guru (www.guru.com)
- Inkzoo (www.inkzoo.com)
- Logoworks (www.logoworks.com)
- Vistaprint (www.vistaprint.com)

Advertising

Your advertising options include both online and offline advertising. **Offline or traditional advertising** includes:

- Print (newspapers, magazines, community publications)
- Radio
- Cable TV
- Direct mail (postcards, letters)



Today the website is the primary marketing tool for most small companies. But there are other, more traditional marketing materials that might need a makeover, including your logo, signage, business cards, brochures and fliers.

Each media outlet has demographic information about its readers or viewers. Ask for this information to see if an outlet's audience fits your target customer profile. For instance, if your target customer is mothers with young children and a household income of \$50K or more, each outlet can tell you if that demographic makes up a significant portion of their audience.

For a small business, the key to successful advertising is targeting it narrowly. If your customers are mostly local, you probably don't want to advertise in a major national magazine. But you might want to advertise in a regional or city publication, or a community publication, such as a church bulletin or neighborhood newsletter.

Online advertising options include:

- Link exchanges
- Email newsletter ads
- Pay-per-click (PPC) ads
- Banner ads

One online advertising method that doesn't cost anything is doing a link exchange with a site that has complementary visitors to yours. Offer to post a link to (or ad for) their site in exchange for their posting a link to (or ad for) yours.

You can also advertise in email newsletters that reach your target market. For instance, if you sell baby products, you could take out ads in email newsletters targeting mothers or pregnant women.

In pay-per-click (PPC) advertising, you pay for the online ad only when users click on it. If you're advertising on a search engine like Google or Bing, you usually have to "bid" on the keywords you want to appear for. When a user searches for those keywords, your ad pops up. Using the same example, a baby products company might buy the keywords "baby clothes." PPC can get expensive since popular keywords can often cost several dollars per click.

Facebook offers similar PPC ads served up based on demographics. If you buy an ad targeting women under 35 with newborn babies, for instance, your ad will appear on those users' Facebook pages.

You can also run banner ads on websites that reach your target audience. The baby products company, for example, could advertise on parenting websites.



One online advertising method that doesn't cost anything is doing a link exchange with a site that has complementary visitors to yours. Offer to post a link to (or ad for) their site in exchange for their posting a link to (or ad for) yours.

Public Relations

Public relations (PR) can be more important than advertising for a small business owner on a budget. If your PR efforts succeed and you are mentioned in a publication or on a website, you get something advertising can't give: an implied third-party endorsement of your business.

How to Write a Press Release

Press releases follow a standard format, including a headline; a summary; a dateline; the “body” or main part of the release; the “About” section, or *boilerplate*, that explains what your company does; and contact information.

The body of your release should grab reporters' attention by making them want to read on. Start with the most important information. Keep in mind that your release may need to be tailored for different news outlets. For instance, a toy wholesaler crafting a release about a new product might write one type of release for industry publications and another for parenting magazines.

Include hyperlinks to your website or other important sites. Put a “Press Room” or “Media” section on your website where readers can view all your company's press releases. Also create an “About” page that tells the story of your business and explains how to contact you.

How to Distribute Your Press Release

In most cases, you'll email your release. You can find reporters' or bloggers' emails on each publication's site, or connect with reporters using social media. After sending your release, always follow up, by email, phone or both. Be brief but polite, and ask if you can provide more information. You can also use free press release services (see “PR Resources”) to send your releases to all the major search engines.

PR RESOURCES

- PR Newswire's PR Toolkit (www.smallbusinesspr.com) will guide you through the steps of writing and distributing press releases.
- Register at PRLog.org (www.prlog.org), PR.com (www.pr.com) or Free Press Release (www.freepressrelease.com) to distribute your press releases to major search engines for free. These sites also have lots of sample press releases you can look at.



Public relations (PR) can be more important than advertising for a small business owner on a budget. If your PR efforts succeed and you are mentioned in a publication or on a website, you get something advertising can't give: an implied third-party endorsement of your business.



Developing an Effective Website

To develop a website or improve your existing site, begin by determining your website goals. These may include e-commerce, customer service, branding and more. Figure out how your website can support your overall business strategy and how it will fit into your overall marketing strategy. Keep these requirements in mind:

- [illegible]

1. **DOMAIN NAME:** Registering the www.yourbusiness.com address that users type in to find your site costs about \$10 annually. Keep your domain name short and simple, and tie it into your business. Search at a domain name registrar, such as GoDaddy (www.godaddy.com), to see if the name you want is available.
2. **WEB HOSTING SERVICE:** A Web hosting service hosts your site on its servers, typically for just a few dollars a month. When assessing a Web host, consider uptime (the percentage of time the site is up as opposed to “down” or not working), the support offered, whether you share a server or have a dedicated server just for your business, and how regularly the host backs up data.
3. **WEB DESIGN:** You can create your website in-house or hire a website designer. Many small businesses use all-in-one packages from companies, such as GoDaddy (www.godaddy.com) and Web.com (www.web.com), that include a domain name, hosting services and design templates.

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Search Engine Optimization

Search engine optimization (SEO) means optimizing your site so it comes up higher in organic (nonpaid) search results, driving more traffic. Optimize your site by posting content with keywords your customers might use when searching for your business online. For instance, if you own an Italian restaurant in New York City, you might want to use keywords like *italian restaurant*, *pizza restaurant*, *new york city pizza* or *new york city italian restaurant*.

Web analytics tools help you measure what visitors are doing on your website to see if your SEO efforts are working. All major search engines provide free analytics tools you can use to measure data including:

- Number of site visitors
- Individual page impressions
- Average visit length
- Most/least popular pages
- Most popular site entry pages
- Where users come from (sites or search engine phrases)
- Number of inquiries, leads or sales generated
- Conversion rates
- Total sales volume online
- Average purchase per online customer

Determine what is most important for you to measure, and use Web analytics to determine if your site is achieving your goals.

Email Marketing

Email marketing is a great marketing tool to grow your business. Here's how to get started.

- **COLLECT EMAIL ADDRESSES.** Use an opt-in link or button on your website, collect email addresses at the point of purchase, or offer an incentive such as a free report. Have a clear privacy policy on your website stating how you protect and use customers' personal information. You can buy email lists from list brokers, but your in-house list gathered from interested customers will be more effective.
- **SEND EMAILS.** You can email a newsletter, alerts of sales and specials, announcements about your business or event invitations. Choose a frequency that keeps you top-of-mind without overloading customers so they unsubscribe.
- **FOLLOW CAN-SPAM LAWS.** Sending email to a customer list requires complying with many legal regulations. Visit the FTC website at <http://business.ftc.gov/> and search "can-spam" for more about complying with CAN-SPAM laws.



Search engine optimization (SEO) means optimizing your site so it comes up higher in organic (nonpaid) search results, driving more traffic.



- **USE DOUBLE OPT-IN OPTIONS.** Email addresses on a single opt-in list are not confirmed; someone just signs that email up for the newsletter (opts in). If possible, use a double opt-in system. Before sending your newsletter, email the list asking the email address owners to confirm that: 1) they own the address, 2) the address is current, and 3) they want to subscribe.
- **USE EMAIL SERVICES.** Using an email service such as Benchmark (www.benchmarkemail.com), Campaigner (www.campaigner.com), Constant Contact (www.constantcontact.com) and iContact (www.icontact.com) can simplify your email marketing.

Ratings, Review and Local Search Sites

Ratings and review sites such as Yelp! are becoming increasingly important as consumers share more information about businesses they patronize. In addition, general search sites like Google and Yahoo! now aggregate information from review sites in their search results. Ratings, reviews and local search are especially valuable marketing tools for service businesses, travel-related businesses and businesses that rely on local customers.

Popular ratings, reviews and local search sites include:

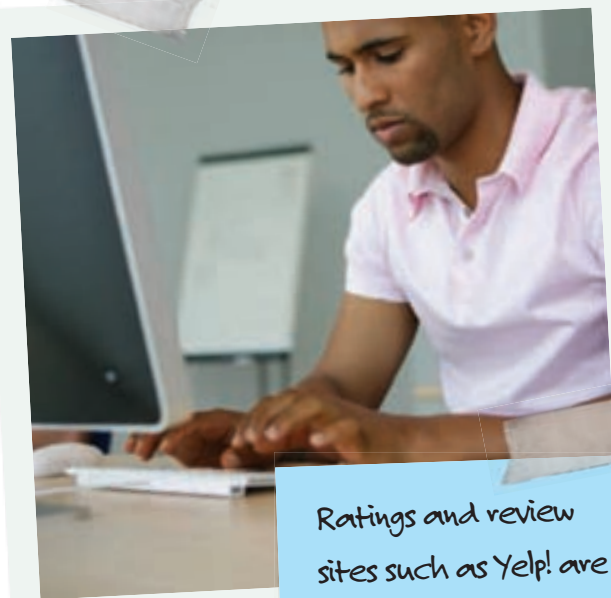
- Bing Local (www.bing.com/local/us)
- CitySearch (www.citysearch.com)
- Google + Local (<https://plus.google.com/local>) (formerly Google Places)
- Insider Pages (www.insiderpages.com)
- Local (www.local.com)
- MerchantCircle (www.merchantcircle.com)
- Yahoo! Local (<http://local.yahoo.com>)
- Yelp! (www.yelp.com)

There may also be niche sites for your industry, region or city.

Many review sites and search directories put up basic information about local businesses. Visit the sites to see if your business is listed, then “claim” your listing and optimize it with:

- Photos of your business, employees or products
- Detailed description of your business
- Maps and directions
- Menus
- Coupons and special offers

Managing your online reputation is important. Monitor your listings by setting up a free Google Alert to notify you whenever you, your company, or your product/service are mentioned, and visiting major ratings and review sites once a day. Respond to negative reviews quickly without getting defensive. Think of reviews as learning tools to alert you to what customers like and don't like.



Ratings and review sites such as Yelp! are becoming increasingly important as consumers share more information about businesses they patronize.

Social Media

Marketing with social media can help you increase sales, drive traffic to your site or store, learn about your competitors and find potential partners. Before getting started in social media, list your goals. What do you hope to achieve?

facebook

Marketing With Facebook

The biggest social network, Facebook appeals to a wide age range and is a good marketing tool for consumer-oriented businesses with products that inspire “fans.”

- **SET UP A FACEBOOK PAGE FOR BUSINESS.** You might already have a personal Facebook page. A business page is different. Start with basic information such as the name of your business, your address, website and contact phone numbers.
- **DEVELOP A 360° STRATEGY.** Integrate your Facebook efforts with your other social media and marketing programs. Your Facebook page should link to your Twitter and LinkedIn accounts and your website.
- **UPDATE YOUR STATUS REGULARLY.** Keep users interested by posting consistently. Vary your posts, including text, photos and videos. Ask questions, hold contests or conduct surveys.
- **USE APPS.** Facebook offers thousands of applications (apps) to help users connect; visit the Facebook “Applications Directory” to learn more.
- **KEEP LEARNING.** Facebook is constantly evolving. Visit Facebook’s “Ads and Business Solutions” section to learn about new tools for business.

FACEBOOK LINKS

Visit these key Facebook links to get started.

- Create a Page: www.facebook.com/pages/create.php
- Ads and Business Solutions: www.facebook.com/business
- Facebook Apps: www.facebook.com/apps
- User Help: www.facebook.com/help

LinkedIn

Marketing With LinkedIn

LinkedIn is more business-oriented than Facebook, making it a great marketing tool for business-to-business companies. You can use LinkedIn to find prospective customers, promote yourself as an expert and survey user groups.

- **CREATE A PROFILE.** Create a LinkedIn profile for yourself and a separate company profile for your business.



The biggest social network, Facebook appeals to a wide age range and is a good marketing tool for consumer-oriented businesses with products that inspire “fans.”

- **ADD CONTACTS.** Import contacts from your business email, Gmail and any other email sources. You can also add personal contacts—you never know who will be a source of new business.
- **GET AND GIVE RECOMMENDATIONS.** Ask business associates, partners and other business contacts for recommendations, and offer to recommend people you know. Whenever you finish a project, ask the client for a recommendation.
- **ASK AND ANSWER QUESTIONS.** Use LinkedIn Answers to pose and answer questions, establishing your expertise.
- **JOIN A GROUP.** There are thousands of groups on LinkedIn, so you're sure to find dozens in your industry to choose from. Also join groups your clients or prospects might be in.

LINK IN |

Visit the LinkedIn Learning Center (<http://learn.linkedin.com>) to learn more about using LinkedIn.



Marketing With Twitter

Twitter is a great marketing tool for both business-to-business and consumer-focused companies to spread the word about timely news and deals, attract mobile users and build brand awareness. Here's how to get started.

- **FOLLOW OTHER USERS:** Begin by importing contacts from your address book, searching for key customers, and following big names or thought leaders in your industry. Then see who the people you follow are following.
- **ENGAGE:** Comment on or retweet others' tweets; ask questions; or share useful links, articles or blog posts.
- **MARKET:** You can use Twitter to promote your website, blog, articles or events (but don't overdo it). Many retailers use it to send alerts about deals, sales or time-limited offers to customers. You can also use Twitter to do informal customer surveys.
- **GET PERSONAL:** Twitter is not "corporate," so express your personality. Personalize your Twitter page with a photo of yourself, a link to your website and a customized background.
- **CROSS-PROMOTE:** Use your Twitter "handle" in your email signature and in your online and offline marketing materials.

GET THE SCOOP |

Visit Twitter for Businesses (<http://business.twitter.com>) to learn more about using Twitter.



Twitter is a great marketing tool for both business-to-business and consumer-focused companies to spread the word about timely news and deals, attract mobile users and build brand awareness.

Group Deal Sites

“Group deal” sites, such as Groupon, LivingSocial and SocialBuy, combine a social aspect with bargain savings. Consumers sign up to get regular emails from businesses offering limited-time discounts, then share information about deals with their friends. Businesses share their profits with the site.

Group deals can be a good way to attract new customers or get rid of unsold inventory. On the down side, your business may be overwhelmed with customers (which may hurt your image if you can’t serve them as well as you’d like) and, in some cases, the profits may not be worth your while.

Check out any group deal site carefully before you sign up. Be sure you understand the terms, and get opinions from other business owners who have used the service to see what they think.

SOCIAL MEDIA RESOURCES |

- Start with the free analytics tools and tools for business users that each social media site offers.
- Manage your business’s Twitter activity with tools like SocialOomph (www.socialloomph.com) and TweetDeck (www.tweetdeck.com).
- If you have multiple social media accounts, Hootsuite (www.hootsuite.com), NutshellMail (www.nutshellmail.com) and SproutSocial (<http://sproutsocial.com>) enable you to collaborate, manage your accounts and measure your results.

MAKING SOCIAL MEDIA WORK |

Social media is free, but it does cost you time. Consider:

- How much time can you commit to each social media site?
- Who will be responsible for updates? For maximum effectiveness, someone must take ownership of each social media account (Facebook, Twitter, LinkedIn, etc.) and post new content regularly.
- There is a learning curve for each social media tool, and for keeping up with changes and new features.



“Group deal” sites, such as Groupon, LivingSocial and SocialBuy, combine a social aspect with bargain savings. Consumers sign up to get regular emails from businesses offering limited-time discounts, then share information about deals with their friends.



Event Marketing

Hosting or sponsoring events can be a great marketing tool for a company that relies on a local customer base. If you're hosting an event:

- **SET GOALS.** Do you want to attract new customers? Build relationships with current customers? Get publicity?
- **MAKE IT RELEVANT.** For instance, a coffeehouse could hold a coffee-tasting event. An accountant could hold a tax planning seminar for small business owners.
- **PLAN WHAT YOU WILL NEED.** This could include refreshments, food, space, seating, photography or video, and permits or licenses.
- **SEEK PARTNERS OR SPONSORS TO CO-HOST.** Team up with a complementary business or one of your vendors or suppliers.
- **INVITE ATTENDEES.** This can mean sending formal invitations, placing ads or passing out fliers.
- **PLAN PROMOTIONS.** These could include marketing materials (business cards, brochures), coupons or promotional giveaways.
- **PUBLICIZE THE EVENT.** Send press releases to local media before and after the event; use social media, email and your website to promote it.
- **COLLECT CUSTOMER DATA.** Generate leads by offering customers something of value in return for their data, or hold a drawing and collect business cards.
- **FOLLOW UP.** Contact attendees after the event with a special offer or more information.

Sponsoring an event, such as a charity function, health or safety fair or 10K race, is another way to generate publicity for your business. To make your sponsorship successful, know your goals for the event before you commit. Seek an event that fits your business's offerings, target market and goals. Investigate the organizer beforehand; you don't want to affiliate with a badly run event. Finally, know what you are expected to give (money? a speech? products for giveaway?) and what you will get (will your company name be publicized, or can you gather leads at the event?).

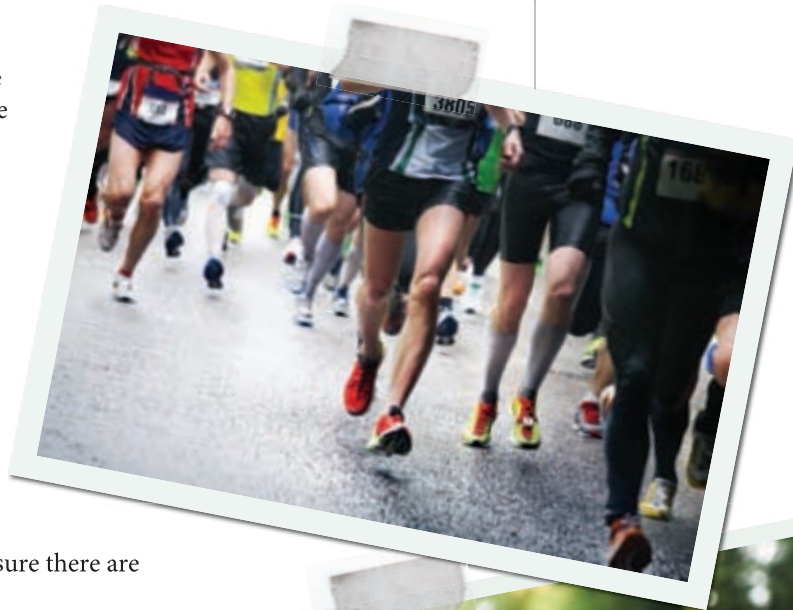
Sponsoring an event, such as a charity function, health or safety fair or 10K race, is another way to generate publicity for your business.



Cause Marketing

Cause marketing, or socially responsible marketing, is a means of gaining positive publicity, enhancing your brand and driving sales by affiliating your business with a “cause.” Follow these steps to successful cause marketing:

- **CHOOSE A RELEVANT CAUSE.** For instance, a children’s clothing boutique could support children’s causes. If most of your customers are local, you may want to focus on a local organization; if you sell online, you may want to focus on a national cause.
- **RESEARCH THE ORGANIZATION.** Make sure there are no skeletons in the closet.
- **CHOOSE YOUR FORM OF SUPPORT.** This could include volunteering, contributing money or donating a percentage of sales.
- **UNDERSTAND TAX ISSUES.** If you are donating funds or a percentage of your sales, have your accountant review tax issues.
- **PUBLICIZE YOUR CAUSE.** Tell customers about your involvement with the cause by promoting it in all of your marketing and PR activities.
- **BE AUTHENTIC.** Customers can tell when you’re not passionate about a cause and are just using it as a marketing ploy.



Cause marketing, or socially responsible marketing, is a means of gaining positive publicity, enhancing your brand and driving sales by affiliating your business with a “cause.”

NEXT STEP

Not all the marketing strategies we’ve covered will be a fit for your business. To ask yourself key questions about each tactic you’re considering, complete the Marketing Strategy Assessment worksheet on the next page.

	STRATEGY:	STRATEGY:	STRATEGY:	STRATEGY:
WILL THIS HELP ACHIEVE MY GOALS?				
WILL THIS REACH MY TARGET CUSTOMER/S?				
DOES THIS FIT MY BUDGET?				
DO I HAVE THE NECESSARY STAFF?				

Get help from SCORE mentors. Visit www.score.org to find a mentor near you or get advice online.

Retaining existing customers is crucial to business growth. Studies have shown that it costs up to five times more to find a new customer than to keep an existing one. What's more, loyal customers become a growth engine for your business, referring other customers and creating a pipeline to new business.

Hold special events where your best customers have access to exclusive products or services, or get to shop in a special environment.

Customer Loyalty Programs

There are many options for creating programs that reward customers for their loyalty.

- **LOYALTY OR REWARDS CARDS:** These can be as simple as paper punch cards with “buy X and get one free” or plastic, bar-coded cards that track customer data.
- **GEOLOCATION WEBSITES:** Sites like Foursquare help retailers, restaurants, food-service businesses and other local product-oriented businesses by offering tools you can use to reward customers when they “check in” at your location.
- **DISCOUNTS AND SPECIAL OFFERS:** Create discounts for key customers when they purchase a certain level or buy a certain number of times.
- **EVENTS:** Hold special events where your best customers have access to exclusive products or services, or get to shop in a special environment.
- **GIVEAWAYS:** Offer gifts with purchase or gifts on a special day such as a birthday or anniversary of first purchase.

Customer Service

Is your customer service up to par? Here are some factors you should regularly assess:

- **PHYSICAL LOCATION:** Is your building attractive inside and out? Is there enough parking and good signage? Is your store well stocked, inviting and clean? Do your employees greet customers promptly?



- **WEBSITE:** Is your business website easy to navigate? Does it clearly display how to contact your business by phone, email or mail? If you sell products online, is your shopping cart system easy to use? Is the site attractive? Are product photos clear and appealing? Is there enough description? Do you have a FAQ section to handle customer questions?
- **PHONE:** What happens when customers call your business? If there's a voice mail system, is it easy to navigate? Is there an option to speak to a live person?
- **YOUR STAFF:** Are they well groomed, articulate and friendly? Are they empowered to handle customer issues on their own? Are they knowledgeable about your products or services?
- **QUESTIONS AND PROBLEMS:** How are customer questions answered? Does your website answer common questions? How does the staff deal with problems or complaints? Do you use complaints as a tool to improve?
- **FOLLOW-UP:** Always follow up after the purchase is made. This could be via a phone call, a letter, or an email, depending on the nature of your business and the purchase. Find out if customers are satisfied and promote other products or services they might be interested in.
- **SECRET SHOPPER:** Also called mystery shopping, this involves sending someone into your business to shop and report back to you on the service they receive. You can find mystery shopping companies online by searching mystery shopper or secret shopper. You can also have friends or family visit your business anonymously. Standardize ratings by creating a form that each mystery shopper fills out.



Is your business website easy to navigate? Does it clearly display how to contact your business by phone, email or mail? If you sell products online, is your shopping cart system easy to use?

POSITIVE FEEDBACK |

Getting customer feedback is the best way to ensure good customer service. You can get feedback by talking to or calling customers, sending emails, or doing online surveys (using a survey tool such as SurveyMonkey (www.surveymonkey.com), Facebook or Twitter). Pay attention to online ratings and reviews; use Google Alerts to monitor what's said about your business online.

Lined area for notes.

SECTION 4:

Growing Your Sales



SCORE  TM
FOR THE LIFE OF YOUR BUSINESS

Distribution channels are how your product or service gets to the end user. Adding new distribution channels builds your brand, lessens your risk, exposes your product or service to more potential customers, and increases your profit potential.

If you are targeting a new type of customer, launching a new product or adding a new service, you need to reassess your distribution channels.

There are three primary distribution channels:

1. **DIRECT:** You sell directly to the end user of your product or service. This can be done through:
 - An in-house sales team
 - The Internet (where customers buy directly from your site)
 - Your own product catalogs or direct-mail sales
 - A brick-and-mortar store
2. **INDIRECT:** You sell to resellers who sell the product to the end user. This can include:
 - **Wholesaler/distributor/dealer:** This company buys products from a wide range of companies and resells them to other resellers or retailers.
 - **Value-added reseller (VAR):** VARs provide custom solutions for customers, using products and services from many different companies.
 - **Consultant:** Consultants might recommend your product or service to their customers, or might purchase it from you and resell to the customer.
 - **Retail:** A retailer buys your product and resells it to end users via a store, website or catalog.
 - **Affiliates:** Affiliates sell your product or service through their websites and receive a percentage of sales in return for facilitating the sale.
 - **Manufacturers' representatives:** This salesperson sells products from a range of different manufacturers to customers in a specific industry or region.



If you are targeting a new type of customer, launching a new product or adding a new service, you need to reassess your distribution channels.

3. **MULTICHANNEL/HYBRID:** A multichannel or hybrid strategy uses more than one distribution channel. While this can increase sales, it can also cannibalize sales if you're not careful. For instance, if customers can get your product or service more cheaply in one channel than in another, sales via the more costly channel will suffer.

Research Distribution Channels

Your customer needs are a primary driver of your choice of distribution channels. But also consider these factors:

- **COMPETITORS:** Which channels do your competitors use?
- **GEOGRAPHIC LOCATION:** Does this channel reach the desired geographic location where your target customers are?
- **SWOT:** Do a SWOT analysis. What are the Strengths, Weaknesses, Opportunities and Threats associated with each distribution channel?
- **BARRIERS TO ENTRY:** What are the barriers to entry for each distribution channel? These could include cost, competitors, time to establish a foothold, etc.
- **COST:** What is the cost of each distribution channel and how will this affect your cash flow? Can the cost be passed on to customers or must it be absorbed?
- **PRICING/PROFIT:** How will using a particular channel affect your pricing, and how will that affect profit margins?
- **SALES/MARKETING:** What are the costs (both in money and time) of the sales and marketing efforts required for each channel?
- **CHANNEL CONFLICTS:** If your product is currently sold only in independent stores, expanding to a mass-market retailer like Wal-Mart could create a conflict with the smaller stores. Weigh the benefits of a new channel against potential costs.

CHANNEL CHOICES |

As you assess your distribution options, consider:

- What are my customers' needs?
- How could my product or service meet those needs?
- Who is my ideal customer?
- How can I find more of them?



A multichannel or hybrid strategy uses more than one distribution channel. While this can increase sales, it can also cannibalize sales if you're not careful.

As you research possible distribution channels, you may come up with several options that would work for your business. But time and cost issues are likely going to keep you from pursuing all of them at once.

How do you decide? Set priorities and choose the order in which you will approach new channels based on:

- **EASE OF ENTRY:** How simple or complex is it to enter the channel? How long will it take to get established? Do you have contacts who will help?
- **GEOGRAPHIC PROXIMITY:** Does the channel reach the geographic location/s where your target customers are?
- **FINANCIAL GOALS AND RISKS:** How much money do you have to spend? Which channels can you afford to enter, and which will have the greatest payoff?
- **ESTIMATED SALES VOLUME:** What volume of sales can you expect from each channel?
- **COMPETITORS' POSITIONS:** Is there too much competition in a given channel?
- **MANAGEMENT EXPERIENCE:** How much experience do you have with each type of channel?
- **STAFFING CAPABILITIES:** Do you have the appropriate team in place to handle a new channel?



As you research possible distribution channels, you may come up with several options that would work for your business.

NEXT STEP

Keeping in mind the Business Needs Assessment results and the SWOT Analysis that you completed in Section 1 of this workbook, fill out the Distribution Channel Assessment worksheet on the next page.

Complete the worksheet by noting each distribution channel you are considering, then assessing its pros and cons based on the factors below.

	DISTRIBUTION CHANNEL:	DISTRIBUTION CHANNEL:	DISTRIBUTION CHANNEL:	DISTRIBUTION CHANNEL:
EASE OF ENTRY				
GEOGRAPHIC PROXIMITY				
COSTS				
COMPETITORS' POSITIONS				
MANAGEMENT EXPERIENCE				
STAFFING CAPABILITIES				
MARKETING NEEDS				

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Channel partners are the people and companies that help you move your product or service through distribution channels. These include wholesalers, retailers, distributors, consultants and affiliates. Choosing the right channel partners saves you time and money, and lets you gain from the partner's knowledge, experience and contacts.

You may already have some channel partners in mind; perhaps that was a deciding factor in your choice of channels. If you don't have a partner in mind, search for partners by determining what channels and companies your target customers already interact with. Where do they shop? Who do they buy from? What websites do they visit? These will be natural partners for your business.

Once you have identified potential channel partners, approach them as you would any sales prospect. You need to:

- “Sell” the partner on the benefits of the relationship and why establishing a partnership is worth their while.
- Set goals including performance expectations and how the partner will report results.
- Train the partner (if necessary) so they have adequate knowledge of your product or service to handle their role.
- Provide sales and marketing materials as needed to help the channel partner sell.

PARTNER PROBLEMS

When adding new channel partners, be sensitive to existing partners. For instance, if you sell your products mostly via small retailers and you add a channel partner such as Wal-Mart, your other channel partners will suffer if Wal-Mart's prices undercut theirs. Weigh the costs and benefits of adding any new channel partner.

If you don't have a partner in mind, search for partners by determining what channels and companies your target customers already interact with.



There are five steps to a successful sales process.

Step 1: Lead Generation

Generating “leads,” or people who may be interested in buying from your business, is done by marketing. You can generate leads using the marketing methods below and those discussed in Section 3, “Marketing Your Business”:

- Marketing collateral
- Advertising
- Public relations
- Online marketing
- Email marketing
- Social media
- Client/customer referrals
- Trade shows
- Event marketing
- Cause marketing

Step 2: Prospecting

While lead generation drives people to your business, prospecting focuses on reaching out to customers to pull them into your business. (The two terms are sometimes used interchangeably, and some of the methods used are the same.) You can prospect using:

- **COLD CALLING:** This is typically most effective in business-to-business sales.
- **EMAIL:** Send targeted emails to prospects with special offers to drive interest.
- **NETWORKING:** Social media, especially LinkedIn and Twitter, can be used for prospecting, but in-person networking is still a key prospecting tactic, especially in the business-to-business world.
- **DIRECT MAIL:** Mailers following up on leads with more information or targeted offers can work.
- **TRADE SHOWS:** Prospect for customers by attending or exhibiting at trade shows.
- **REFERRALS:** Reach out to referrals from existing clients.

In prospecting, you are looking to qualify leads—that is, to determine if these people truly have the interest, inclination and can afford to buy your product or service. Look for quality, not quantity. A few well-qualified leads are more valuable than hundreds of leads that don’t fit your needs.



While lead generation drives people to your business, prospecting focuses on reaching out to customers to pull them into your business. (The two terms are sometimes used interchangeably, and some of the methods used are the same.)

Step 3: Contact

In your initial contact with prospects, your goal is to qualify them (if you haven't already done so). Ask key questions to determine if they fit your target customer profile.

- Can they make a purchasing decision?
- Do they need the benefits your product or service offers?
- Is the product or service needed at this time?

Although your initial contact will probably be by phone or email, the goal is to set up an in-person meeting, which may be informational in nature to find out more about what the prospect wants.

Negotiating the sale may take minutes or months, depending on the size of the sale and the type of client.

Step 4: Negotiating

Negotiating the sale may take minutes or months, depending on the size of the sale and the type of client. In any negotiation, you must always:

- **KNOW YOUR GOALS.** What is your ultimate objective? What would be “nice to have,” and what is essential?
- **DETERMINE CUSTOMER NEEDS.** What excites this prospect? What are their biggest concerns or worries?
- **BE PREPARED.** These days, it's easy to research the client or prospect's needs and get an idea of what you can expect. You may even be able to get information from current or past vendors.
- **DETERMINE DEAL-BREAKERS.** Know in advance what's negotiable and what's not. Have some benefits you are prepared to offer the prospect to help reach a compromise.
- **AIM FOR A WIN-WIN.** Strive to create a win-win negotiation in which each party compromises a bit so everyone feels they have gained.
- **BUILD A RELATIONSHIP.** The ultimate goal of a good negotiation is to build a lasting customer relationship. Compromise is an essential step.



Step 5: Closing

Closing the sale (persuading the prospect to take action and buy) is the most crucial step of all. Here are some common problems you may encounter in closing the sale and ways to deal with them.

- **OBJECTIONS:** Every sales process involves objections on the prospect's part. A good salesperson uses objections to understand what the customer wants from the product or service. Ask more questions about the objection to uncover the real reason behind it.
- **PRICE:** Cost is a common stumbling point. Try pointing out the quality of the product or service, identifying and emphasizing how it solves a problem or fills a need for this customer, offering a lower price (negotiating) or adjusting some other aspect of the deal.
- **NOT A DECISION-MAKER:** Sometimes you get to the closing point in the sales process only to find that the prospect does not have decision-making power. Avoid this by qualifying the prospect earlier.
- **PRODUCT/SERVICE NOT NEEDED:** Often a prospect will decide the product or service is not needed after all. This is typically due to inertia or hesitancy about the cost or effort of your solution. Explore why the product or service is needed.
- **FEAR:** Common fears include spending too much, buying a product or service that doesn't solve problems, or looking bad in front of a spouse or boss. Empathize with the prospect to uncover these fears and address them.
- **TIMING:** Budget cuts, staff changes or other unexpected changes may be an issue for clients. If the timing is truly wrong, don't try to close, but do follow up to see if you can work with the prospect in the future.



Every sales process involves objections on the prospect's part. A good salesperson uses objections to understand what the customer wants from the product or service. Ask more questions about the objection to uncover the real reason behind it.

NEXT STEP

Using the Evaluating Your Sales Process worksheet on the next page, write down the methods you are currently using for the strongest and weakest steps of your sales process. Then include some challenges you face for each.

	WHAT METHODS ARE YOU CURRENTLY USING?	WHAT ARE SOME CHALLENGES YOU ARE FACING?
LEAD GENERATION		
PROSPECTING		
CUSTOMER/CLIENT CONTACT		
NEGOTIATING		
CLOSING THE DEAL CUSTOMER SERVICE		

Get help from SCORE mentors. Visit www.score.org to find a mentor near you or get advice online.

There are four steps to achieving your business's sales goals.

1. SET MEASURABLE GOALS FOR EACH STEP OF THE SALES PROCESS. For instance, for every type of lead generation or prospecting activity you engage in, set goals such as:

- How many leads do you want to generate?
- What are your requirements for qualified leads?
- How much time should be spent on lead generation/prospecting compared to other steps in the sales process?

2. KNOW YOUR IDEAL TARGET CUSTOMER. Who are your current best customers? Know their demographics, psychographics and buying habits. The better you know your current customers, the more accurately you can target similar consumers or companies as prospects.

3. MEASURE OUTCOMES CONSTANTLY AND ADJUST ACCORDINGLY. Regularly measure your results. If you are not achieving your goals in one area, take steps such as:

- Eliminating that activity
- Training your sales team in that area
- Hiring new sales staff to fill a gap

4. APPLY BEST PRACTICES TECHNIQUES TO THE SALES PROCESS. As you see what tactics get results, you can develop best practice techniques to use in sales training and as part of your sales routine.



Who are your current best customers? Know their demographics, psychographics and buying habits. The better you know your current customers, the more accurately you can target similar consumers or companies as prospects.

SALES POWER |

Set goals for salespeople and measure results, just as you do with your business. You can set the same goals for all salespeople in a particular territory or with the same duty, or you can set goals based on tenure or past performance. Specify how you will measure performance, whether by number of calls, number of leads, number of sales closed, a sales quota in dollar figures or percentage increases. Use tools such as bonuses, commission and nonmonetary incentives to help your salespeople achieve their goals.

Why Benchmark?

Benchmarking simply means comparing. There are two types of benchmarking.

- In *performance* benchmarking, you compare performance metrics such as units sold, profit margins or other measurable figures.
- In *process* benchmarking, you compare processes used by your company to processes of other companies to determine which processes get the best results (“best practices”).

You can use both types of benchmarking for your sales. The ultimate goal is to improve your sales processes and your sales performance by continual comparison.

What are you benchmarking against? You may want to benchmark against: 1) your company’s past performance, 2) your key competitors or 3) industry leaders. In general, you want to benchmark your business against top performers in the industry and see where you stand.

There are four basic steps to benchmarking your business’s sales:

1. Determine what measures or processes you will benchmark.
2. Gather data (from your past history, from the competition, or from industry associations or similar sources).
3. Assess the data and how your company measures up.
4. Adjust your sales processes and/or goals as needed.



In *performance* benchmarking, you compare performance metrics such as units sold, profit margins or other measurable figures.

Technology tools for customer relationship management (CRM) can streamline your business's sales process and enhance your sales.

CRM is different from contact management software, which you may already use in your business. Contact management software lets salespeople access and manage their accounts and contact information. While contact management software can be helpful for managing data, it can't be used to generate informational reports and typically can't be shared across users.

CRM software provides the same contact management tools, but also includes comprehensive, detailed customer information that allows you to see the life cycle of the entire customer relationship, buying history, past correspondence and interactions. CRM software allows you to create sales reports and forecasts easily, and to share data among the entire team.

Depending on what information you gather about customers, CRM software can help you spot trends based on your customers' demographics, ages, interests, locations or industries. This helps you target them better and add new services or products to meet their needs.

CRM software also helps with time management by allowing users to track, automate and schedule things like client contact, follow-up and report generation. Last, but not least, it creates a consistent sales process for your sales team to follow. When choosing CRM software, keep it simple and scalable—simple enough that your sales team will actually use it, and scalable so it can grow with your company.

CRM RESOURCES |

CRM options for small businesses include:

- Infusionsoft CRM (www.infusionsoft.com/integrated-contact-manager)
- Intuit QuickBase (<http://quickbase.intuit.com>)
- Oracle CRM OnDemand (www.crmondemand.com)
- Plaxo (www.plaxo.com)
- Sage CRM Solutions (www.sagecrmsolutions.com)
- Salesforce (www.salesforce.com)
- SalesNexus (www.salesnexus.com)
- Zoho (www.zoho.com)



CRM software allows you to create sales reports and forecasts easily, and to share data among the entire team.

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SECTION 5:

Financial Management



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Whether or not you personally handle your small business's bookkeeping, there are some essential bookkeeping terms every business owner must know.

GAAP and IFRS

GAAP (Generally Accepted Accounting Principles) is the accounting standard used by most U.S. small businesses. The American Institute of CPAs (AICPA) recently endorsed a different set of standards that can be used by small and midsize businesses called IFRS for SME (International Financial Reporting Standards for Small and Midsize Enterprises). If your company does business internationally, IFRS for SME may be more appropriate.

Cash vs. Accrual

- **Cash basis businesses** recognize income and expenses when they are paid or received, not when a product or service is delivered.
- **Accrual basis businesses** recognize income and expenses when they are incurred rather than when they are received.

The IRS generally gives business owners latitude to elect to use either accrual or cash basis bookkeeping. Most service businesses prefer to be cash basis bookkeepers. However, if your business carries substantial inventory, the IRS requires you to be an accrual basis bookkeeper.

In addition, many small businesses operate on what is informally known as a “modified” cash basis. That means the company keeps its books internally using an accrual method but pays income taxes based on a cash basis.

There is no significant advantage to using cash basis bookkeeping instead of accrual, especially if you use accounting software. Using accrual basis financial statements will help you better understand how your business is operating and is typically required when applying for a business loan. Work with your accountant and your SCORE mentor to determine which accounting method is best for your business.

QUICK TIP |

When you are preparing company reports using accounting programs like QuickBooks, you can choose to see the output on either a cash basis or accrual basis. Assuming you have entered all your payables and receivables, printing these reports using the accrual filter shows your financial position as if you are an accrual bookkeeper, even if you aren't.



The IRS generally gives business owners latitude to elect to use either accrual or cash basis bookkeeping. Most service businesses prefer to be cash basis bookkeepers. However, if your business carries substantial inventory, the IRS requires you to be an accrual basis bookkeeper.

Preparation Types

Your company can prepare its financial statements in four different ways:

1. INTERNALLY PREPARED FINANCIAL STATEMENTS

Internally prepared financial statements are prepared by the business owner or by an in-house bookkeeper or controller. They are typically prepared monthly and should be prepared at least quarterly. Because they are used internally for operations, they show no amortization of loans or depreciation of assets, and may or may not be prepared in accordance with GAAP. Lenders often accept internally prepared financial statements as interim financial statements or, for very small businesses, in place of financial statements compiled by a certified public accountant (CPA).

2. CPA-COMPILED FINANCIAL STATEMENTS

This annual compilation of a company's financial accounts is prepared by a CPA, an accountant or someone else familiar with GAAP, and is the basis for a tax preparer to complete your company's tax returns. It reflects how depreciation of equipment and amortization of loans and intangible assets affect the company's tax liability. Banks and other lenders often require two or three years of compilations.

3. CPA-REVIEWED FINANCIAL STATEMENTS

CPA-reviewed financial statements are accompanied by a CPA's expression of limited assurance that the information is materially correct and complies with GAAP. Reviewed financial statements are generally not necessary unless your bank or other stakeholder requires them.

4. CPA-AUDITED FINANCIAL STATEMENTS

Audited financial statements provide the highest assurances to stakeholders and involve extensive examination of multiple parts of your business. Auditors look at every financial transaction you have booked for the year and make sure it is properly categorized. They test much of your underlying financial data and express opinions about any risks they perceive.

Audited financial statements are required if you want to sell stock in your business on a public stock exchange, may be required by banks as a condition of making a large loan, and may help you obtain a higher sales price for your business.



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In-House vs. Outsourced Bookkeeper

When your company was new, you may have handled all the bookkeeping to keep costs down. As your business grows, consider these options for delegating bookkeeping duties.

- **BOOKKEEPER:** A bookkeeper works inside a company or for a number of companies. “Full-charge” bookkeepers have experience in all facets of business accounting, while others may specialize in a small niche, such as accounts receivable and collections.
- **ACCOUNTANT:** This term is generally used to describe someone with a higher level of knowledge of accounting principles than a bookkeeper; however, there are no classes or certifications one must pass to be called an accountant.
- **CPA:** These licensed professionals complete extensive college-level training and pass an exam given by one of the 50 state boards of public accountancy. CPAs are held to high ethics and behavior standards, and undergo extensive continuing education annually. They are licensed to handle any tax matters before the IRS, and their work should follow GAAP.

You can handle bookkeeping in-house or outsource it. Having an in-house bookkeeper (either part time or full time) has some advantages:

- Your bookkeeper can support your business without other distractions.
- He or she becomes familiar with your business and preferences.
- An experienced bookkeeper may offer financial and operational advice, in addition to handling your books.

Outsourcing has some advantages, too:

- You may save money by using a bookkeeper connected to or supervised by your CPA.
- Certain accounting programs, such as QuickBooks, allow you to easily and safely share accounting data.
- A bookkeeping firm can give you access to multiple people with different skill sets.

INTERNAL CONTROLS

However you handle bookkeeping, set up these internal controls:

- Learn basic bookkeeping skills to ensure the accuracy of your bookkeeping.
- Don't let the same person who handles cash handle bookkeeping.
- If you have a cash register, do random checks and set a threshold at which you take action.
- Use checks and issue invoices in sequential order.
- Secure all financial documents, online and offline.



When your company was new, you may have handled all the bookkeeping to keep costs down. As your business grows, consider these options for delegating bookkeeping duties.

Creating accurate financial statements and using them on a regular basis will help you spot trends, manage more effectively and grow your business.

A typical set of financial statements is made up of three parts: the *income statement*, the *balance sheet* and the *cash flow statement*. Generally the income statement (sometimes called the profit and loss statement or P&L) is presented first; net profit flows from the income statement to the balance sheet. The cash flow statement is presented last. Each component is equally important, and each serves a different but valuable purpose. They work together to form a holistic picture of your company's health.

1. Income Statement

The income statement is laid out in a precise fashion.

- At the top is a section called **gross revenues**, which lists gross receipts (sometimes by category or division). For example, a service business may generate revenues from consulting fees, ongoing license fees and other fees. Break out the sources of your business's income in the way that best helps you make decisions.
- Below the gross revenue lines are **any adjustments to gross revenues** for discounts granted.
- Next, the **cost of goods sold (COGS)** is subtracted to arrive at the company's gross profit.
- In the bottom section of the income statement, **expenses** (listed in logical categories) are added up, then subtracted from the gross revenues amount to arrive at the **net profit**.



A typical set of financial statements is made up of three parts: the income statement, the balance sheet and the cash flow statement.

The net profit figure from the income statement feeds to the net profit for the period shown on the balance sheet. Profit contributes to the balance sheet category of *shareholders' equity* and is either a positive or negative figure.

INCOME STATEMENT

TOP SECTION SHOWS REVENUES

- Gross revenues
- Adjustments to revenues
- Cost of goods sold (COGS)
- Adding/subtracting the figures above = gross profit

BOTTOM SECTION SHOWS EXPENSES

- Logical categories of expenses
- Revenues – expenses = net profit for period

A company's balance sheet is a financial snapshot of its assets, liabilities and shareholders' equity at a specific moment in time. It shows the value of your assets (which are used to generate revenue) and liabilities (money you owe others).

2. Balance Sheet

A company's balance sheet is a financial snapshot of its assets, liabilities and shareholders' equity at a specific moment in time. It shows the value of your **assets** (which are used to generate revenue) and **liabilities** (money you owe others). Finally, the balance sheet shows the net worth of your company, which is the money your company has earned after all expenses have been paid.

The balance sheet is organized in a specific order.

- The top portion (assets) equals the total of all liabilities plus shareholders' equity.
- Each section is organized in a top to bottom fashion, with the most important items on top. For example, in the current assets section, the assets are organized starting with the most liquid assets and descending to the least liquid. (In accounting, the term "current" means "during the next 12 months.")



- In the case of short-term and long-term liabilities, the most current liability classes are shown first.
- *Shareholders' equity* is the net worth of the business. It is comprised of current income (which is transferred from the income statement), common stock and retained earnings (the sum of earnings from all prior periods).

BALANCE SHEET |

ASSETS

- Current or short term
- Long term or fixed

LIABILITIES

- Short term
- Long term

SHAREHOLDERS' EQUITY

- Common stock
- Retained earnings
- Current income

3. Cash Flow Statement

The cash flow statement shows all your business's cash inflows and outflows that have occurred over a period of time, allowing you to see how much cash has been added to or subtracted from operations.

Like a checkbook register, the cash flow statement is a snapshot of your business's finances at a particular point in time. Monitor it each month to make sure that your business is bringing in more income than it's spending and that your financial projections are accurate.

CLOSING TIME |

Make sure your books are up to date and a set of internally prepared financial statements are available for management review by the 10th of every month. At the very least, all bank accounts should be reconciled every month, and companies using the accrual method should make sure all income and expense items are properly accrued for the month you are closing.



The cash flow statement shows all your business's cash inflows and outflows that have occurred over a period of time, allowing you to see how much cash has been added to or subtracted from operations.

Your growing business faces many risks. Some can be managed operationally; others can be mitigated by buying insurance.

Risk managers typically recommend the following types of insurance as essential for small businesses:

- **Workers' compensation insurance** protects your business against claims made by employees who are injured on the job.
- **General liability insurance** protects your company from claims of bodily injury or property damage in the course of doing business, such as a customer who slips and falls in your store.
- **Commercial auto insurance** protects your business from claims arising from use of your business vehicles.
- **Property insurance** protects your business and equipment against damage or loss caused by common risks such as theft or fire.

You may also want to consider:

- **BUSINESS INTERRUPTION INSURANCE:** This provides income if a natural disaster or other covered event prevents your business from operating normally.
- **KEY MAN INSURANCE:** If a partner or co-owner of your business dies, key man insurance provides funds to buy that person's share of the business back from his or her heirs.
- **BUSINESS CREDIT INSURANCE:** If your company sells to businesses outside the U.S. and Canada, business credit insurance provides coverage against your customer failing to pay. You may have little or no legal recourse against foreign-owned companies otherwise.

Other types of business risk can be mitigated by making changes to your operations.

- **CONCENTRATION OF CREDIT:** Extending too much credit to a single customer or several large customers puts your business at risk. As a rule of thumb, no one customer should account for more than 20 percent of your annual sales.
- **SINGLE-PRODUCT RISK:** If your company sells a single product, you risk becoming obsolete when a new product or competitor is introduced. Multiple-product companies are much better protected from risk.

General liability insurance protects your company from claims of bodily injury or property damage in the course of doing business, such as a customer who slips and falls in your store.



A cash flow forecast differs from a cash flow statement. While the cash flow statement shows all inflows and outflows of cash that occurred during a particular time period (such as a month or a quarter), a cash flow forecast predicts how cash will move in and out of the business over some future period of time (typically one year).

Using a cash flow forecast can help you predict future sales, understand how profitable these future sales will be, and show you what you need to do differently to achieve your goals. Used correctly, a cash flow forecast forms the basis of your plan for business growth.

Here's how to create a cash flow forecast.

1. Categorize sales by customer type, or product/ service type.
2. For each category, identify a transaction type, average price and frequency.
3. Estimate direct costs and selling, general and administrative (SG&A) expenses.
4. If the result is unprofitable or unrealistic, adjust the numbers.
5. From the forecast, identify what you need to do differently to achieve the forecast.

SCORE recommends a rolling 13-week cash flow forecast because it covers a full quarter and is forward-looking. The secret to using a 13-week cash flow forecast is reviewing it and modifying it at least once a week. You'll find that weeks in the near future will be much more accurate in their forecast than those eight to 10 weeks out. However, the more often you use your cash flow forecast, the more accurate you will become in estimating cash inflows and outflows.



Using a cash flow forecast can help you predict future sales, understand how profitable these future sales will be, and show you what you need to do differently to achieve your goals. Used correctly, a cash flow forecast forms the basis of your plan for business growth.

Do you plan to seek outside financing to expand your business? Creating and maintaining accurate financial records and forecasts will improve your chances of success.

If your business is showing a consistent profit, offers a product or service for which there is strong demand, and has growing sales and loyal customers, there is money out there to help you. Here are expansion financing sources to consider.

- **SBA MICROLOAN PROGRAM:** This program provides small, short-term loans through nonprofit, community-based intermediaries. The loan limit is \$50,000, and the average loan is about \$13,000.
- **SBA EXPRESS LOAN PROGRAM:** This program offers loans of \$350,000 and under with minimal paperwork.
- **SBA 7(A) PROGRAM:** This program offers larger loans for a variety of expansion expenses and special needs. To increase your chances of success, look for a lender that makes a lot of 7(a) loans.
- **COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS (CDFIs):** These community-focused lending institutions participate in a program run by the U.S. Treasury Department. Loan limits typically are in the \$100,000 to \$300,000 range and occasionally as high as \$500,000.

If your business is showing a consistent profit, offers a product or service for which there is strong demand, and has growing sales and loyal customers, there is money out there to help you.



■ USDA BUSINESS AND INDUSTRY (B&I) LOANS:

These loans, made by local lenders and guaranteed by the U.S. Department of Agriculture, are available to businesses in communities of less than 50,000 and certain low-income census tracts of larger cities.

■ SMALL BUSINESS INVESTMENT COMPANIES (SBICs):

SBICs are privately owned and managed investment funds, licensed and regulated by the SBA, that use their own capital and funds borrowed with an SBA guarantee to make equity and debt investments in small businesses.

■ ANGEL INVESTORS: These high-net-worth individuals invest their own money in small businesses, often in industries in which they have experience. You can find angels through local or national angel groups or through your networks of contacts.**■ BANKS AND CREDIT UNIONS:** Don't rule out conventional loans and lines of credit from banks and credit unions.**■ PEER-TO-PEER LENDING:** If the amount you need is fairly small, you may be able to borrow enough money from other individuals on online peer-to-peer lending sites.**■ CROWDFUNDING:** Crowdfunding enables business owners to solicit donations on crowdfunding sites such as Indiegogo, Kickstarter and Peerbackers. In 2012, a provision of the JOBS Act expanded crowdfunding to enable entrepreneurs to solicit *investments* totaling less than \$1 million via crowdfunding without registering with the SEC. The SEC is still finalizing regulations that will affect crowdfunding investments.

Angel investors: These high-net-worth individuals invest their own money in small businesses, often in industries in which they have experience. You can find angels through local or national angel groups or through your networks of contacts.

SECTION 6:

Managing Operations



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Operations are the core activities of your business that generate income and expenses tied to your product or service. Operations vary for different businesses, but examples include:

- **FOR A MANUFACTURING COMPANY:** Making widgets for sale
- **FOR A SERVICE COMPANY:** Billing for time and expenses or creating deliverables
- **FOR A DISTRIBUTOR:** Moving goods from the warehouse to the final buyer

It's important to balance all segments of your business—management, sales, customer service and operations—so that they can support each other.

Operations Build Company Value

Whether your business makes widgets, delivers goods or provides services, the real mission of your company operations is to create value. Operations builds company value by using company assets to generate recurring revenue, increasing the value of company assets and ensuring the company's long-term success.

Operations Affect Profitability

Your company's operations are directly tied to a number of components of your company's financial performance. For example, if you own a residential carpet-cleaning business and the team you send to do the job takes twice as long as you estimate, your team will only be able to complete half as many homes in a day. That team's gross profit for the day will be half that of a team that can complete each home in the estimated time.

Managing operations enables you to improve your company's financial performance by decreasing the cost to manufacture, distribute or sell a product. If you own a service business, managing operations enables you to operate more efficiently, redo your work less often, or find ways to perform your service faster while maintaining high quality. No matter what your business is, tying operational activity and performance to your business goals increases your chances of attaining those goals.



Whether your business makes widgets, delivers goods or provides services, the real mission of your company operations is to create value.

Operational activities vary depending on what your business does. Here are some examples.

In manufacturing, operations includes:

- Buying raw materials and inventorying them
- Making the product you sell
- Maintaining finished goods (inventory) ready for sale

In a service business, operations includes all of the activities that make up the service. For a Web design firm, operations could be broken down into designing the site, creating graphics, developing content and coding the site.

In a distribution business, operations includes:

- Warehousing
- Transportation of goods
- Resale of finished goods

Although it is often considered a sales function, there are critical areas where customer service operations can significantly affect your business's overall financial performance, including:

- Delivery of product or service
- Resolution of customer complaint
- Billing customers
- Decreasing product returns

High-performing companies develop operational processes that are measurable and then measure them on a regular basis. Focus on the operations that have the greatest impact on your financial performance.



For a Web design firm, operations could be broken down into designing the site, creating graphics, developing content and coding the site.

If you can tie operational activities to your company goals, you are more likely to attain those goals.

Not all of your company goals will have a specific operational activity tied to them, but many will. Here are examples of company goals and operational activities that could help you reach those goals.

Company Goals:

- Increase gross profit margin companywide by 10 percent.
- Decrease money lost in reworking customer jobs by 50 percent.

Operational Activity:

- Decrease the time it takes to complete a job by 25 percent.
- Modify a manufacturing process so there is 50 percent less waste of raw materials.
- Implement a quality-control program where supervisors review the final deliverable for accuracy and completeness 100 percent of the time.

The goal of increasing gross profit margin by 10 percent can be achieved a number of ways. Your company might increase its sales price, which is a nonoperational activity, or you might use some combination of increasing sales price, reducing direct operational costs or improving productivity.

The second goal, decreasing the amount of rework a job requires by 50 percent, is important to increasing profitability because reworking a job costs money and time. In service companies, time is often the deliverable, so the operational activity of reviewing final deliverables will not only decrease the frequency of reworking jobs, but it will increase customer satisfaction, potentially leading to more business or more customer referrals.



Not all of your company goals will have a specific operational activity tied to them, but many will.

NEXT STEP

Complete the Company Goals and Operational Activities worksheet on the next page.

Refer to the Strategic Planning worksheet you completed in Section 1. For each of the long-term company goals you set, create at least one operational activity that will help you achieve that goal.

COMPANY GOAL	OPERATIONAL ACTIVITY	OPERATIONAL ACTIVITY	OPERATIONAL ACTIVITY
1. Increase sales from \$300,000 to \$600,000 in the next 18 months.	Decrease the time it takes to complete a job by 50 percent.		
2.			
3.			
4.			
5.			
6.			

Get help from SCORE mentors. Visit www.score.org to find a mentor near you or get advice online.

Operations can differentiate your business from your competition, especially when it comes to customer service operations. High-performing companies usually have great customer service.

When you look at customer service as an operational activity, you'll see that every employee in your company is involved in providing good customer service. For instance, baggage handlers who put your luggage on an airplane are operations personnel, but passengers can look out their windows and watch how well the baggage handlers do their job. An airline that stresses careful handling of luggage as much as speed is more likely to be thought of as having better customer service than an airline that doesn't do such a good job. A measurable operational activity of an airline related to customer service might be the number of customer complaints that are filed due to damaged or lost bags. The fewer complaints, the better the operational department is doing.

Another good example of a measurable process can be found in retail stores or restaurants that have a sign on the restroom door requiring an employee to sign or initial a chart that shows the restroom has been inspected for cleanliness on a regular timetable. The chart serves two purposes: It reminds customers that this establishment values cleanliness and the comfort of their customers, and it reminds employees to check the restroom regularly. Even though this is a simple operational process, it is an important one for customer service reputation and can be measured.

When you look at customer service as an operational activity, you'll see that every employee in your company is involved in providing good customer service.



All operations employees whose work directly interacts in some way with a customer are customer-facing, even if they never actually speak to or are seen by customers.

For instance, the customer at an auto repair shop may never talk to the mechanic who works on his or her car, but mechanics are still customer-facing because they have the ability to help the customer feel good or bad about the repair work performed.

All customer-facing employees should be measured for their activities that affect customers. In the repair shop example, if the operational process calls for a piece of paper to be put on the floor of the driver's side of the car when a mechanic is working on it, then a shop supervisor should be responsible for making sure that occurs.

As you develop operational processes, make sure they have a measurable component, and measure those performance indicators that directly or indirectly make you more profitable or enhance your customer service image.

Quality Control

The retail or restaurant employee who is responsible for ensuring public restrooms are clean and stocked is performing a quality control function. While “quality control” was originally a term used in manufacturing, it has become important in all types of businesses. Other examples of quality control functions include:

- Proofreading a brochure before it is printed
- Inspecting orders before they ship to customers
- Testing links on a website before it goes live

Quality can make or break your operations. First, if you have to rework a product or service, you have spent valuable time redoing the work rather than creating new value. Second, if your customer doesn't feel their expectations are met, they will be less likely to buy from you again. If you continue to provide poor quality, you'll lose customers over time.



As you develop operational processes, make sure they have a measurable component, and measure those performance indicators that directly or indirectly make you more profitable or enhance your customer service image.

Once you have created operational processes that can be repeated and measured, the next step is to document those operations. Even if you only have a few employees, creating an operations manual is a crucial step in preparing for growth.

The operations manual documents the processes used in your business in a detailed and clear enough fashion that your company's key employees and managers could use it to run your business even if you weren't around.

The Business Operations Manual worksheet on the next page lists some key areas for which you will want to document procedures. Include your important benchmarks and key performance indicators.

Since your operations manual should document the specific processes followed by each employee, it's a good idea to involve your team in developing the manual. Start by having your employees work with you or their supervisors to document the processes they follow, then review and edit the information as necessary.

For instance, your customer service employees should document the processes they use to answer your business phones, to reply to customer emails, and to handle specific types of customer complaints. List the resources necessary to do the job, and include useful templates, such as templates that customer service employees use when responding by email to a customer complaint, or the scripts they follow when answering the phone.

Developing a detailed operations manual makes it easier to train new employees and to achieve your operational goals. It will increase the value of your company by making it easier to scale your business, making it easier to sell or franchise your company, and making it easier for someone else to take over because you have processes in place.

The operations manual documents the processes used in your business in a detailed and clear enough fashion that your company's key employees and managers could use it to run your business even if you weren't around.



NEXT STEP

Complete the Business Operations Manual worksheet on the next page.

Below, we list various types of information you may want to include in your business operations manual. Use the blank spaces in this worksheet to create a list of all the information you will need to include in your manual. Depending on your industry, there may be other information that you need to include. Think of all the processes that you and your employees follow in a typical day, week, month and year. Your operations manual should include each person's daily, weekly and monthly duties and the procedures they follow.

1. Organizational chart

2. Job descriptions and duties

3. Employee contact information

4. HR policies and procedures

5. Sales policies and procedures

6. Marketing and advertising policies and procedures

7. Customer service policies and procedures

8. Financial policies and procedures

9. Purchasing policies and procedures

10. Safety policies and procedures

11. IT policies and procedures

12. Daily operations policies and procedures (opening for business, closing, ordering supplies, etc.)

13. Templates (for email, forms, ads, etc.)

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Within operations, the most important operations and management drivers are called *key performance indicators* (KPIs) because they significantly impact some or all of your operations. Examples of KPIs include:

- Number of days of outstanding accounts receivable (A/R)
- Time to resolve customer complaint
- Billable hours goals
- Percentage decrease in product returns

Choose which KPIs you want to follow carefully, focusing on those that show the performance of activities that generate value. For example, if you're measuring your accounts receivable process, the two most important operational measurements of success might be:

1. Keeping days of outstanding A/R below XX days
2. Ensuring that no more than X percent of all A/R is over 60 days old

Measurable activities related to these two KPIs are making “soft” collection calls to customers whose accounts are approaching 60 days, and making calls to prompt-paying customers to encourage them to keep it up.

Make a list of important, measurable performance indicators by category and prioritize them from most important to least. You may find that there are only three or four KPIs that really matter to your business. Having too many KPIs to follow makes it difficult to make changes to your operations. Closely following, measuring and taking action on only the most important KPIs leads to less need to adjust your operations—and potentially more valuable results.

DASHBOARD LIGHT |

Dashboard programs gather data from software you already use (such as QuickBooks) to give you a real-time snapshot of your company's KPIs. You can use dashboards to gain an overview of your KPIs and also to dig deeper into your data. For example, in the newest versions of QuickBooks, you can see a group of transactions displayed visually, and then drill down to the individual transaction.

KPIs don't replace the need to read and use your company's financial statements to manage operations. You still need to prepare financial statements in a timely manner, using accurate data, and consult with your CPA or other advisor to make sure you are gleaning the right insights from your financial statements.



Lined area for notes.

SECTION 7:

Road Map for Growth



Are you ready to take action on what you've learned? Here are some areas to consider as you create your road map for growth.

Have you completed the Business Needs Assessment?

Complete the abbreviated Business Needs Assessment in Section 1, and then work with your SCORE mentor to complete a more in-depth assessment.

Do you know where your business needs improvement?

The Business Needs Assessment covers sales, marketing, management, finances and operations. Talk to your SCORE mentor to pinpoint areas where your business needs to improve.

Do you know where your business is positioned in the industry life cycle?

Your SCORE mentor can help you pinpoint challenges associated with your company's stage in the life cycle and figure out ways to overcome these challenges.

Do you have a current business plan?

Business plans aren't just for start-ups. Work with your SCORE mentor to develop a working business plan or update your existing plan.

Do you have a clear vision of what business growth means to you?

Your SCORE mentor can help you determine SMART goals for your business—goals that are *Specific, Measurable, Attainable, Relevant* and *Timely*.

- A *specific* goal answers questions such as what, who, why, where and when. For instance, "improving sales" is not a specific goal, but "increasing sales of Product X by 10 percent in six months" is.
- A *measurable* goal answers questions such as "how much?" or "how many?" In the example above, you can measure whether your sales have increased by 10 percent or fallen short.
- An *attainable* goal is realistic given constraints such as time, resources and budget. Set goals high enough that they force you to stretch but not so high that they're out of reach.
- A *relevant* goal is clearly aligned with your overall business goals. Referring to your business plan will help you determine if a goal is relevant.
- A *timely* goal has a time frame for completion, creating a sense of urgency.



An attainable goal is realistic given constraints such as time, resources and budget. Set goals high enough that they force you to stretch but not so high that they're out of reach.

NEXT STEP

Complete the SMART Goals worksheet on the next page.

Referring to the Business Needs Assessment and SWOT Analysis worksheets from Section 1, as well as any other worksheets you think are relevant, create four to six long-term goals that you will aim to accomplish within three years. Then, for each goal, think of two to three action steps that you will work toward over the next three months. Update your action steps each quarter. Remember to make your goals SMART (Specific, Measurable, Attainable, Relevant, Timely). See 1. in the chart below for a sample goal.

Specific Goal	How Will I Measure?	Is This Goal Attainable?	Is This Goal Relevant?	Time Frame
1. Increase sales from \$300,000 to \$600,000 in the next 18 months.	By tracking sales	Yes	Yes	16 Months
Action Step:	Review salesperson training to see whether improvements can be made.			
Action Step:	Review and update marketing plan.			
Action Step:				
2.				
Action Step:				
Action Step:				
Action Step:				
3.				
Action Step:				
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Action Step:				
6.				
Action Step:				
Action Step:				
Action Step:				

Get help from SCORE mentors. Visit www.score.org to find a mentor near you or get advice online.

Lined area for notes.



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Complete the SCORE assessment on your own or with a mentor to determine your opportunities for improvement.

Plan...

After completing your assessment, sit down with your mentor to create a road map. This will help you focus your efforts on attainable goals.

Learn...

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Achieve...

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