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Compensation, Remuneration And Rewards

As golfers say, if you focus on what you're doing wrong, you're going to keep doing it. If you worry about hooking that next shot off the fairway, that's exactly where the ball is likely to go.

If you want to lift your game, you focus on what you want to do right. And if you want your team members to lift their game, you encourage them to be positively focused. You can do this by congratulating them and rewarding them when they perform well.

The rewards may be monetary, but money isn't everything. It's not even the number one reason people take, or remain in, their jobs. A Bankrate survey of college graduates found that their salary expectations were generally reasonable, and that they were more focused on getting a job that had good benefits, such as a medical and dental plan or life insurance.

Workplace training and opportunities for career advancement were also more important than the size of the pay packet. Other surveys have found that team members place a very high value on being recognized for their achievements, having meaningful work, and being part of a good and effective team.



This means two things. First, you don't need to focus solely on money when you think about rewarding your team members. In fact, you might find that a lower take-home salary, tied to a good benefits package, might be more attractive to the team and more tax effective for you.

Secondly, it means that good management practices can save you money. If you manage your team well, you won't be competing just on the size of the pay packet. This doesn't mean that you pay people less than they are worth. That's never a good idea. You don't want anyone to defect to a competitor for a few thousand dollars, especially when the replacement costs can amount to months of salary.

It does mean that you might take some of the sting out of salary demands if you reward people in non-monetary ways. This can take the form of frequent and positive rewards and recognition. Not only will this make team members feel good, it will also reassure them that they are mastering skills and making progress.

Praise is most effective at the time it is earned - so frequent feedback can be more effective than a year-end bonus, unless that bonus is tied to clear performance goals. Small, irregular celebrations can have an uplift

effect on morale. You could take your team out for a night together after a particularly tough month, for example, or you give them some extra time off. An extra \$50 in a pay packet, along with a thank you note, can give everyone a real boost. And people respond very well to informal encouragement, such as a phone call or a small gift.

You might reasonably put aside three percent above your payroll costs for celebrations and rewards. While this might seem like a large investment it can easily reap a good return in improved productivity by happy team members. It can also be more effective if you personalize the reward. That is, be aware of individual tastes and preferences, giving basketball tickets to one team member and opera tickets to another. You can also bear this in mind when designing salary packages. As a smaller business, you might be less bound by policy than large companies. You may also be able to show flexibility when setting benefits and working conditions as part of a salary package.

Of course, rewards are not just a way of maintaining morale. They are also a way of maintaining focus. This means that both monetary and non-monetary rewards should recognize achievement against clear and objective performance criteria. The criteria need to be measurable and

they ought to have an obvious connection to the performance of your business.

For example, a team might have the goal of cutting costs by 10 percent over a 3-month period. Or members of a sales team might have uncapped commission for winning new clients. If criteria are sufficiently precise, employees should be able to measure their progress on a daily or weekly basis.

Having clear and measurable criteria will also help you create a culture in which individual performance can be rewarded without provoking too much resentment or envy. It will be clear that individuals have earned their reward and that the same opportunity is open to everybody.

Try not to give rewards that benefit one or a few team members to the exclusion of others. If your sales team has had a great month, don't reward just the top two or three performers. That tends to get people working against each other rather than with each other.

You may choose to mix both individual and group incentives as a way of keeping your team cohesive. You might have an annual bonus that is calculated according to the performance of a whole team, for example. There is a drawback to rewarding whole groups, in that some members will be tempted to coast and reap the benefits of other people's effort. But you can supplement the group incentives with individual incentives which will make such a scenario less likely.

And, finally, when you set up incentive schemes such as those involving bonuses, make sure that you deliver. If a bonus is not tied to any particular performance goals, then you might be able to say to your team, "Look, these are our figures for this year. We just can't afford a bonus".

But if you tie a bonus to individual performance, the only option you have is to deliver, regardless of what sort of year you have. Performance management relies on you maintaining credibility. If you ever fail to deliver, that credibility will be damaged along with the effectiveness of any future incentive schemes.

So, when planning how much to reward your team, look very carefully at your finances and revenue projections for the year and make sure that you can deliver in all circumstances. If you have any doubts in that area contact us for assistance.

Location Vital For The Successful Small Business

Location is a vital consideration in the running of any small business. Even the best retail operation will struggle to thrive if it's in a place that's difficult to reach. Easy access to public

transport, or an office in a well-known building, can have dramatic consequences for the small business owner. But knowing exactly what constitutes an ideal location is a trickier proposition. Thankfully, there are a few proven guidelines to follow when it comes to choosing the right business premises.

First, the golden rule is that the value of a piece of property for your business depends almost entirely on where it is located. This might seem obvious, but bearing this maxim in mind at all times means that you will be likely to reap the business rewards associated with it. These rewards include increased consumer traffic for the retailer and easy access to suppliers and transport routes for the manufacturer.

Remember that the business value of a property cannot be measured in purely financial terms. A financially valuable property is usually a good sign that it is located close to resources such as transport. However, the nature of your SME will also determine how the value of its location can be measured. That is, put an emphasis on proximity to housing or shopping centers if you sell consumer goods, or try and find premises near the banking district if your clients come mainly from the financial world.

Another rule to remember when looking for a business location is that compromise is often the key to eventual business success, at least when you are involved in a fledgling operation. If you have a limited budget, put financial concerns before your personal preferences – accept that this year you may have to settle for a less appealing location, as long as the savings you will make will allow you to move into that great office around the corner soon.

And finances and property value aren't the only factors to take into account. Consider taxes – taxation laws vary from state to state. Some small business owners may consider moving from one state to another as a shrewd business move which ends up providing significant savings when tax time rolls around.

But beware the flip side of this decision. Changing locations may well mean less tax, but it can also result in having to reduce the amount you charge for your goods or services. This can be a difficult business decision and, yes, that old faithful, compromise, arises here again.

Of course, rental outlay needs to be kept in mind if you are setting up a small business for the first time, or if you are making a move as an existing SME owner. Using the retail operation again as an example, a shopping mall can be the ideal location for this type of business – big crowds and proximity to other successful companies can contribute significantly to their revenue.



However, rents are invariably higher in prime locations such as popular malls. Once again, think compromise – starting out in a less prestigious spot can be a sensible decision if it will allow you to operate on lower costs in those crucial first few months.

Security is another concern that you are likely to have when pinpointing the ideal location for your small business – and rightly so. Make sure that you are aware of the security situation in an area before you decide to relocate your business there. If an area has poor security and a reputation for being unsafe, customers may be deterred from going there to do business. It is important for any SME to choose premises in a place where both team members and clients feel safe and comfortable.

This might seem like an obvious piece of advice, but make sure that the location you need is available, not only where you need it but also when you need it. It is easy to find a suburb or area that would suit the needs of your company perfectly, but finding the right property there at the right time is an entirely different matter.

One way to maximize your chances of snaring that great property at the right moment is to study both the current real estate climate as well as past, and likely future, trends. Local real estate publications and even word-of-mouth are great ways of keeping up-to-date with the latest trends and, hopefully, knowing exactly when that office or shop you need to transform your business will become available.

Don't underestimate the importance of a good inspection prior to moving in, either. By properly inspecting the property you are hoping to move into, you will be able to see if

it is as attractive in real life as it was on paper.

Importantly, you will also be able to determine whether it has the appropriate infrastructure for your business needs. Some business premises may already be set up in line with your business needs; others might look great at first glance but prove unsuitable after a second visit.

Remember also that if your SME specializes in a particular field – such as computing or travel – locating it near similar businesses will enable you to take advantage of an area's reputation for this or that specialization. Often, people associate a suburb with a particular business sphere, so some of your marketing will already be done if you move there.

Finally, think of your personal preferences. If you are happy to spend time commuting to work, an office a little further from home will probably suit you. On the other hand, a central location will be vital if you need to get to work quickly or rely on public transport. Family commitments should also be a factor in your decision. As with all business choices, your personal happiness should be a key influence when it comes to your company's location.

If you are considering moving location or would like advice on the potential of such a move please come and discuss it with us.

Cultivating Strategic Alliances For Your Small Business

Looking for a smart way to grow your small business? Strategic alliances are a good place to begin. The SME entrepreneur who invests in strategic alliances will most likely find it a reliable way of consolidating or improving on their market position. As with all business

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

"Pleasure in the job puts perfection in the work."

– Aristotle (384 – 322 BC)

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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