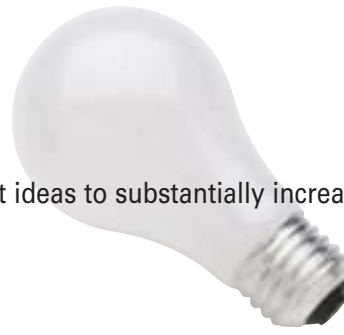
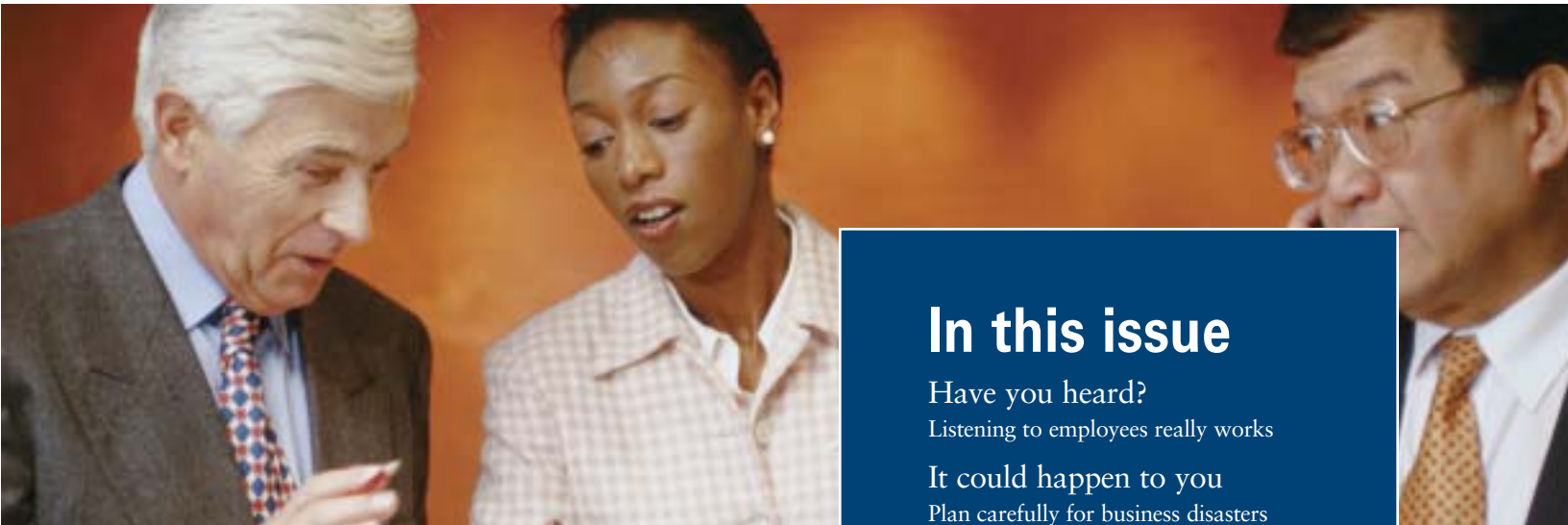


Profit Enhancement *Report*

Great ideas to substantially increase profits.



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Have you heard?

Listening to employees really works

In American companies today, trust between employees and management may have reached an all-time low. One reason is the cost cutting brought on by the poor economy (recent gains aside). Second, some corporations employ questionable ethical standards, best illustrated by the Enron scandal. In such an environment, you must listen to employees and respond constructively to what you hear.

Listening should be easy but it isn't. As a manager, you know that simply meeting the demands of your business and clients can consume your day. But those same duties also call on you to meet your employees' needs. This requires listening.

DON'T BE FEARFUL OF GETTING AN EARFUL

Companies that listen to employees have a much more efficient work force. Therefore, communicate in ways that show you've truly considered what subordinates have to say. No matter how you decide to listen to your employees, here are a few things to keep in mind:

- Don't promise what you can't deliver; manage expectations.
- Ensure confidentiality.
- Follow up. (This doesn't mean you have to do everything an employee suggests. But it *does* mean letting employees know when the organization will respond to their ideas.)
- When seeking opinions, make sure you ask a representative cross section of employees.

Taking their pulse

People want to be heard. They have concerns about co-workers, clients and work environment, and they want the company to value their contributions. What's more, they have ideas about process improvement, the company's direction, new product lines and marketing initiatives. If you make time

to listen, you may discover an amazing amount of useful information. You might hear thoughtful ideas about how to solve nagging problems. Indeed, listening to employees provides an invaluable frame of reference for where your company stands at any given moment.

Yet many organizations virtually ignore their employees. Some managers act this way out of fear that they'll create expectations for change that the business can't meet. But, assuming the company is committed to exploring the issues and willing to at least entertain some ideas for change, managers have every reason to listen to employees. After all, merely hearing them out doesn't obligate them to act on every idea. If, however, managers refuse to change anyway, then listening to employees is not only a waste of time, but also potentially damaging to the organization.

Asking for opinions

If the company is ready to listen, it has several options. Focus groups, for instance, can generate plenty of ideas. This is a relatively quick and effective method in which the company gives small employee groups, in meetings, the chance to sound off on a variety of topics.

Another familiar way: the written employee survey. These need not take up undue time and expenses; they can, in fact, provide in-depth information. A few simple and direct questions, like the following, can lead to some surprising revelations:

- Are things getting better around here?
- Is the business getting worse?
- What is management doing right?
- What does management need to change?

Simple surveys via paper or e-mail are good for comparing responses over time and

seeing whether the organization has made strides on key issues. Even if the surveys elicit just a handful of responses, you might be surprised by what you hear and learn. The company might even find it can do simple things that management had never considered an issue before. Aside from good pay, things that tend to matter to employees include having no-hassle access to human resources information; obtaining I.D. badges easily; quickly getting help when computers or networks fail; and receiving proper job training.

Anticipating problems

Employees tend to keep their work-related feelings under wraps and can be upset without letting on to their bosses. Left unchecked, these problems fester; anger builds up while productivity and motivation decline. The cure is to hold regular meetings and listen to anything employees have to say.

Meeting with them in this way is akin to changing your car's oil. If you don't do it regularly, hidden problems build up and then boil over. Likewise, communicating with employees helps ensure your most valuable assets (your employees) remain in excellent condition.

Taking the time to listen — in other words, not holding conversations in the

hallway, where your subordinate may feel rushed — can give you insight into the business and the people who work with you. The only way you can be aware of what's happening is to listen to those who are making it happen.

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Answering whistleblowers

James Sheehan, an assistant attorney general in Philadelphia, says that corporate whistleblowers are made, not born. From his experience, most people who expose wrongdoing believe they've tried to tell their employers about a problem before taking it to law enforcement. As a manager, you must go out of your way to pay attention to these employees. Only then can you resolve issues or answer questions that they raise.

So, if you are wondering what your employees are thinking, go ahead and ask them. You may be surprised at what useful and interesting information comes back. ■



It could happen to you

Plan carefully for business disasters

Disasters happen to other people in other places — at least that's what many of us believe. The typical business owner has so many figurative fires to fight, it's hard to think about the real catastrophe that he or she hopes will never occur. Disasters do happen, though, to every type of business in every part of the country.

These calamities can be forces of nature, such as floods, ice storms and hurricanes, or man-made incidents, such as riots, oil spills or terrorist attacks. A little time and effort today may prevent damage and disruption to your business in the future.



Head off problems early

You're better off acting in advance to neutralize potential crises rather than reacting after disaster has struck. Here's a brief checklist of items many businesses can use to lessen the impact of would-be debacles:

Review your insurance policies.

Determine what's really covered and, more

important, what's excluded. For instance, if your business is located on a flood plain, you may need a separate flood policy. Also consider business interruption insurance. This coverage will compensate for the short-fall in gross profits while paying fees you incur for hiring accountants and lawyers to help you recover.

Take pictures and video. Record your facilities inside and out, and photograph (or videotape) your major assets. These will back up your written inventory and help you substantiate insurance claims.

Make duplicates. Copy key computer records and documents and store them off-site in fireproof, waterproof, damage-resistant containers — even if off-site means the owner's garage or basement. These essential documents would include customer and vendor lists, financial records, business licenses, A/R and A/P records, and inventory documentation, to name just a few. In the same location, keep an emergency contact list with employee phone numbers, as well as all local and federal emergency phone numbers.

Identify alternative locations. Disasters may force you to run your business temporarily from a different locale or multiple locales. It's not too early to determine whether most employees could work from their homes if they had to. Another item to check: Are there warehouses or office buildings with vacant space available nearby?

Keep hard-to-replace supplies and parts off-site. If practical, buy a backup generator to maintain critical functions such as security and computer systems and refrigeration units.

Prepare employees for action

First, have a plan. Make sure your employees know what to do, whom to call and where to go. Assign responsibility for turning off gas, electricity and water. These

are precisely the elements that can turn a bad (but controllable) event into a disaster. Other things to consider include:

- Reporting emergencies to the proper authorities and superiors,
- Making sure employees know the company's evacuation procedures and specifying a checkpoint where everyone meets following an evacuation,
- Assigning one company official to talk to the media,
- Designating a chain of command if owners or senior managers aren't immediately available,

- Contacting the insurance carrier, and
- Figuring a way to communicate information to employees and their families.

These are the kinds of measures that can, at best, save lives. At worst, they help reassure workers that the company has a plan to deal with a bad situation.

Let us help

Keep the plan simple but make sure you've covered all the bases. Whether you need us to create an emergency plan or review an existing one, our consultants are ready to assist you. ■

Rate yourself on how well you manage customer expectations

Among the surest ways to lose customers is to not manage their expectations. This questionnaire can help you assess your organization's customer service. On a scale of 1 to 5, rate the extent to which you agree with each statement. The higher the score, the better. When you're done, analyze the results and, where needed, come up with a plan to adjust your practices.

1 — Not at all 2 — Somewhat 3 — To a moderate extent 4 — To a great extent 5 — Absolutely

1. ___ We know how our customers define "quality."
2. ___ We provide opportunities for employees at many levels and functions to meet with customers.
3. ___ We clearly understand what our customers expect of our organization.
4. ___ We give information to customers that helps them make good purchasing decisions.
5. ___ Our key managers closely monitor customer requirements.
6. ___ Our executives frequently stay in touch with customers.
7. ___ Our goal is to exceed customer expectations in the areas that matter most to them.
8. ___ We prioritize customer needs over our own internal needs.
9. ___ Even at lower organizational levels, we let employees use their best judgment in dealing with customers.
10. ___ When it comes to selling, we play a consultative or partnership role with our customers.
11. ___ In our advertising and promotional materials, we avoid promising more than we can deliver.
12. ___ We use customer input to design our products and services.
13. ___ We make it easy for customers to complain to us about our products or services.
14. ___ We regularly analyze customer complaints to identify quality problems.
15. ___ We encourage employees to go "above and beyond" to serve customers.

How to go forward with company retreats

Karla Corcoran, U.S. Postal Service inspector general, presided over retreats where employees dressed in costume and conducted mock trials. For such wastefulness in trying to develop teamwork among employees — exercises that cost taxpayers more than \$1 million — Corcoran was forced to deliver one last thing: her resignation.

The Postal Service is hardly the only organization trying to trim frivolous expenses. Now that many companies have suffered sluggish (or zero) growth and profitability over the last few years, they are questioning the real return on investment for throwing lavish retreats.

Quantifying returns

Created to boost employee morale and promote teamwork, company retreats have been part of American business culture since the 1940s. During the go-go 1990s, many company retreats played out like homecoming weekends on fraternity row, involving lighthearted activities, such as skits and games, often fueled by alcohol. Some

companies went in a different (though still extravagant) direction by hosting physically challenging teambuilding activities such as whitewater rafting, rock climbing and fire-pit walking.

Many human resources professionals and business consultants would argue that company retreats should remain fun — as ambiguous as that term can be — and that trying to quantify a return on investment for such events seems unfair. They believe that the real value of extracurricular functions, while hard to measure, will show up in the company's retention, morale and productivity gains.

Other experts argue that during tough economic times, when people and companies are apprehensive about their survival, it's time to bear down on strategic goals and leave playtime behind.

Choosing wisely

How a business approaches its retreats — charades and libations vs. spreadsheets and PowerPoint® slides, or something



in between — will vary from company to company. But some tactics are better than others, so keep the following guidelines in mind as you plan your next retreat:

Focus on the desired outcome. What is the retreat's purpose? If the goal is to come away with a new strategic vision or to resurrect sagging sales, you probably want to avoid taking folks to a golf resort, where they'd mix recreation with planning sessions. Typically, people won't focus on the task at hand, and they'll return to work with little to show for their time besides a lower handicap. On the other hand, if you're seeking to reward performance — for those boffo sales you hit last year — then go heavy on the fun stuff and light on the meetings.

Designate a high-profile champion. This employee must have the political clout to influence behavior before, during and after the retreat. Before the event, he or she sets the agenda; during the sessions, the champion keeps the group focused and moving forward; and after everyone returns to work, he or she ensures that the company follows up on the action steps that everyone agreed to. An outside facilitator can be invaluable in helping the group stay on task through the retreat itself, but the champion must lead the way toward the desired outcome.

Include just the essential people. As a rule of thumb, the smaller the group, the easier it is to reach consensus and make decisions. Bringing everyone in the company together to brainstorm and give input may sound like a good idea, but it often proves impractical (especially once the company has more than about 10 employees). This could mean that the firmwide retreat should evolve into a series of smaller off-site functions for departments or work teams. But if the company just wants its people to let off steam for a day, then everyone should take part.



Define how you'll measure success. Planning for a retreat can be challenging and time-consuming. So, once the summit is over, carefully evaluate the outcome against the original goals. What is supposed to happen now that everyone has left the room? How will the activities and the discussions that took place during the retreat carry back to the office? When will the company demonstrate results? Retreats planned as nothing more than parties will end when the games conclude or employees receive their rewards.

The smaller the group, the easier it is to reach consensus and make decisions.

Making distinctions

If the retreat is really just an excuse to have a good time, call it a party and enjoy. But if it's a strategic planning session that influences your company's future — and impacts employees' careers — make sure your workers understand the distinction. Call one of our profit consultants today to help you plan and facilitate a retreat that's right for you. ■