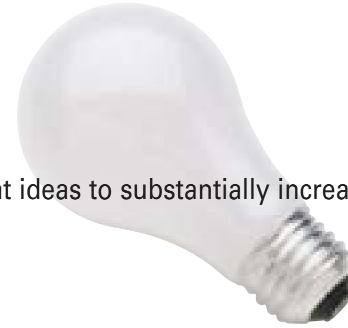
Profit Enhancement *Report*



Great ideas to substantially increase profits.

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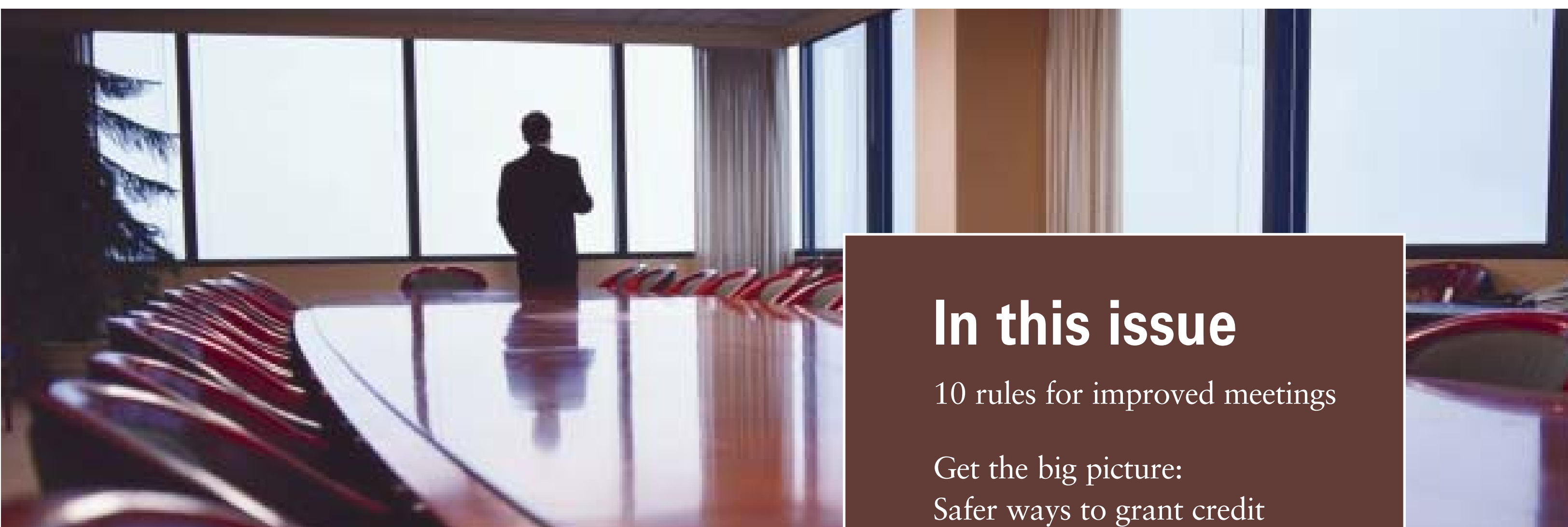

In this issue

10 rules for improved meetings

An unknown wit once said, "When I die, I hope it's in a meeting. The transition from life to death will be barely perceptible." Unfortunately, most business people can identify with this sentiment.

Meetings are often overlong, boring, unproductive and expensive. While hard costs such as travel, lodging and food are relatively minor, the real costs lie in lost productivity. Chief and senior executives, as well as middle managers, spend a significant number of hours in meetings. Unfortunately, many find these gatherings unproductive and easily replaceable by a phone call or even a memo.

Of course, there are times when it's not only necessary but imperative to call a meeting. (See "When meetings really get the job done" on page 3.) When that's the case, following some simple rules will help you accomplish your goals with minimal time wasted.

To keep the agenda focused, begin with the end in mind.

Rules to meet by

From initial planning to post-meeting review, here are 10 rules for increasing your meetings' efficiency and effectiveness:

1. Think first. Can you communicate this information via a phone call, e-mail or memo — avoiding a meeting?

2. Be exclusive. Keep the attendee list as small as possible. People's fears about being left out will give way to relief when they realize how much more productive they are when skipping unnecessary meetings.

3. Select a facilitator. This key person keeps the discussion focused and within the prescribed time limits and makes sure attendees fulfill the meeting's objectives. It's nice, but not always practical, to have an outside facilitator who isn't a meeting participant. Many boards rotate the facilitator job so that everyone has their chance but no one is overburdened.

4. Set objectives. Before planning the agenda, ask yourself what you want to accomplish at this meeting. What is its primary purpose? To keep the agenda focused, begin with the end in mind. For instance, "By the end of the meeting I would like the team to have an action plan for implementing a new sales strategy."

5. Distribute the agenda beforehand. The agenda should cover meeting objectives and topics to be discussed. Assign each topic to an appropriate person, with time limits. Include on the agenda the date, time and location of the meeting and list any materials attendees should review in advance.

WHEN MEETINGS REALLY GET THE JOB DONE

Out-of-hand meetings can waste time and decrease productivity. But in some cases there's no substitute for getting together in person. So when are meetings absolutely necessary?

- Consensus building and brainstorming work best when participants are in one place. The creative dynamics that can develop during a meeting are hard to duplicate via e-mail or voice-mail round robins.
- A group often can develop solutions and finalize plans more quickly than individuals working alone. How many times have you spent 15 to 20 minutes crafting an e-mail, only to realize that a two-minute meeting would have resolved the issue?
- E-mails (and voice mail) are vital business communication tools, but they can't replace person-to-person communication. The tone of someone's voice or their body language can sometimes convey more important information than what they're saying.
- Once action plans are in place, those responsible need to periodically meet, review the results — and, if the plans aren't working, consider alternate courses of action.

The bottom line: A worthwhile meeting lets participants do something together that they couldn't do better apart.

6. Control the environment. Many meetings run long and accomplish little because they turn into quasi-social events, feeding frenzies or both. If necessary, set aside a time for food or socializing before or after the meeting, but keep the event itself focused on business. Start on time and allow only beverages at the table.

7. Take notes. Assign someone other than the facilitator to take notes. He or she doesn't need to record everything — just the key points discussed, the actions decided on, whom they were assigned to and the due dates. Distribute the notes to participants within 48 hours, while the topics discussed remain fresh in everyone's mind.

8. Create a "parking lot." Even in the best-run meetings, participants can't always cover all agenda items. Likewise, important topics may come up that are outside the meeting's scope. "Park" these items until the end of the meeting, then cover them if sufficient time remains or hold them for a future meeting.

9. Wrap it up. Respect that people have other work to do and end the meeting on time. Put all unfinished business in the "parking lot" to add to the next meeting's agenda.

10. Evaluate effectiveness. Take an honest look at what the meeting accomplished and what you need to improve the next time. Did you reach your objectives, stick to the agenda and stay within the time limits? Don't always perform this step alone — periodically elicit feedback from meeting participants.

Meeting accomplished

Meetings can be powerful tools to communicate and solve problems within groups. Whether your meetings live up to their potential depends on how well you can cover the agenda while minimizing distractions. So if you want to win this game, remember to play by the rules. ■

Get the big picture

Safer ways to grant credit

Do you worry about protecting your company's bottom line when extending credit and credit terms? You may feel you're teetering on the edge of disaster because you just don't know enough about the potential customer to be confident of repayment.

In the worst-case scenario, the customer may not want to — or be able to — repay the debt. But, if you're too strict with credit, you'll lose business and revenues. The difference between comfort and anxiety is knowledge. Gather key information and use it well, and you can cut your company's risk and reduce your worries.

Take it step by step

For starters, create a strong credit policy including:

- Mandatory credit applications,
- A process for setting credit approval levels,
- Terms and penalties for late payment,
- Incentives for payment in full at time of service, and
- Discounts for payment within terms.

Make the credit application clear and concise with easy-to-follow instructions. Besides the basic information like name, address and amount of credit requested, ask for trade references, bank references and credit reporting agencies with which it has listings.

When you receive a completed application, follow up with references and get the credit report as quickly as possible. Taking too long increases your chances of losing the order.

If you're really in a time crunch, you may want to base your decision almost solely on the amount requested. If the initial order is below a predetermined dollar amount, you may be able to quickly approve it as long as the application and reference data pass muster. If it's a substantial order, of course you'll have to spend more time on the approval process.

Verify reference data

References are tricky. Most applicants omit companies with which they've had payment issues, so to get a clearer picture, ask for seven or 10 references rather than the customary three. Then cull three at random and send them reference forms.

Ask these vendors how much credit they extended, the length of their relationships with the applicant and the applicant's current balance. Seek information on payment trends, any bounced checks or past due amounts, and security arrangements such as Uniform Commercial Code (UCC) filings, letters of credit and personal guaranties. Again, make your form clear and concise and include a postage-paid return envelope.

It's just as important to check out the potential customer's banking relationships. Contact the listed bank officers by phone or e-mail, making the process as easy and quick for them as possible.

Scrutinize credit reports

A credit report can provide a wealth of information on a potential customer. Pay special attention to these sections:

Payment history. Analyze this for signs of how the company manages its bills. Look for a timely payment history, noting any trends or seasonality issues.

General company information and history. If this conflicts with the application, have the prospect explain. Always check the founding date. There's a certain amount of comfort in doing business with a company that's been around for a while — they usually know how to pay their bills.

Legal issues. Here you'll find information about bankruptcy filings, outstanding lawsuits, liens and court judgments. Obviously, any of these raises a red flag.

Collection proceedings. Have the applicant explain any collection matters. It could have legitimate disputes over faulty merchandise or poor service — or it could just be a slow payer.

UCC filings. These report the company's liens and leases. If it's pledged a number of assets as collateral on existing loans, or you note a high number of trade credit relationships, the business may be overextended.

Besides credit reports, look at published information such as Securities and Exchange Commission filings. If the potential customer is a large (over $100 million in revenues) or publicly traded company, this should give you a well-rounded picture.

But if the applicant is a small to midsize business, or a startup operation, the credit report will not likely include key data — and you won't find published information. You'll have to scrutinize these companies' applications and references even more carefully.

Check more, worry less

Every time you grant or deny a customer credit you take a calculated risk. Then again, new customers represent opportunities for increased sales and profits — if you get and use the right information to make an appropriate credit decision. ■

Want to enhance sales? Try putting references online

When a prospect asks, "Could I speak to a few of your customers?" it usually sets in motion a disruptive and frustrating three-way dance with the prospect, the reference and the salesperson.

But imagine if, with the click of a mouse, your salespeople could connect prospects with references within minutes. And don't stop there — picture your Web site integrating real-time video and audio content about customers with its text. Now stop dreaming and start implementing, because these capabilities are available right now.

Capturing authentic voices

It's not always convenient to find a customer to talk with a prospect or possible to control the message he or she will deliver. (See "The problem with old-fashioned references" on page 6.) When the Internet came along, companies started posting case studies, success stories and customer testimonials on their Web sites.

Unfortunately, prospects tend to view this kind of "reference selling" with skepticism because it presents an unbelievably rosy view of the customer relationship. Instead, they need balanced, substantive and authentic insights. Here are a few ideas:

- Schedule teleconference interviews with references that include more than one prospect. This question-and-answer format offers a variety of perspectives and it's interactive.
- Offer "Webinars," free-flowing Web-based seminars that you record for multiple uses. These allow references to offer spontaneous responses.
- Record interviews, usually unscripted, with analysts and journalists and place them on your Web site for immediate access by prospects.
- For a more structured approach, hire an expert to conduct one-on-one interviews with customers, asking all the questions prospects want answered.
- Maintain all interviews on a secure Web site and offer them in streaming media (real-time video and audio via the Web) to authorized prospects.

Even if the interview isn't "live," it's an invaluable sales tool. Sitting in an office, with a laptop computer and the click of a mouse, the salesperson can address a prospect's concerns and validate his or her decision to buy.

It's hard to place a value on the credibility established by having a customer ready to talk about his or her relationship with your company at any time. And by removing delays in rounding up references, you'll speed up the sales cycle.

Offering regular updates

Of course, a customer relationship can change profoundly during a 12-month period. If you conduct interviews only once yearly, your technology-enabled reference program will fail. So try to perform quarterly updates.

With management support, designate someone in your company to "own" the program and establish relationships with the customers providing references. For instance, you might assign an individual in marketing or sales support with great client skills and a grasp for the technical.

THE PROBLEM WITH OLD-FASHIONED REFERENCES

If you're like most business people, you provide customer references on demand. Prospects need this information to make decisions, and there will always be a need for one-on-one references from live customers. But consider these common dilemmas:

- The salesperson's favorite reference is on vacation.
- Time-zone differences make it difficult to schedule a call.
- Your reference communicates an unclear or even negative message to the prospect — perhaps because he or she is having a bad day.
- You can erode the goodwill you've established with a reference by disrupting his or her schedule once too often.

Knowing customer reference availability is finite, salespeople naturally want to maximize this asset while still giving prospects what they need. That's why companies are turning to various types of references recorded in advance and offered to prospects online.

Although the sales team has everything to gain from helping line up references for interviews, this should not be their responsibility. With the pressures of quarterly quotas, they can't give the program the necessary focus.

Satisfying prospects

So the next time someone asks, "Could I speak to a few of your customers?" explain how the prospect can log on and listen to four customers discussing their recent experiences with your company.

Situations will always arise where one-on-one reference calls are most appropriate. However, you'll find many times when the click of a mouse on your reference management Web site keeps prospects moving toward the dotted line without reference-check obstacles. ■

Diagnosing and treating sickly sales

Your company's sales manager knows salespeople aren't performing at the level they should — and haven't for months. He or she recognizes the problem but can't pinpoint the cause or solution. It's like knowing the symptoms of an illness, but needing the right doctor to diagnose it and prescribe the medicine that can lead to recovery.

Why not call a sales doctor? This practitioner can objectively examine your company's symptoms and perform a needs assessment to find what's causing the problem. Here's what a typical needs assessment involves:

Consultation. First, the expert and sales manager talk over the symptoms — such as slow sales and low morale. Together, they pinpoint the problem: Managers don't have the same time or resources for regular sales checkups that they had three years ago. The longer they've let the condition linger, the worse it's grown. To start taking control, the sales manager and expert define goals and objectives and set measurements for success.

Tests. Instead of taking blood and doing a CAT scan, the expert uses the telephone to interview members of your company's sales and marketing group, product development team and technical support staff, as well as some customers and prospects.

He or she reviews your Web site presentations; product brochures; and training, policy and procedure manuals. The expert also talks to industry analysts about overall best practices and your company's specific strengths and weaknesses.

House call. At your location, the profit advisor talks with customers, partners, salespeople and the management team. Walking the sales floor, listening in on phone calls, and attending training programs and sales visits help give the practitioner a balanced view of the situation. He or she also reviews the past 24 to 36 months' sales results and performance.

Analysis and diagnosis. The expert now goes back to the "lab" with the data. He or she identifies inconsistencies and performs further research to prescribe the right remedy.

The result: a full report with recommendations to share with the sales manager. The document contains both easy-to-implement first aid for immediate challenges and slower-acting cures for long-term, life-threatening diseases.

Treatment plan. The expert, sales manager and key staff review the final conclusions about what's causing the sales problems and how to treat them. Recommendations should include quarterly checkups to monitor healing and, if necessary, adjust the prescription.

If your company's sales are sickly, a needs assessment could lead to the best and most effective remedy. Don't put it off any longer.