



Focus

Welcome to the latest
edition Of Focus – Easter 2007

Content

- New legislation on emails & websites
- SFA annual pay survey
- Subscribe to our newsletter – **Focus**
- Small Business Planning – 3 myths
- Delegate it!
- Get specific when you advertise
- Delivering customer service via email
- Do you have a question for us?
- Contact details

Company emails & websites

- new rules as of April 1st 2007

With effect from April 1st 2007, every Irish-registered limited liability company will be obliged to display on its website and on company letters and order forms for goods and services, in any medium such as e-mails and faxes, the following information:

- Name and legal form of the company
- Names of all directors and shadow directors and nationality if not Irish
- Place of registration, registered number and registered address

Additional information is also required in particular circumstances. For the full details on these new rules and how they might impact on your specific circumstances, visit the website of the Office of the Director of Corporate Enforcement:

www.odce.ie

Small firms - annual pay survey March '07

The annual SFA survey of pay and conditions in 818 small companies revealed the following main findings:

- Average SME earnings increased by 5% in 2006
- The largest increases were in the Systems Supervisor category of 43%, followed by Trainee Laboratory Technician at 33%, Systems Analyst at 28% and Craft Supervisor at 27%.
- Pay for retail shop assistant, cashier, other driver, intermediate engineer, QA engineer, Marketing, and Programmer/Analyst categories remained stagnant or declined.
- Production Workers, Engineers, Drivers and Sales staff experienced below average increases of 2-3%.
- Supervisors increased by 15%, with Clerical grades and Craft Workers increasing by an average 10%.

For more details visit www.sfa.ie

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Small Business Planning – 3 Myths

It's estimated that up to 70% of SME owners don't have a formal strategic plan. That means they have little idea where they are headed, change priorities constantly, have confused their employees about the purpose of their jobs and are chasing goals they have little or no chance of achieving.

There are a number of common reasons SME owners give for failing to develop this vital business tool. Here are 3 that are pure myth – and why.

Myth 1: My business is too small to need a strategic plan

From the SOHO (small office/home office) on up, EVERY business can benefit from a strategic plan. A strategic plan can help you make informed decisions about time management and budget allocations to different activities. You can use your strategic plan to help you determine whether it's worthwhile attending a particular event or advertising in a particular medium.

It can be used to outline for employees the specific set of goals you want the business to achieve so as to provide them with direction and focus for their activity. Your strategic plan can really form the basis of all measurement activity in the business and keep you informed on how the business is performing.

Doing the right things and doing them efficiently and economically are activities that every business needs to get right and a strategic plan is the basis for achieving that.

Myth 2: It will take forever to produce

The real value of a strategic plan for your business is in taking some time out to think about your situation – to work ON the business instead of just IN it.

There will be some time involved pulling together information about your current way of operating, about what's happening in the wider market place, about your customers – but gathering and analysing it is actually not a burdensome job, especially with the assistance of a trained advisor who can help you do a SWOT (strengths, weaknesses, opportunities, threats) analysis and draw up a strategy with an unbiased eye.

Thinking strategically doesn't involve working out all the individual tasks you will need to do to achieve them right there and then. For example, suppose a goal is to grow revenues at an annual rate of 7%. This sets off all kinds of nitty gritty task-oriented thinking about labour needs, promotional materials, space planning, etc. that can immediately bog you down; whereas the strategies work on a higher level –

developing a new product to broaden the service base and decrease reliance on ageing lines for example. Only when a true *strategy* is decided is it time to think about the individual tasks needed to accomplish it.

Myth 3. A strategic plan is out of date from the time it's finished

Too many small business owners treat their business plan as a closed book. That's not what they are about. A business plan should be an active document that gets reviewed and updated at least monthly.

Your strategic plan won't be doing what it is supposed to be doing unless you have regular meetings with the people responsible for making the goals in it happen and checking progress against the planned goals. When you track the results of your efforts you can make mid-course corrections to get back on track if you need to. Regular meetings give the opportunity to make the best decisions you can as you progress, and manage the plan as a team.

A plan's purpose is action. Without action, the plan is useless and the money invested in creating the plan are wasted.

Treat your business like a real business

SME advisors who work with different sized businesses know that those that perform at the highest level usually have some sort of formalised strategic plan in place and have implemented it well. On the other hand, those businesses that struggle usually have no plan in place and seem to flounder in their attempts to be successful.

Delegate it!

Are you running your business or is your business running you?

Talk to SME owner/managers about this and you soon discover that what most of them are doing is – just about everything. Many who started their business off the back of their own specialist knowledge or skill and a desire to be their own boss ultimately become frustrated and tired as they extend themselves across two jobs – practising their trade and managing their business.

Ask why the hired help isn't doing the work the owner wants to drop, and you get answers like these:

- I'm too busy to take the time to train someone else
- I don't have the time to explain to anyone how to do it
- I'm the only person who can do it right first time

And sometimes there might be an unvoiced, but still important reason:

- If I delegate responsibility I'll lose control over what goes on

Someone else CAN do it!

Delegation really is the only solution. What is needed is a plan for making it happen effectively. That may mean, short term, finding the time or getting in an advisor to assist you to develop a solid plan for training up people and developing reporting mechanisms. Keep the bigger picture in mind – cost is relative. For example, if you manufacture and install pool fencing, are the installation jobs interfering with time that

could be more profitably spent developing new designs or marketing. Or would you just like to be spending more time with your family? If your answer is 'yes,' then the cost of delegating is well worth it for you.

Planning to delegate

Planning to delegate should be a structured process – that's why professional assistance can sometimes be a great help in making the process go as quickly and smoothly as possible. It will involve going through the following processes:

- Clearly and logically identify the goal of the project; exactly which tasks or part thereof you want the person to be able to relieve you of
- Develop a documented description of the process to act as the teaching guide and reference manual to help with the training and so the trainee doesn't have to keep coming back to you for answers to 'frequently asked question' type issues
- Develop guides as to how long a process should take so you can measure output
- Develop an ongoing reporting mechanism of the key performance indicators of the task so you can keep overall control such as timesheets or wastage reports or even periodic personal inspection of the work

Telling someone to take over and walking away from the job yourself isn't delegating. And the results aren't likely to be pretty. Use a structured process and remember that success will depend to a large degree on how you do the actual training. Your approach should involve frequent feedback to the trainee. You'll be surprised at how many of your employees can step up to the mark under the right conditions.

Delivering customer service via Email

Studies consistently show low levels of customer satisfaction with the ways in which businesses use email. Too often companies seem to be using email as a means of avoiding other forms of contact with their customers and their customers aren't pleased. Their most common complaints include:

- No confirmation that their email had been received
- No reply or only a late reply received
- Inappropriate/irrelevant reply received
- Reply can't be understood

Email based customer service has to date been a let down for most customers. They expect their communications to be given the same attention as a letter or telephone call and instead feel that their emails have largely been ignored.

Customer feelings are confirmed by a report on SME use of email by BenchmarkPortal, a leading source of CRM best practices for contact centers. Conducted in early 2005 the study evaluated 147 SMEs across five sectors: retail, travel and hospitality, financial services, e-business, and hi-tech manufacturing. Some of their key findings were:

- 51% of the companies did not respond at all,
- 70% of the companies failed to respond within 24 hours,

- 79% of the companies responded with an inaccurate and/or incomplete answer

Astonishingly, 40% of online-only businesses, a category that includes online recruiters and shopping comparison sites, failed to reply to customer email enquiries!

And what do customers do when this happens? The answer is simple - they go away. Forrester Research studied customer behavior and found that 70% of online customers will go to a competitor if they don't receive a timely response from a company. Only 22% of online customers return to a website after a negative experience.

There are a range of solutions that smaller firms can implement to capitalise on the cost savings and timeliness of emails without turning customers away.

1. Automatically respond to all emails received: People will be more willing to wait for a reply if their initial communication has been acknowledged. Include a commitment to act on the issue and when you will respond fully.
2. Monitor email communications: A monitoring system should be set up that tracks progress of incoming emails and their responses. It should initiate an alarm for any message that hasn't been responded to by the stated maximum time.
3. Have a suitable response structure: Emails should be answered in the same manner as any other form of communication – politely and with the intention of retaining the customer.
4. Make use of a Frequently Asked Questions (FAQs) file: It's surprising just how many customer communications are for the same reason; enquiries tend to repeat themselves. Create a database of your most common questions and answers and place them on your website. It can also be used as a source of content for employees preparing responses to customer emails.
5. Analyse trends in customer communications: A sudden upsurge in complaints about a particular aspect of your company or a rise in enquiries about warranties can be pointers to important trends that are beginning to develop. Analyse all incoming customer communications to spot these trends and keep on top of them.

Email is one of our most valuable channels of modern business communications. It can bring real savings in time and money when applied in areas where customers and companies interact, but only if it's used wisely.

Get Specific When you Advertise

How many advertisements do you see that just scream out: *We give you the best prices* or *Our service is better*? The simple answer is, too many. It's easy to make a promise like this in an advertisement and every newspaper is full of them, but they can be a real turnoff to an aware public who are interested in finding value and need proof that you can offer it.

Consumer research has consistently shown that people perceive most businesses as having similar relationships between their pricing and service. They know that there are top of the line suppliers that excel in service and charge higher prices, just as

they know that there are cut rate suppliers with lower prices and lower standards of service.

But they also perceive that the difference in pricing between the two levels isn't all that great, and that no business will stay around long if its service isn't at least acceptable. That leaves the important question of how you can stand out from the competition while still trying to communicate your own value proposition.

Tell them what you're going to give them

If somebody's never been a customer of yours previously, your advertising has to be very specific in painting a picture of what they'll find if they buy from you. It's essential to convey your uniqueness rather than just trying to say *We've got good prices and service*.

What is it about your business that will interest a prospect? What will you do for them that nobody else can do? Or, that nobody else is saying they'll do?

It begins by finding out what your customers and prospects really want, then telling the world that you've got it. What's really important to them that will induce them to purchase from you?

The biggest thing to keep in mind is that your advertising has to be about them and not about you. Be specific about what you'll do for them – is it better fitting clothes or a smoother running engine? That's what they really want, and not just bland statements of price and service.

Customise your benefit

Once you've identified the basic benefit that they want and you can provide, augment this with an offer that's specific to your business. Take a hypothetical situation where a person's refrigerator has broken down and a replacement is urgently needed.

That person looks in their telephone directory and sees two advertisements for refrigerators. The first says:

Award-winning electrical appliances. Great service and the best price.

The second advertisement says:

Electrical appliances delivered free. Same-day service to most areas.

It's obvious that winning awards and vague promises about service and price aren't nearly as important to somebody without a refrigerator as having it delivered quickly and especially if it's free. There's no question about which advertisement is going to be the most appealing.

The best way to stand out from the competition is to base your advertising on what your customers really want and how you'll provide it to them. Think about this the next time you prepare an advertisement and you'll be using words your customers want to hear.

Regular Pieces

How to Make The Most Of Your Newsletter

Be sure to read each article with the mindset 'How could this apply to our business.' Thinking of it that way will guarantee that you get value. Better yet, take notes as you read and commit to having the ideas implemented by the time the next edition arrives. Also, make copies for each team member. To really make sure something positive happens, work with your business development specialist to talk your team through the ideas and how to set a schedule for getting them implemented. We're here to help you get started.

Memorable Quotation

"There are risks and costs to a programme of action. But they are far less than the long-range risks and costs of comfortable inaction" – John F Kennedy

An Important Message

While every effort has been made to provide valuable, useful information in this publication, this firm and any related suppliers or associated companies accept no responsibility or any form of liability from reliance upon or use of its contents. Any suggestions should be considered carefully within your own particular circumstances, as they are intended as general information only.

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Do you have a question you would like to put to one of our advisers? Why not get a free opinion – simply email us at; enquiries@focusbusinessadvisers.com. We'll respond as soon as we can and hopefully be of assistance to you.

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